JSL S.A.

(formerly Julio Simões Logística S.A.)

Parent Company Interim Financial Statements prepared according to the accounting principles adopted in Brazil and Consolidated Interim Financial Statements prepared according to International Financial Reporting Standards (IFRS), for the six months to June 30, 2011 and the year ended on December 31, 2010, together with the Report of the Auditors Independent.

REPORT ON THE LATEST QUARTERLY REVIEWS

To the Management and Shareholders of
JSL S.A.
São Paulo – SP

Introduction

We have reviewed the parent company and consolidated interim financial statements of JSL S.A, contained in the Quarterly Report (ITR) for the quarter ended on June 30, 2011, comprising the Balance Sheet for June 30, 2011, the Income Statements for the three-month and six-month periods ended on that date, and the Statement of Changes in Shareholders' Equity and Cash Flow Statement for the six-month period to that date, a summary of the principal accounting practices and the notes to the financial statements.

The company's management is responsible for the preparation of the parent company interim financial statements, according to CPC Technical Rule 21 – Interim Financial Information, and of the consolidated interim financial statements, according to CPC 21 and international reporting standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of these statements in compliance with the rulings of the Brazilian Securities Commission (CVM) that apply to the preparation of quarterly reports (ITRs). Our responsibility is to express an opinion regarding this interim financial information, based on our review.

Scope of the review

We performed our review in accordance with the Brazilian and international rules pertaining to the reviewing of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information involves making inquiries, particularly of those who are responsible for the company's financial and accounting matters, and applying analytical and other review procedures. The scope of a review is less extensive than that of an audit conducted according to auditing standards and, consequently, does not provide the same level of assurance that we are aware of all the significant information that could be identified in an audit. We do not, therefore, express an auditing opinion.

Conclusion regarding the parent company interim information

On the basis of our review, we are not aware of any fact that could lead us to believe that the parent company interim financial statements included in the aforementioned Quarterly Report were not prepared, in all material respects, in accordance with those aspects of CPC 21 that are applicable to the preparation of quarterly reports (ITRs), and presented in compliance with Brazilian Securities Commission (CVM) standards.

Conclusion regarding the consolidated interim information

On the basis of our review, we are not aware of any fact that could lead us to believe that the consolidated interim financial statements included in the aforementioned Quarterly Report were not prepared, in all material respects, in accordance with those aspects of CPC 21 and IAS 34 that are applicable to the preparation of quarterly reports (ITRs), and presented in compliance with Brazilian Securities Commission (CVM) standards.

Other matters

Interim Value Added Statements

We also reviewed the parent company and consolidated interim Value Added Statements for the six-month period ended on June 30, 2011, prepared under the management's responsibility. Such statements are required to be submitted amongst the interim financial statements under the Brazilian Securities Commission (CVM) regulations applicable to the preparation of quarterly reports (ITRs), but are considered as supplementary information according to the IFRS, under which they are not a requirement. These statements were subjected to the same review procedures as those described above and, on the basis of our review, we are not aware of any fact that could lead us to believe that they were not prepared, in all material respects, according to the parent company and consolidated interim financial statements, taken as a whole.

São Paulo, August 5, 2011

Ernst & Young Terco Auditores Independentes S.S.
CRC 2SP-015.199/O-6

Lourinaldo da Silva Mestre
Accountant CRC 1SP – 126.047/O-8

JSL S.A.

Balance sheets as of June 30, 2011 and December 31, 2010

(In thousands of Reais)

		Parent Company		Consolidado	
Assets	**Note**	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Current assets					
Cash and cash equivalents	4	185,501	288,861	411,740	476,215
Accounts receivable	6	274,150	257,763	389,808	344,505
Inventories / Supplies	7	8,431	8,163	15,960	12,536
Taxes recoverable	9	32,483	30,875	70,399	49,893
Other receivables	11	26,697	26,355	40,139	25,255
Prepaid expenses	12	12,827	6,382	16,034	6,781
		540,089	618,399	944,080	915,185
Assets available for sale (fleet renewal)	8	77,396	31,238	94,389	31,238
Non current assets					
Long-term assets					
Securities	5	11,024	12,030	11,024	12,030
Accounts receivable	6	99,381	106,835	154,391	145,735
Taxes recoverable	9	35,060	26,844	35,060	26,844
Court escrow deposits	10	27,408	15,720	34,364	18,838
Related parties	23.1	5,889	4,831	42	16
Other receivables	11	1,721	8,193	3,144	8,932
		180,483	174,453	238,025	212,395
Investments	13	418,841	421,796	1,634	1,634
Property, plant and equipment	14	1,576,712	1,312,678	1,771,941	1,590,686
Intangible assets	15	122,610	121,989	127,938	125,596
		2,118,163	1,856,463	1,901,513	1,717,916
Total non current assets		2,298,646	2,030,916	2,139,538	1,930,311
Total assets		2,916,131	2,680,553	3,178,007	2,876,734

The accompanying notes are an integral part of this interim financial information.

JSL S.A.

Balance sheets as of June 30, 2011 and December 31, 2010

(In thousands of Reais)

		Parent Company		Consolidated	
Liabilities and shareholders' equity	**Note**	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Current liabilities					
Loans and financing	17	172,704	210,592	184,920	223,560
Debentures	18	20,532	20,503	20,532	20,503
Finance lease payable	19	115,531	107,634	131,714	128,631
Suppliers	-	42,257	37,597	57,240	54,461
Labor liabilities	20	59,239	50,534	91,596	71,037
Tax liabilities	21	15,441	17,986	27,430	33,930
Accounts payable and advances from clients	22	55,189	78,618	95,072	95,329
Related parties	23.2	4,669	7,995	778	756
Income tax and social contribution payable	-	1,242	5,935	22,534	12,704
		486,804	537,394	631,816	640,911
Non-current liabilities					
Loans and financing	17	924,045	684,505	971,666	735,842
Debentures	18	336,990	345,842	336,990	345,842
Financial lease payable	19	165,987	82,279	185,626	101,448
Tax liabilities	21	31,379	35,391	48,744	44,180
Provision for investment losses	13.1	3,722	5,093	-	-
Provision for legal and administrative proceedings	24	31,856	28,349	36,706	33,277
Deferred income tax and social contribution	26.2	107,662	135,846	130,917	142,288
Accounts payable and advances from clients	22	12,019	12,708	19,795	19,734
		1,613,660	1,330,013	1,730,444	1,422,611
Shareholders' equity					
Capital stock	25	600,936	601,221	600,936	601,221
Shares in treasury	-	(21,580)	-	(21,580)	-
Equity valuation	25	78,161	100,599	78,161	100,599
Profit reserve	-	158,150	111,326	158,150	111,326
		815,667	813,146	815,667	813,146
Minority interest	-	-	-	80	66
Total shareholders' equity		815,667	813,146	815,747	813,212
Total liabilities and shareholders' equity		2,916,131	2,680,553	3,178,007	2,876,734

The accompanying notes are an integral part of this interim financial information.

JSL S.A.

Income statements for the quarters ended June 30, 2011 and 2010

(In thousands of Reais)

		Controladora				Consolidado			
	Note	01/04 to 30/06/2011	01/01 to 30/06/2011	01/04 to 30/06/2010	01/01 to 30/06/2010	01/04 to 30/06/2011	01/01 to 30/06/2011	01/04 to 30/06/2010	01/01 to 30/06/2010
Net revenue from services rendered and asset disposal used in services rendered	30	395,099	746,562	363,449	683,220	585,642	1,084,246	426,909	807,820
(-) Services costs	31	(289,247)	(550,341)	(285,789)	(541,627)	(401,034)	(755,146)	(336,403)	(638,763)
(-) Cost of asset disposal used in services rendered	-	(46,085)	(78,861)	(26,042)	(48,482)	(105,996)	(166,768)	(28,512)	(51,884)
		(335,332)	**(629,202)**	**(311,831)**	**(590,109)**	**(507,030)**	**(921,914)**	**(364,915)**	**(690,647)**
(=) Gross profit		**59,767**	**117,360**	**51,618**	**93,111**	**78,612**	**162,332**	**61,994**	**117,173**
Administrative and selling expenses	32	(22,418)	(50,612)	(22,320)	(42,675)	(36,459)	(68,085)	(26,243)	(53,498)
Tax expenses	-	(249)	(637)	(455)	(647)	(563)	(1,111)	(659)	(1,136)
Other operating revenues, net	33	11,340	10,274	(3,245)	(1,787)	10,530	10,352	(778)	4,527
Equity pick up	13	1,379	20,869	6,101	12,617	-	-	-	-
Earnings before financial revenues and expenses		**49,819**	**97,254**	**31,699**	**60,619**	**52,120**	**103,488**	**34,314**	**67,066**
Financial income	34	9,701	18,546	11,911	17,409	17,497	33,171	12,612	18,908
Financial expenses	34	(49,627)	(89,876)	(29,879)	(58,156)	(55,746)	(100,521)	(30,165)	(60,391)
(=) Earnings before tax provisions		**9,893**	**25,924**	**13,731**	**19,872**	**13,871**	**36,138**	**16,761**	**25,583**
Taxes and contributions on income	26	(813)	(1,538)	(7,006)	(10,924)	(4,783)	(11,738)	(10,028)	(16,619)
(=) Net earnings before minority interests		**9,080**	**24,386**	**6,725**	**8,948**	**9,088**	**24,400**	**6,733**	**8,964**
Attributable to:									
Minority interest	-	-	-	-	-	(8)	(14)	(8)	(16)
Net income for the quarter		**9,080**	**24,386**	**6,725**	**8,948**	**9,080**	**24,386**	**6,725**	**8,948**
(=) Earnings per basic share diluted at the end of the quarter (in Reais)	35		0.12		0.05				

The accompanying notes are an integral part of this interim financial information.

JSL S.A.

Statements of cash flow for the periods ended June 30, 2011 and 2010

(In thousands of Reais)

	Parent Company		Consolidated	
	01/01 to 30/06/2011	01/01 to 30/06/2010	01/01 to 30/06/2011	01/01 to 30/06/2010
From operating activities				
Net income	24,386	8,948	24,386	8,948
Reconciliation of net income to net cash from operating activities	207,480	135,141	295,969	154,363
Depreciation / Amortization	69,568	36,045	82,747	37,426
Cost of asset disposal used in services rendered - fixed assets	78,357	48,482	139,006	51,884
Equity pickup of ongoing investments	(20,869)	(12,617)	-	-
Bonus from real estate improvements	503	-	-	-
Provision for/reversal ofdeferred IR and CS	272	10,924	(11,224)	11,013
Provision for/reversal of legal and administrative proceedings	3,507	3,012	3,429	3,974
Estimated losses from doubtful accounts	(1,721)	211	(2,251)	936
Minority interest	-	-	14	16
Provisions for interest	77,863	49,084	84,248	49,114
Changes in current and non current assets and liabilities	(117,391)	(50,538)	(152,728)	(61,886)
Decrease (increase) in assets				
Securities	1,006	(2,209)	1,006	(2,209)
Accounts receivable	(7,212)	(27,675)	(51,708)	(26,043)
Inventory / Storeroom	(268)	(482)	(3,424)	(2,924)
T axes	(9,824)	(3,484)	(28,722)	(7,839)
Related parties	(1,058)	47,565	(26)	59,318
Court escrow deposits	(11,688)	115	(15,526)	(1,407)
Other receivables	6,130	11,921	(9,096)	17,633
Expenses from the following year	(6,445)	(7,762)	(9,253)	(8,367)
(Decrease) increase in liabilities				
Suppliers	4,663	(19,825)	2,781	(18,324)
Labor and tax liabilities	2,148	18,274	18,623	22,332
Accounts payable	(2,031)	(27,472)	21,891	(38,508)
Related parties	(3,326)	19,159	22	(56)
Tax provisions	(4,693)	-	9,830	3,400
Interest payable	(84,793)	(58,663)	(89,126)	(58,890)
Net cash from operating activities	114,475	93,552	167,626	101,425
Cash flow from investing activities				
Operational investments	(6,638)	-	-	-
Fixed assets	(34,183)	(13,042)	(42,466)	(13,294)
Intangible assets	(854)	(119)	(2,597)	(64)
Net cash from (invested in) investing activities	(41,675)	(13,161)	(45,063)	(13,358)
Cash flow from financing activities				
Capital stock increase (decrease)	(432)	457,403	(432)	457,403
Shares in treasury	(21,580)	-	(21,580)	-
Dividends paid	(22,089)	(105,414)	(22,089)	(105,414)
Increase (Reduction) in loans and financing, net	(132,059)	(186,212)	(142,937)	(194,900)
Net cash from (invested in) financing activities	(176,160)	165,777	(187,038)	157,089
Increase in cash and cash equivalents, net	(103,360)	246,168	(64,475)	245,155
Cash and cash equivalents				
At the beginning of the period	288,861	100,534	476,215	110,905
At the end of the period	185,501	346,702	411,740	356,060
Increase in cash and cash equivalents, net	(103,360)	246,168	(64,475)	245,155
Additional information:				
Income tax and social contribution paid	-	(504)	(17,699)	(6,002)

The accompanying notes are an integral part of this interim financial information.

JSL S.A.

Consolidated statements of value added
for the periods ended June 30, 2011 and 2010

(In thousands of Reais)

	Parent Company		Consolidated	
	01/01 to 30/06/2011	01/01 to 30/06/2010	01/01 to 30/06/2011	01/01 to 30/06/2010
Sales and services rendered	837,227	770,419	1,209,873	909,674
Estimated losses from doubtful accounts	1,721	(211)	2,251	(936)
Other operating revenues	24,187	14,696	24,660	21,898
	863,135	**784,904**	**1,236,784**	**930,636**
Inputs acquired from third parties				
Cost of sales and services rendered	336,950	333,110	469,258	386,743
Material, energy, outsourced services and other	111,500	80,274	168,711	90,210
	448,450	**413,384**	**637,969**	**476,953**
Gross value added	**414,685**	**371,520**	**598,815**	**453,683**
Retentions				
Depreciation and amortization	69,568	36,045	82,747	37,426
Net value added produced by the Company	**345,117**	**335,475**	**516,068**	**416,257**
Value added received in transfer				
Equity pick up	20,869	12,617	-	-
Financial income	18,546	17,409	33,171	18,908
	39,415	**30,026**	**33,171**	**18,908**
Total value added to distribute	**384,532**	**365,501**	**549,239**	**435,165**
Distribution of value added				
Personnel and charges	159,299	163,101	235,729	199,705
Federal	64,556	73,436	106,507	94,651
State	42,491	38,830	56,135	44,543
Municipal	7,861	10,786	15,058	12,831
Interest and rentals	85,939	70,400	111,438	74,503
Minority interest	-	-	(14)	(16)
Retained earnings for the year	24,386	8,948	24,386	8,948
	384,532	**365,501**	**549,239**	**435,165**

The accompanying notes are an integral part of this interim financial information.

JSL S.A.

Statement of changes in shareholders' equity for the periods ended June 30, 2011 and 2010

(In thousands of Reais)

		Attributable to Controlling Shareholders								
				Profit Reserve						
	Notes	Capital stock	Shares in treasury	Legal reserve	Retained earnings	Accrued earnings	Equity valuation adjustment	Total shareholders' equity- controlling shareholders	Minority interest	Total shareholders' equity
Balances at December 31, 2009		139,152	-	6,040	81,230	-	133,590	360,012	48	360,060
Net income for the period	-	-	-	-	-	8,948	-	8,948	2	8,950
Distribution of supplemental profits - approved at AGM held on February 8, 2010	-	-	-	-	(44,852)	-	-	(44,852)	-	(44,852)
Distribution of interim profits - from previous years	-	-	-	-	(35,000)	-	-	(35,000)	-	(35,000)
Deemed cost realization	-	-	-	-	-	10,898	(10,898)	-	-	-
Capital increase with stock issue - IPO	25.2	446,511	-	-	-	-	-	446,511	-	446,511
Capital increase with additional stock issue - IPO	25.2	31,392	-	-	-	-	-	31,392	-	31,392
Transaction costs, net - IPO	25.3	(13,529)	-	-	-	-	-	(13,529)	-	(13,529)
At June 30, 2010		603,526	-	6,040	1,378	19,846	122,692	753,482	50	753,532
Net income for the period	-	-	-	-	-	84,058	-	84,058	16	84,074
Transaction costs, net - IPO	25.3	(2,305)	-	-	-	-	-	(2,305)	-	(2,305)
Deemed cost realization	-	-	-	-	-	22,093	(22,093)	-	-	-
Legal reserve	-	-	-	4,650	-	(4,650)	-	-	-	-
Profit sharing - minimum mandatory dividends	-	-	-	-	-	(22,089)	-	(22,089)	-	(22,089)
Profit retention	-	-	-	-	99,258	(99,258)	-	-	-	-
At December 31, 2010		601,221	-	10,690	100,636	-	100,599	813,146	66	813,212
Net income for the period	-	-	-	-	-	24,386	-	24,386	14	24,400
Share buy-back	-	-	(21,580)	-	-	-	-	(21,580)	-	(21,580)
Transaction costs, net - IPO	25.3	(285)	-	-	-	-	-	(285)	-	(285)
Deemed cost realization	-	-	-	-	-	22,438	(22,438)	-	-	-
Profit retention	-	-	-	-	-	-	-	-	-	-
At June 30, 2011		600,936	(21,580)	10,690	100,636	46,824	78,161	815,667	80	815,747

The accompanying notes are an integral part of this interim financial information.

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1. About the company

JSL S.A., (hereinafter referred to as "the company") is a publicly listed corporation whose head office is located at Av. Angélica nº 2,346, suite 161, part B, 16th floor, São Paulo, in the state of São Paulo. The company's common shares are traded at the São Paulo Stock, Commodities and Futures Exchange (BM&FBOVESPA) under the ticker symbol JSLG3.

The primary activities of the parent company and its subsidiaries are to provide logistics services, road cargo transportation, passenger transportation, the collection and transportation of domestic, commercial and industrial waste, the leasing of new and used machinery, equipment and vehicles, and waterway cargo transportation.

The parent company and consolidated interim financial statements were approved at a meeting of the company's Board of Directors on August 5, 2011.

With the formal approval of its shareholders, at an Extraordinary General Meeting (EGM) held on December 30, 2010, the company altered its name from Julio Simões Logística S.A. to JSL S.A..

2. Accounting policies

The parent company and consolidated interim financial statements for the second quarter and first half that both ended on June 30, 2011 were prepared, in all material respects, according to the CPC 21 rules applicable to the preparation of interim statements and were presented in accordance with the Brazilian Security Commission's rules applying to quarterly reports (ITRs). The consolidated interim financial statements were prepared, in all material respects, according to the IAS 34 rules applicable to the preparation of interim statements and were presented in accordance with the Brazilian Security Commission's rules applying to quarterly reports (ITRs).

The preparation of the parent company and consolidated interim financial statements utilized a variety of bases for making accounting estimates, which involved both objective and subjective judgements on the part of the company's management, in order to determine the most accurate amounts to be recorded in those statements. Significant items that were subject to such estimates include determining the useful life of assets and their recoverability, the assessing of financial assets at fair value and their adjustment to present value, estimates of the realizable value of land and buildings, credit risk analysis to determine the estimated losses from doubtful debts, and the analyzing of other risk, in order to determine the provisions that ought to be made, including provisions for contingencies.

The eventual results may differ from the estimates recorded in the ínterim financial statements, due to the inherent uncertainties of the process. The company revises its estimates and the underlying premises at least once a year.

The company has adopted all the rules, revisions and interpretations issued by the Brazilian Accounting Rules Committee (CPC), the International Accounting Standards Board (IASB) and pertinent regulatory bodies that were in effect as at June 30, 2011.

The ínterim financial statements were prepared based on historical cost, except in the case of certain assets and liabilities, such as financial instruments, which were appraised at fair value.

2.1 Consolidation basis

The consolidated interim financial statements contain the interim financial information of the company and of the subsidiaries in which it has a controlling equity stake, as shown below:

		% stake	
Company	**Base**	**Jun.30, 2011**	**Dec.31, 2010**
JP Tecnolimp S/A	Brazil	99.00	99.00
Mogipasses Comércio de Bilhetes Eletrônicos Ltda.	Brazil	99.99	99.99
Transportadora Grande ABC Ltda.	Brazil	99.99	99.99
Yolanda Logística Armazém Transporte e Serviços Gerais Ltda.	Brazil	99.99	99.99
CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda.	Brazil	99.99	99.99
Riograndense Navegação Ltda. (i)	Brazil	99.99	99.99

i) Company in pre-operating phase.

Subsidiaries are fully consolidated as from the date of incorporation or aquisition, whichever represents the date that the parent company took control, and continues until the date that such control no longer exists. The financial years of the subsidiaries coincide with those of the parent company and the ínterim financial statements are prepared for the same disclosure periods as those of the parent company, using compatible accounting policies.

The accounting principles are consistently applied at all the consolidated companies.

During the consolidation, investments in subsidiaries are eliminated, as are the balances of receivables and payables, revenues and expenses arising from transactions between these companies.

2.2 Shareholding structure

Over the years, as it strived for synergy in its commercial structure providing sales, operating and administrative services, the company has engaged in a variety of corporate transactions, consolidating into a single company all corporate interests aligned with its operating activities and discontinuing its investments in subsidiaries whose operations were not aligned with its business strategy. To the same end, in order to fulfill its strategic planning, the company has expanded is business into similar or complementary activities, by acquiring other companies, starting new operations and segregating similar activities.

2.3 Functional currency

The company's functional currency is the local Brazilian currency, the real, which is used in the preparation and presentation of the interim financial statements of all the consolidated companies.

2.4 Cash and cash equivalents

Cash equivalents are held in order to meet short-term cash commitments and not for the purpose of investment. Cash and cash equivalents consist of cash balances, bank deposits and short-term investments that are highly liquid and present an insignificant risk of change in market value upon redemption. In the cash flow statement, cash and cash equivalents are shown net of secured accounts. Cash and cash equivalents are classified as financial assets at fair value through profit or loss.

2.5 Trade accounts receivable

Trade accounts receivable are recorded at their estimated net realizable value and do not include interest. Calculation of the provision for estimated losses from doubtful debts is based on the default history and the individual analysis of each client, taking into consideration all payments overdue by more than 90 days. The management considers the amount of the provision to be sufficient to cover any losses that may be incurred during the collection of trade accounts receivable.

2.6 Investments in subsidiaries

The company's investments in its subsidiaries are appraised using the equity accounting method, in accordance with CPC18 (IAS 28), for the purpose of preparing the parent company interim financial statements.

Using the equity accounting method, the investments are shown on the parent company's balance sheet at cost, plus any changes that have occurred since the acquisition of the equity stakes.

Equity stakes in subsidiaries are shown in the parent company's income statement as equity adjustment and represents the net profit attributable to the parent company's shareholders.

2.7 Marketable securities

These are financial investments that are linked to financing. Financial investments that are included under marketable securities are classified as financial assets at fair value through profit or loss.

2.8 Financial instruments – initial recognition and subsequent measurement

(i) Financial Assets

Initial recognition and measurement

Financial assets can be classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity, financial assets available for sale, or derivatives classified as effective hedging instruments, as the case may be. The company determines the classification of its financial assets at the moment of their initial recognition, when this becomes part of the instrument's contractual provisions.

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

The company's financial assets include cash and cash equivalents, trade accounts receivable and other accounts receivable in both the short and long terms, loans and other receivables, marketable securities and credits in relation to related parties.

Subsequent measurement

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

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those measured at fair value through profit or loss upon their initial recognition. Financial assets are classified as held for trading if they were acquired for the purpose of selling in the short term. Financial assets at fair value through profit or loss are shown on the balance sheet at fair value, while any corresponding

gains or losses are shown in the income statement. The company has designated cash and cash equivalents and marketable securities as financial assets at fair value through profit or loss.

b. Loans and receivables

Loans and receivables are non-derivative financial assets, involving fixed or determinable payments, and are not quoted in an active market. After the initial measurement, these financial assets are recorded at their amortized cost, using the effective rate of interest, less any impairment losses against the recovery value. Calculation of the amortized cost takes into account any discount or premium in the acquisition, as well as any fees or costs incurred. The amortization at the effective interest rate is included under financial expenses or income in the income statement. Impairment losses are recognized as financial expenses in the income statement. The company has also included trade accounts receivable, other credits and credits in relation to related parties within this category.

c. Investments held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the company has declared that it both intends and has the financial capacity to hold them to maturity. Following their initial appraisal, investments that are to be held to maturity are valued at their amortized cost using the effective interest rate, less any impairment losses against the recovery value. Calculation of the amortized cost takes into account any discount or premium in the acquisition, as well as any fees or costs incurred. The amortization at the effective interest rate is included under financial income in the income statement. Impairment losses are recognized as financial expenses in the income statement. The company did not record any investments held to maturity during the six-month period to June 30, 2011 or in the financial year ended on December 31, 2010.

d. Financial assets that are available for sale

Financial assets that are available for sale are those non-derivative financial assets that are not classified as: (a) loans and receivables; (b) investments held to maturity; or (c) financial assets at fair value through profit or loss. Such financial assets include equity instruments and debt securities. Debt securities in this category are those intended to be held for an indeterminate period of time and that may be sold to meet liquidity requirements or in response to changes in market conditions.

Following the initial measurement, financial assets that are available for sale are measured at fair value, with unrealized gains and losses recognized directly in the available-for-sale reserve under other comprehensive income, until such time as the investment has been written off, except for impairment losses, interest calculated using the effective interest rate method, and gains or losses from exchange rate variations in relation to monetary assets that are directly recognized in the profit or loss for the period. The company did not record any financial assets that were available for sale during the six-month period to June 30, 2011 or in the financial year ended on December 31, 2010.

e. Write-offs

A financial asset (or, when applicable, part of a financial asset or part of a gruop of similar financial assets) is written off when:

- The right to receive cash flows from the asset expires;

- The company transfers its rights to receive cash flows from the asset or assumes an obligation that involves paying the cash flows received in full, without any significant delay, to a third party under a transfer agreement; and (a) the company has transfered virtually all the risks and benefits relating to the asset, or (b) the company has not transferred, nor has it retained, virtually all the risks and benefits relating to the asset, but has transferred control of the asset.

When the company has transferred its right to receive cash flows in relation to an asset or has entered into a transfer agreement, but has not transferred or retained virtually all the risks and benefits relating to the asset, that asset is recognized to the extent of the company's continuing involvement with it. In such a case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis of the rights and obligations retained by the company. Continuing involvement, in the form of a guarantee on the transferred asset, is measured at the asset's original book value or the highest consideration that can reasonably be demanded from the company, whichever is lower.

(ii) Impairment of financial assets

At the balance sheet dates, the company assesses whether there is any objective evidence that the financial asset or group of financial assets may be impaired. A financial asset or group of financial assets is considered to be impaired when there is objective evidence of non-recoverability due to one or more events that took place after the initial recognition of the asset (“a loss event” incurred) and such loss event has an impact on the estimated future cash flow of the financial asset or group of financial assets that can be estimated. Evidence of impairment may include: i) indication that the borrowers are experiencing significant financial difficulties; ii) likelihood that the borrowers will declare bankruptcy or face another kind of financial restructuring; iii) default or late payment of interest or principal; iv) indication of a measurable decrease in the estimated future cash flow, such as changes in maturity or economic state relating to a default.

f. Financial assets at amortized cost

With regard to the financial assets presented at amortized cost, the company assesses on an individual basis whether there is any clear evidence of impairment in the case of each significant financial asset,

or jointly in the case of financial assets that are not individually significant. Should there be any clear evidence of impairment, the loss is measured as the difference between the asset's book value and the present value of estimated future cash flows.

The book value of the asset is reduced, by means of a provision, and the amount of the loss is recognized in the income statement. Should the estimated impairment increase or decrease in subsequent years, due to an event that occurs after the recognition of the impairment, the previously recognized loss is increased or reduced accordingly and the provision is adjusted. In the event of future recovery of an amount that has been written off, such recovery is recognized in the income statement.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and financing, or as derivatives classified as hedging instruments, as the case may be. The company determines the classification of its financial liabilities at the moment of their initial recognition.

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 trade accounts payable and other accounts payable, secured accounts (current account overdrafts), loans, financing, debentures and debts in relation to related parties.

The company did not allocate any financial liabilities at fair value through profit or loss during the six-month period to June 30, 2011 or the financial year ended on December 31, 2010.

Subsequent measurement

The measuring of financial liabilities depends on their classification, as follows:

a. Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading when they are acquired for the purpose of a short term sale. This category includes financial derivative instruments entered into by the company that do not meet the hedge accounting criteria laid down by CPC38 (IAS 39). Gains and losses on financial liabilities held for trading are recognized in the income statement.

The company did not allocate any financial liabilities at fair value through profit or loss during the six-month period to June 30, 2011 or the financial year ended on December 31, 2010.

b. Loans and financing

Following their initial recognition, loans and financing that carry interest rates are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement at the moment that the liabilities are written off, as well as during amortization by the effective interest rate method.

c. Debentures

Debentures issued by the company are recorded at cost, corrected monetarily using the effective interest rate method, plus monetary variations at the closing rates for each period.

d. Write-offs

A financial liability is written off when the obligation is revoked, cancelled or expires. When an existing financial liability is replaced with another liability from the same lender, under substantially different terms, or when the terms of an existing liability are significantly changed, such replacement or change is treated as a writing off of the original liability and recognition of a new liability, and the difference between their respective book values is recognized in the income statement.

(iv) Financial instruments – at net value

Financial assets and liabilities are presented at net value in the balance sheet if, and only if, there is a current and enforceable legal right to offset the amounts recognized, and if there is the intention to offset or to simultaneously realize the asset and settle the liability.

2.9 Inventory

Inventory items are valued at average acquisition cost, with a provision made for losses, when appropriate, for a sum that is considered by the management to be sufficient to cover possible losses.

Vehicles purchased from the manufacturers for resale to third parties are valued at acquisition cost.

2.10 Assets put up for sale as a result of fleet renewal

Pursuant to its service agreements, the company needs to constantly renew its fleet, after a certain period of use. When vehicles and items of machinery and equipment are put up for sale, they are reclassified from fixed assets to “assets up for sale”.

Once they have been classified as assets that are up for sale, these assets are no longer depreciated and are recorded at their residual or market value, whichever is lower.

2.11 Property, plant and equipment

Items of property, plant and equipment are recorded at their acquisition or construction cost, plus interest and other charges incurred during construction. Depreciated is calculated using the straight-line method, at the rates mentioned in Note 14, taking into consideration the estimated useful life and recovery value of the item, and is recognized in the profit or loss for the year.

The company adopts different sale prices for its vehicles and, consequently, estimates the respective depreciation rates, which are applied on the straight-line basis to the vehicle fleet and machinery, in order to offset any gains or losses arising from differences between the estimated sale price and the cost of the item at the moment that the asset is sold.

Residual values, the useful life of the assets and the depreciation methods are reviewed and adjusted by the management at the end of each financial year, or whenever it is considered necessary. The depreciation of vehicles and other assets that comprise the cost of services rendered is recognized in the profit or loss for the year, in accordance with the rates shown in Note 14.

The book value of an asset is immediately reduced to its recovery value when the book value is greater than its expected future economic benefit.

2.12 Leasing

A contract is classified as a leasing agreement on the basis of aspects relating to the use of the specific asset or assets or on the right to use of a specific asset on the date that the contract comes into force.

The company as lessee

Financial leasing transactions that transfer to the company virtually all the risks and benefits relating to ownership of the leased item are initially capitalized at the fair value of the leased asset or at the present value of the minimum lease payments, whichever is lower. The initial direct costs incurred in the transaction are added to the cost, when applicable. Financial leasing payments are allocated to financial charges, with a reduction in the financial leasing liabilities, so as to obtain a constant rate of interest on the outstanding balance of the liabilities. The financial charges are recognized in the income statement. The leased assets are depreciated over the course of their useful life, as estimated by the company.

Operational leasing payments are recognized as expenses in the income statement, on the straight line basis over the course of the leasing period.

The company as lessor

Leasing agreements whereby the company transfers virtually all the risks and benefits relating to ownership of the asset are treated as a sale, with the relevant item written off and recognition of the financial revenue during the contractual leasing period.

Leasing agreements under which the group does not transfer virtually all the risks and benefits relating to ownership of the asset are considered to be operational leaing agreements and the revenues are recorded in a similar manner to rental revenues, on the straight line basis over the course of the leasing period.

2.13 Intangible assets and goodwill

The company's intangible assets consist mainly of the premiums paid in company acquisitions, based on their expected future profitability, which were amortized up to December 31, 2008, and since January 1, 2009 have been submitted to an annual assessment of their recovery value (see Note 15). Only the goodwill arising from the appreciation of property, plant and equipment is amortized, taking into consideration the estimated useful life of the asset from which it originated and the respective write-offs during the period.

2.14 Impairment test

The management reviews the net book value of key assets on an annual basis, in order to assess events or changes in economic and operational circumstances that may denote impairment or loss of their recovery value. When such evidence is detected and the net book value exceeds the recovery value, an impairment provision is made, to adjust the net book value to the recovery value.

2.15 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will be generated for the company and when it can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, deductions and taxes or charges on sales and services rendered. The company evaluates revenue transactions according to specific criteria, in order to determine whether it is acting as an agent or principal, and at the end of this process concluded that it is the principal in all of its revenue agreements.

The following specific criteria must also be met before the revenue can be recognized in the books:

a. Revenue from services rendered

Revenue from services rendered is recognized on the basis of the performing of the services provided for in the service agreements between the parties or upon completion of the same. When the result of the agreement cannot be reliably measured, the revenue is recognized only to the extent that the expenses incurred can be recovered.

b. Revenue from the sale of assets used to provide services

Revenue from the sale of assets is recognized when the significant risks and benefits relating to ownership of the property are transferred to the buyer, which usually occurs upon delivery.

c. Interest income

The pertinent financial income or expense is recorded for all financial instruments valued at amortized cost and all financial assets that earn interest, using the effective interest rate method, which deducts the estimated future cash payments or receivables over the course of the financial instrument's estimated life or over a shorter period of time, when applicable, against the net book value of the financial asset or liability. Interest income is recorded under financial income in the income statement.

d. Leasing revenue

Leasing revenue is recognized as operational leasing and recorded on the straight basis over the course of the leasing contract.

2.16 Taxes

a. Current income tax and social contribution

Income tax and social contribution are calculated in accordance with the criteria set out in the prevailing tax legislation. At the parent company, income tax and social contribution are calculated at the normal rate of 15%, plus a surcharge of 10% for income tax and 9% for social contribution. As permitted under the tax legislation, certain subsidiaries, with annual turnover of less than R$48,000 in the previous financial year, have chosen to adopt the assumed profit taxation regime. For these subsidiaries, the basic income tax rate is 8% and the social contribution rate is 12% of gross revenue (32% when revenue derives from providing services and 100% when it derives from financial income), on top of which the usual income tax and social contribution rates are applied.

b. Deferred taxes

Deferred taxes are generated by temporary differences on the balance sheet date between the tax base of assets and liabilities and their book values.

Deferred tax liabilities are recognized for all temporary tax differences, except:

• when the deferred tax liability derives from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect the accounting profit or the tax profit or loss; and

• on temporary tax differences relating to investments in subsidiaries, in which the period for reversing the temporary differences can be controlled and it is likely that the temporary differences will not be reversed in the near future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and tax losses, when it is likely that the taxable profit will be available to enable the realization of deductible temporary differences and unused tax credits and tax losses can be utilized, except:

• when the deferred tax asset related to the deductible temporary difference derives from the initial recognition of the asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect the accounting profit or tax profit or loss; and

• on deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the near future and that a taxable profit will be available to enable the use of the temporary differences.

The book value of deferred tax assets is revised on every balance sheet date and written off when it is no longer likely that taxable profits will be available to enable them to be used, in whole or in part.

Deferred tax assets and liabilities are measured at the tax rate that is expected to be applied during the year in which the asset is realized or the liability is settled, based on the tax rates (and legislation) introduced up to the balance sheet date.

Deferred taxes related to items directly recognized in shareholders' equity are also recognized in shareholders' equity, not in the income statement. Deferred tax items are recognized according to the transaction that originated them, in the comprehensive income or directly in shareholders' equity.

Deferred tax assets and liabilities relate to the same taxable entity and are subject to the same tax authority.

In applying the accounting principles determined by the international accounting standards, we reclassified the balance of the deferred assets to deferred liabilities, for the purpose of showing the net balance of the deferred taxes. It should be pointed out that this is compatible with the previous financial year.

c. Taxes on revenues

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

• the sales taxes incurred in the purchasing of goods or services are not recoverable from the tax authorities, in which case the sales tax is recognized as part of the cost of acquiring the asset or the expense item, as applicable;
• the accounts receivable and payable are presented together with the amount of the sales tax; and
• the net amount of the recoverable or payable sales taxes is recorded under accounts receivable or payable on the balance sheet.

2.17 Provisions

General

Provisions are recognized when the company has a current liability (judicial or non-judicial), as a result of a past event, and it is likely that economic benefits will be required to settle the liability and the amount of the liability can be reliably estimated.

When the company expects a provision to be reimbursed, in whole or in part, such as by force of an insurance contract, the reimbursement is recognized as a separate asset, but only when such reimbursement is practically certain.

Expenses in relation to any provisions are reported in the income statement, net of reimbursements.

Provisions for judicial and administrative claims

The company is party to various judicial and administrative proceedings. Provisions are accrued for all contingencies relating to lawsuits when it is probable that a disbursement of resources will be necessary to settle the contingency/liability and a reasonable estimate of the amount can be made. Assessment of the probability of loss includes analysis of the available evidence, the hierarchy in law, the available jurisprudence, the most recent decisions by the courts and their relevance within the legal system, as well as the opinion of outside legal advisers. The provisions are revised and adjusted to take into account changes in circumstance, such as the applicable statute of limitations, the conclusions of tax inspections, or additional explanations that come to be identified, based on new factors or court decisions.

2.18 Joint ventures (Consortia)

The company maintains operations in consortia (1 2 3, Unileste and Metropolitano de Transportes), whereby the entrepreneurs have a contractual agreement that determines joint control of the operations.

Jointly-controlled operations involve the use of company assets and other resources, as well as those of the other consortium partners, in consideration of the setting up of a legal entity. The company records the assets it controls and the liabilities and expenses it incurs, as well as its portion of the revenue relating to the services rendered.

2.19 Cost of borrowing

Borrowing costs directly related to the acquisition, construction or production of an asset that necessarily takes a significant amount of time to be completed for use or sale are capitalized as part of the cost of the corresponding asset. All other borrowing costs are recorded as expenses in the period they are incurred. Borrowing costs consist of interest and other costs incurred by an entity in relation to its borrowing.

2.20 Earnings per share

The company calculates the earnings per share using the average weighted number of outstanding common shares during the pertinent accounting period, in accordance with technical ruling CPC41 (IAS 33).

2.21 Other current and non-current assets and liabilities

An asset is recognized on the balance sheet when it is likely that its future economic benefits will be generated in the company's favor and its cost or value can be reliably measured. A liability is recognized on the balance sheet when the company has a legal obligation or one arising from a past event and it is probable that economic resources will be required to settle it. When applicable, these will include the respective charges and monetary and exchange variations incurred. Provisions are recorded on the basis of the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next 12 months. Otherwise, they will be stated as non-current.

2.22 Information per segment

The company is set up within a single segment, which is the rendering of services. The company's management regularly reviews this segment's results on a consolidated basis. Although its business lines are divided into Dedicated Supply Chain Services, Fleet/Equipment Management and Outsourcing, Passenger Transportation and Freight Transportation, the company's business is based on contracts, which have their own cycle, from procurement through utilization and subsequent sale of the assets.

2.23 Significant accounting judgements, estimates and assumptions

a. Judgements

The preparation of the parent company and consolidated ínterim financial statements requires that the management makes judgments and estimates and adopts premises that affect the reported revenues,

expenses, assets and liabilities, as well as the reporting on contingent liabilities on the cut-off date for the interim financial statements.

However, the uncertainty surrounding such assumptions and estimates could lead to results that require adjustments to the book value of the affected asset or liability in future periods.

b. Estimates and assumptions

The key assumptions regarding the sources of uncertainty regarding future estimates and other important sources of uncertainty regarding estimates on the balance sheet date, involving significant risk of material adjustments to the book value of assets and liabilities in the following reporting period are discussed below.

b.1. Impairment of non-financial assets

An impairment exists when the book value of an asset or cash-generating unit exceeds its recovery value, which is the greater of its fair value less selling costs or its utility value. The calculation of fair value less selling costs is based on available information regarding sales transactions for similar assets or market prices less additional costs to dispose of such asset. The calculation of the utility value is based on the discounted cash flow model. Cash flows derive from the budget for the next five years and do not include reorganization that the company has not yet committed to, nor significant future investments that will improve the asset base of the cash-generating unit being tested for impairment. The recovery value is sensitive to the discount rate used in the discounted cash flow method, as well as to expected future cash inflows and to the growth rate used for extrapolation. Details of the key assumptions used to determine the recovery value of the different cash-generating units, including a sensitivity analysis, are provided in Note 16.

b.2. Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the value and timing of future taxable results. Given the long-term nature and the complexity of existing contracts, differences between the actual results and the premises adopted, or future changes in such premises, could require future adjustments to the tax income and expenses already recorded. The company makes provisions, based on suitable estimates, for the possible consequences of auditing by the tax authorities of the respective jurisdictions where it operates. The amount of such provisions is based on several factors, such as prior experience of fiscal audits and different interpretations of the tax regulations by the taxable entity and by the tax authority in question. Such differences in interpretation may arise in regard to a wide variety of issues, depending on the prevailing conditions in the respective company domicile.

Considerable judgment by the management is required in determining the amount of the deferred tax asset that can be recognized, based on the probable deadline and future taxable income levels, as well as future fiscal planning strategies.

b.3. Fair value of financial instruments

Whenever the fair value of financial assets and liabilities reported on the balance sheet cannot be obtained from active markets, it is determined through appraisal techniques, including the discounted cash flow method. The data used in such methodologies is based on market practices whenever possible; however, when this is not feasible, a certain degree of judgment is required to determine the fair value. This judgement includes considerations regarding the data utilized, such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to such factors could affect the reported fair value of the financial instruments.

b.4. Provisions for fiscal, civil and labor contingencies

The company recognizes a provision for fiscal, civil and labor lawsuits. Assessment of the probability of loss includes the analysis of available evidence, the hierarchy in law, the available jurisprudence, the most recent decisions by the courts and their relevance within the legal system, as well as the opinion of outside legal advisers. The provisions are revised and adjusted to take into account changes in circumstance, such as the applicable statute of limitations, the conclusions of tax inspections, or additional explanations that come to be identified, based on new factors or court decisions.

2.24 New IFRS and IFRIC interpretations

These interim financial statements were prepared in accordance with accounting principles, practices and criteria that are compatible with those adopted for the preparation of the financial statements for the most recent financial year, as well as with the new rulings, interpretations and changes that came into effect as of January 1, 2011 and the standards, modifications and interpretations published by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee):

- **IAS 24 Related party disclosure requirements for government-related entities and definition of a related party (Revised)** - Simplifies the disclosure requirements for government-related entities and defines a related party. This revised rule addresses aspects that, under the previous disclosure requirements and definition of a related party, were extremely complex and difficult to apply in practice, particularly in environments where government control is pervasive. It provides partial exemption for government-related entities, as well as a revised definition of a related party. This amendment was issued in November 2009 and came into effect for the fiscal years from January 1, 2011 onwards. This amendment has had no impact on the company's consolidated interim financial statements.

- **IFRS 9 Financial instruments: Classification and measurement** - IFRS 9 closes the first part of the project to replace "IAS 39 Financial Instruments: Recognition and Measurement". IFRS 9 adopts a simple approach to determining whether a financial asset is measured at amortized cost or fair

value, based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The standard also requires that only one method be adopted for determining impairment losses. This standard will come into effect for the fiscal years from January 1, 2013 onwards. The company does not expect this change to have any impact on its parent company and consolidated interim financial statements.

- **IFRIC 14 Prepayments of a minimum funding requirement** - This amendment only applies to situations where an entity is subject to minimum funding requirements and makes advance payment of its contributions in order to meet those requirements. The amendment allows the entity to record the benefit of such prepayment as an asset. This amendment will come into effect for the fiscal years from January 1, 2011 onwards. The amendment will have no impact on the company's parent company and consolidated interim financial statements.

- **IFRIC 19 Extinguishing financial liabilities with equity instruments** - IFRIC 19 was issued in November 2009 and became effective as of July 1, 2010, with earlier application permitted. This interpretation clarifies the requirements of the International Financial Reporting Standards (IFRS) when an entity renegotiates the terms and conditions of a financial liability with its creditor and the latter agrees to accept shares issued by the entity or other equity instruments in full or partial settlement of said financial liability. The adoption of IFRIC 19 has not had any impact on the parent company and consolidated interim financial statements of the company.

- **Amendments to IAS 32, Classification of rights issues** - This amendment aims to clarify that issues of subscription rights enabling the acquisition of a fixed number of the company's equity instruments at a fixed price are to be classified as equity, independent of the exercise price denominated currency, whenever the issue is directed at all the holders of the same class of shares or interest proportionate to the number of securities they already own. The adoption of these amendments has had no impact on the company's financial situation or results.

3 Spending, by type

The company's income statements are presented as per function. The following table shows details of the company's spending, by type:

	Parent Company		Consolidated	
	Jun.30, 2011	Jun.30, 2010	Jun.30, 2011	Jun.30, 2010
Cost of asset sales and services rendered	(328,217)	(311,481)	(490,262)	(352,188)
Other costs	(76,846)	(73,109)	(106,745)	(95,131)
Other income (expenses)	4,297	(12,176)	(7,441)	(8,036)
Depreciation and amortization	(69,927)	(37,550)	(83,193)	(38,735)
Personnel expenses	(198,847)	(200,255)	(292,006)	(245,528)
	(669,540)	**(634,571)**	**(979,647)**	**(739,618)**
Cost of services rendered	(550,341)	(541,627)	(755,146)	(638,763)
Cost of the sale of assets used in rendering services	(78,861)	(48,482)	(166,768)	(51,884)
Administrative and commercial expenses	(50,612)	(42,675)	(68,085)	(53,498)
Other operating revenue (expenses), net	10,274	(1,787)	10,352	4,527
	(669,540)	**(634,571)**	**(979,647)**	**(739,618)**

4 Cash and cash equivalents

	Parent Company		Consolidated	
	2011	2010	2011	2010
Bradesco - exclusive fund				
Debentures	16,410	44,450	43,521	68,385
Repurchase agreements	-	109,856	-	169,013
Financial treasury bills - LFTs	6,756	68,377	17,919	105,196
Bank deposit certificates - CDBs	47,559	15,066	126,137	23,179
Others	621	3,694	1,646	5,683
	71,346	**241,443**	**189,224**	**371,456**
CEF - exclusive fund				
Debentures	34,714	-	66,395	-
Financial treasury bills - LFTs	6,189	14,100	11,837	60,663
National treasury notes - NTN-B	5,369	-	10,269	-
Bank deposit certificates - CDBs	53,711	-	102,729	-
	99,984	**14,100**	**191,230**	**60,663**
Other short-term investments				
Bank deposit certificates - CDBs	9,739	23,656	23,308	24,137
Cash and Banks				
Cash	561	646	1,370	1,385
Banks	3,871	9,016	6,608	18,574
	4,432	**9,662**	**7,979**	**19,959**
Total current assets	**185,501**	**288,861**	**411,740**	**476,215**

The parent company has short-term investments in the Bradesco Fundo de Investimento Multimercado Crédito Privado JSL and the Caixa Econômica Federal Fundo de Investimento JSL Multimercado Crédito Privado, managed respectively by the financial institutions Bradesco S/A and the Caixa Econômica

Federal, which are also responsible for the custody of the assets belonging to those fund portfolios and for the financial settlement of the related transactions.

The exclusive funds are audited annually by independent auditors and are subject to obligations restricted to payment for asset management services and related charges, such as custody and auditing fees and other expenses, and do not involve significant financial obligations nor the committing of company assets as a guarantee of such obligations.

The average yield of the investments during the six-month period to June 30, 2011 was 0.92% (against 0.70% during the same period of 2010).

5 Marketable securities

from escrow financial institutions, as shown below:
This balance is linked to the amortization of loans taken out with custodial financial instituitions, as shown below:

				Parent Company / Consolidated	
				Linked liability	
Financial institution	**Jun.30, 2011**	**Dec.31, 2010**	**Remuneration**		**Maturity**
Banco do Brasil	11,024	12,030	CDI rate	BB 2nd Debenture	Dec.1, 2016
Total	**11,024**	**12,030**			

6 Accounts receivable

	Parent Company		Consolidated	
Item	**2011**	**2010**	**2011**	**2010**
Accounts receivable (i)	217,900	201,848	355,138	326,133
Adjustment to present value (i)	(542)	(1,387)	(9,453)	(9,814)
Revenue to be invoiced (ii)	62,836	57,881	114,101	77,120
Leasing revenue - sales (iii)	117,744	132,384	117,745	132,384
(-) Estimated losses from doubtful debts (iv)	(24,407)	(26,128)	(33,332)	(35,583)
	373,531	**364,598**	**544,199**	**490,240**
Current assets	274,150	257,763	389,808	344,505
Non-current assets	99,381	106,835	154,391	145,735
Total	**373,531**	**364,598**	**544,199**	**490,240**

i) Receivables with an average maturity of more than 90 days are recorded at present value upon the initial recording of the transaction, pursuant to the variations of the Selic (Central Bank base rate), as this rate is close to the average rate used by the company to calculate the prices of the related agreements. Financial charges are recognized as financial income when they are incurred;

ii) Revenue to be invoiced refers to any bills of lading issued and recognized on the accrual basis as revenue for the period, when the services are effectively provided;

iii) The company recorded in its current and non-current assets accounts receivable in relation to equipment leasing contracts, which have been considered as sales, in accordance with CPC06. The unrecognized future financial income amounted to R$18,006 on June 30, 2011; and

iv) The changes in estimated losses from doubtful debts, during the six months to June 30, 2011, are shown below:

	Parent Company	Consolidated
Balance on December 31, 2010	**(26,128)**	**(35,583)**
(+) Additions	(9,683)	(10,537)
(-) Used	4,759	5,409
(-) Unused and write-offs	6,645	7,380
Balance on June 30, 2011	**(24,407)**	**(33,332)**

Classification by maturity (Aging list)

	Net accounts receivable			
	Parent Company		Consolidated	
	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
More than 365 days past due	1,896	8,313	3,772	8,830
181 to 365 days past due	5,853	6,030	6,412	7,765
91 to 180 days past due	9,071	4,359	10,456	5,146
31 to 90 days past due	12,534	15,318	18,047	16,059
Up to 30 days past due	20,805	27,276	37,317	32,365
Past due	**50,158**	**61,296**	**76,004**	**70,165**
Due in up to 30 days	175,042	141,160	268,725	184,565
Due in 31 to 90 days	14,243	17,655	20,940	24,699
Due in 91 to 180 days	11,013	11,340	18,563	20,707
Due in 181 to 365 days	23,778	20,785	38,003	37,404
Due in over 365 days	99,296	112,362	121,963	152,700
Falling due	**323,373**	**303,302**	**468,195**	**420,075**
Total	**373,531**	**364,598**	**544,199**	**490,240**

7 Inventory

	Parent Company		Consolidated	
Item	**Jun.30, 2011**	**Dec.31, 2010**	**Jun.30, 2011**	**Dec.31, 2010**
Materials for use/consumption	9,245	8,577	13,086	12,904
Storage	552	326	607	379
Goods for sale (i)	-	-	3,705	-
Others	44	55	44	55
(-) Provision for losses	(1,410)	(795)	(1,481)	(803)
Total	**8,431**	**8,163**	**15,960**	**12,536**

i) Vehicles purchsed from the manufacturers that are being customized for resale to a customer in the state of Minas Gerais.

Changes in the provision for losses

	Parent Company	Consolidated
Balance on December 31, 2010	**(26,128)**	**(35,583)**
(+) Additions	(9,683)	(10,537)
(-) Used	4,759	5,409
(-) Unused and write-offs	6,645	7,380
Balance on June 30, 2011	**(24,407)**	**(33,332)**

8 Goods available for sale (fleet renovation)

The company's fleet renovation process involves putting certain assets (vehicles and machinery) up for sale. In accordance with CPC 31 (IFRS 5), the company classifies in this item assets that were previously recorded as property, plant and equipment (PPE) but have the potential to be sold in the short term.

The amounts are presented at residual cost, which is the acquisition cost less depreciation accrued up to the date that the goods were put up for sale, or fair value less the estimated cost of selling the asset, whichever is lower.

These assets are available for immediate sale, in their present condition, and, as a consequence, they are very likely to be sold within a maximum of twelve months.

This change in the classification criterion complies with the alterations mandated by the adoption of the new accounting rules in 2010, but does not change the nature of the asset (as PPE) sales transaction for taxation purposes.

9 Recoverable taxes

	Parent Company		Consolidated	
Item	**Jun.30, 2011**	**Dec.31, 2010**	**30/06/2011**	**Dec.31, 2010**
Value-added tax on sales and services - ICMS (i)	56,577	44,326	64,159	51,969
Adjustment to present value	(6,748)	(3,567)	(6,748)	(3,567)
Income tax withheld at source - IRRF	7,489	9,852	11,000	10,874
Social security charges - INSS	1,806	3,292	4,663	5,889
Corporate income tax and social contribution levied on net income (IRPJ/CSLL)	7,753	2,865	9,402	3,021
Prepaid income tax and social contribution	-	-	17,329	6,352
INSS recoverable	-	-	3,860	-
PIS/COFINS	343	265	808	687
Other taxes	323	686	988	1,512
	67,543	**57,719**	**105,459**	**76,737**
Current assets	32,483	30,875	70,399	49,893
Non-current assets	35,060	26,844	35,060	26,844
Total	**67,543**	**57,719**	**105,459**	**76,737**

i) ICMS is mainly represented by credits from the acquisition of fixed assets, offset at a monthly rate of 1/48, pursuant to the prevailing tax legislation. It is recorded at present value upon the initial recording of the credit, linked to the changes in the broad consumer price index (IPCA), since this is similar to the expected indexation of the fixed asset that will be affected. Financial charges are recognized as financial income when they are incurred.

10 Judicial deposits

The company's judicial deposits are limited to the amounts deposited and held in escrow until the related claims are decided.

The balances and changes in these deposits are shown below:

	Parent Company		Consolidated	
Item	**Jun.30, 2011**	**Dec.31, 2010**	**Jun.30, 2011**	**Dec.31, 2010**
Labor claims (i)	23,682	13,139	27,654	14,056
Civil claims (ii)	2,738	1,593	5,722	3,793
Fiscal claims (ii)	989	989	989	989
Total	**27,408**	**15,720**	**34,364**	**18,838**

i) Refer, basically, to judicial freezing of company bank accounts. The company is appealing against the embargoes in order to obtain the total or partial unfreezing of these amounts;and

ii) Refer to guarantees demanded in order to be able to proceed with the lawsuits.

11 Other credits

	Parent Company		Consolidated	
Item	**Jun.30, 2011**	**Dec.31, 2010**	**Jun.30, 2011**	**Dec.31, 2010**
Claims receivable	693	909	693	909
Contractual guarantees	-	-	631	627
Real estate guarantees	339	173	460	-
Advances to employees	1,308	1,417	1,705	1,586
Improved productivity project (i)	-	8,543	-	8,543
Advances to suppliers	4,458	1,628	9,590	2,321
Amounts receivable - CMT (ii)	8,960	15,141	26,593	15,163
Amounts receivable - inter-company (iii)	9,895	5,211	-	-
Amounts receivable - Consortia	806	-	806	-
Other credits	1,958	1,525	2,805	5,038
Total	**28,418**	**34,548**	**43,283**	**34,187**
Current assets	26,697	26,355	40,139	25,255
Non-current assets	1,721	8,193	3,144	8,932
Total	**28,418**	**34,548**	**43,283**	**34,187**

i) This amount refers to prepaid expenses in connection with a productivity improvement project, which is currently being repaid/amortized in accordance with the pertinent services agreement;

ii) Balance corresponding to amounts maintained by Consórcio Metropolitano de Transportes for its operating activities (urban passenger transportation); and

iii) Mainly comprising the leasing of vehicles, machinery and equipment to the subsidiary CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda. (see Note 23.1)

12 Prepaid expenses

	Parent Company		Consolidated	
Item	**Jun.30, 2011**	**Dec.31, 2010**	**Jun.30, 2011**	**Dec.31, 2010**
Leasing for appropriation (i)	7	3,337	7	3,337
Insurance for appropriation	3,119	2,394	3,815	2,772
Vehicle tax - IPVA	7,519	-	9,659	-
Other expenses for appropriation	2,182	651	2,553	672
Total	**12,827**	**6,382**	**16,034**	**6,781**

i) The change is due to an operational leasing agreement with Ribeira Imóveis Ltda., under a contract signed on August 31, 2009, which expires in May 2011. (see Note 23).

13 Investments

						Parent Company
Investments	**Net Equity**	**Stake %**	**Equity Adjustment**	**Other (iv)**	**Permanent Investments Jun.30, 2011**	**Permanent Investments Dec.31, 2010**
JP Tecnolimp S.A.	8,101	99.00	1,442	-	8,020	6,578
Mogipasses Comércio de Bilhetes Eletrônicos Ltda.	3,217	99.99	647	-	3,217	2,570
CS Brasil Transporte de Passageiros e Serviços Ambientais Ltda.	400,678	99.99	21,622	(28,309)	400,678	407,365
Transportadora Grande ABC Ltda.	2,431	99.99	(4,213)	-	2,431	6
Goodwill from fixed asset appreciation (TG-ABC) (i)	-	-	-	-	2,861	3,643
Yolanda Logística Armazém Transporte e Serviços Gerais Ltda. (ii)	(3,722)	99.99	1,371	-	-	-
Total permanent investments			20,869	(28,309)	417,207	420,162

Other Investments	**Net Equity**	**Stake %**	**Income for the period**	**Other**	**Permanent Investments Jun.30, 2011**	**Permanent Investments Dec.31, 2010**
Work Container Ind. Transf. Plast. Ltda. (iii)	8,114	0.15	957	-	12	12
Interpass Participações S/A. (iii)	24,673	6.57	8,999	-	1,622	1,622
Total of other investments			9,956	-	1,634	1,634
Total parent company investments			30,825	(28,309)	418,841	421,796

					Consolidated	
Investments	**Net Equity**	**Stake %**	**Income for the period**	**Other**	**Permanent Investments Jun.30, 2011**	**Permanent Investments Dec.31, 2010**
Work Container Ind. Transf. Plast. Ltda. (iii)	8,114	0.15	957	-	12	12
Interpass Participações S/A. (iii)	24,673	6.57	8,999	-	1,622	1,622
Total investments			9,956	-	1,634	1,634

i) Goodwill from the appreciation of fixed assets from the acquisition of Transportadora Grande ABC Ltda. amounting to R$22,944, with accumulated amortization of R$20,083, taking into account the depreciation and/or disposal of the underlying assets;

The company has made a provision for losses on this investment;

ii) Valued at cost; and

iii) The sum of R$ 28,309 reflects the transfer of a deferred income tax and social contribution liability in relation to fixed assets from the parent company to the subsidiary CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda., by means of a private agreement for a 5th Amendment to the Memorandum & Articles of Incorporation, which has no impact on the consolidated financial statements.

12.1. Changes in investments

Investments	Permanent and other investments Dec.31, 2010	Injections of capital and acquisitions	Realization of goodwill on asset appreciation	Equity adjustment	Other	Provision for losses on investments	Permanent investments Jun.30, 2011	Result of equity adjustment Jun.30, 2010
JP Tecnolimp S.A.	6,578	-	-	1,442	-	-	8,020	1,160
Mogipasses Comércio de Bilhetes Eletrônicos Ltda.	2,570	-	-	647	-	-	3,217	329
CS Brasil Transporte de Passageiros e Serviços Ambientais Ltda.	407,365	-	-	21,622	(28,309)	-	400,678	11,134
Transportadora Grande ABC Ltda.	6	6,638	-	(4,213)	-	-	2,431	(6)
Ágio s/ mais valia dos ativos (TG-ABC)	3,643	-	(782)	-	-	-	2,861	-
Yolanda Logística Armazém Transporte e Serviços Gerais Ltda.	-	-	-	1,371	(5,093) (i)	(3,722)	-	-
Total	**420,162**	**6,638**	**(782)**	**20,869**	**(33,402)**	**(3,722)**	**417,207**	**12,617**

i) Balance of the provision for losses on investments recorded on December 31, 2010.

14 Property, plant and equipment

	Parent Company								
	Vehicles	Machinery and Equipment	Construction in progress (i)	Improvements to third-party property (ii)	Computers and Accessories	Furniture and Fixtures	Vessels (iii)	Others	Total
Cost or appraisal:									
Balance at December 31, 2010	1,244,714	171,327	5,677	56,722	6,603	4,529	2,080	164	1,491,816
Additions	349,940	85,503	24,371	199	1,373	791	-	547	462,724
Write-offs	(105,506)	(9,710)	-	-	-	-	-	-	(115,216)
Transfers	(630)	823	(1,243)	1,050	-	-	-	-	-
Written off in specific transactions (*)	(52,294)	-	-	-	-	-	-	(638)	(52,932)
Balance at June 30, 2011	1,436,224	247,943	28,805	57,971	7,976	5,320	2,080	73	1,786,392
Depreciation:									
Balance at December 31, 2010	(147,855)	(22,447)	-	(1,924)	(4,534)	(2,221)	(82)	(75)	(179,138)
Depreciation expenses during the reporti	(56,912)	(10,369)	-	(1,616)	(416)	(201)	(52)	(2)	(69,568)
Write-offs	30,938	5,921	-	-	-	-	-	-	36,859
Written off in specific transactions (*)	3,881	(1,714)	-	-	-	-	-	-	2,167
Balance at June 30, 2011	(169,949)	(28,609)	-	(3,540)	(4,950)	(2,422)	(134)	(77)	(209,680)
Net residual value:									
Balance at December 31, 2010	1,096,859	148,880	5,677	54,798	2,069	2,308	1,998	89	1,312,678
Balance at June 30, 2011	1,266,276	219,335	28,805	54,431	3,026	2,898	1,946	(4)	1,576,712
Average rates of depreciation (%):									
Light vehicles	8.9	-	-	-	-	-	-	-	
Heavy vehicles	9.1	9.9	-	-	-	-	-	-	
Others	-	-	-	4.0	20.0	10.0	5.0	10.0	

(*) Refers to the impact of changes in the assets available for sale (fleet renovation).

	Consolidated								
	Vehicles	Machinery and Equipment	Construction in progress (i)	Improvements to third-party property (ii)	Computers and Accessories	Furniture and Fixtures	Vessels (iii)	Others	Total
Cost or appraisal:									
Balance at December 31, 2010	1,563,034	180,103	5,875	56,526	8,368	5,780	2,079	9,448	1,831,213
Additions	361,068	78,375	25,102	238	877	840	-	6,085	472,585
Goodwill from asset appreciation - TGABC	2,862	-	-	-	-	-	-	-	2,862
Write-offs	(191,922)	(10,140)	-	-	-	-	-	-	(202,062)
Transfers	(1,253)	1,253	(4,055)	4,055	-	-	-	-	-
Written off in specific transactions (*)	(74,335)	-	-	-	-	-	-	(683)	(75,018)
Balance at June 30, 2011	1,659,454	249,591	26,922	60,819	9,245	6,620	2,079	14,850	2,029,580
Depreciation:									
Balance at December 31, 2010	(204,628)	(24,432)	-	(1,924)	(5,729)	(2,891)	(82)	(448)	(240,134)
Depreciation expenses during the reporting period	(69,507)	(10,770)	-	(1,616)	(510)	(251)	(52)	(42)	(82,747)
Write-offs	56,994	6,063	-	-	-	-	-	-	63,058
Written off in specific transactions (*)	3,960	(1,768)	-	-	-	-	-	(8)	2,184
Balance at June 30, 2011	(213,181)	(30,907)	-	(3,540)	(6,239)	(3,142)	(134)	(498)	(257,639)
Impairment (iv)	(393)	-	-	-	-	-	-	-	(393)
Net residual value:									
Balance at December 31, 2010	1,358,013	155,671	5,875	54,602	2,639	2,889	1,997	9,000	1,590,686
Balance at June 30, 2011	1,446,273	218,684	26,922	57,279	3,006	3,478	1,945	14,352	1,771,941
Average rates of depreciation (%):									
Light vehicles	8.9	-	-	-	-	-	-	-	
Heavy vehicles	9.1	9.9	-	-	-	-	-	-	
Others	-	-	-	4.0	20.0	10.0	5.0	10.0	

(*) Refers to the impact of changes in the assets available for sale (fleet renovation).

i) Improvements relating to the construction of the intermodal terminal in Itaquaquecetuba, scheduled for completion in 2011, include capitalized interest on loans, to the sum of R$ 132, during this period of 2011 (R$ 1,332 for the same period of 2010);

ii) Balances substantially comprising construction work on the Unileste/Poá garage, reclassified as improvements to third-party property following completion of the work in late 2009, which started to be amortized in 2010, in line with the land lease term (5 years), including capitalized interest on loans, to the sum of R$ 568 in 2009 (R$ 580 in 2008), and balances relating to the first phase of the work on the Itaquaquecetuba intermodal terminal; and

iii) During the annual review of the book value of its assets in 2010, the company perceived that the book value of some of the vehicles belonging to its subsidiary Transportadora Grande ABC Ltda. exceeded the recovery value, calculated at the net sales price of those assets. A provision was then made, to reduce the book values to the realizable values, with a contra entry in the income for the year, under cost of services rendered. The impairment was realized in 2010, with the sale of the corresponding assets.

During the period January 1, 2011 to June 30, 2011, the company and its subsidiaries acquired assets in the amount of R$ 472,585. These assets were acquired, in part, through Finame and commercial leasing operations, under the terms described in Notes 17 and 19. During the same period, the company and its subsidiaries disbursed a total of R$ 42,466 (R$ 13,294 in the same period of 2010) in payment for these acquired assets. With regard to working capital, part of the cost of loans taken out in 2008 and 2009 were capitalized, as a result of work on the Itaquaquecetuba intermodal terminal and the garage in Poá.

The residual value of vehicles and machinery, which comprises the acquisition cost less depreciation accrued up to the cut-off date, is compared to their expected realization (sale) value, which is based on used vehicle price lists published by dealers and industry associations such as FIPE and Molicar.

Moreover, where the residual value of an asset exceeded its used sales price, the company reviewed the relevant customer service or leasing contracts (known as cash-generating units), in order to obtain the usage value (present value of estimated future cash flows under said contracts) in each case, as determined by CPC 01 (IAS 36).

15 Intangible assets

	Parent Company						
	Premium on acquisition of Lubiani Transportes Ltda. (i)	Premium on acquisition of Transportadora Grande ABC Ltda. (i)	Premium on acquisition of Yolanda Logística Armazém Transporte e Serviços Gerais Ltda. (i)	Software (iii)	Usage rights	Trademarks and patents	Total
Cost or appraisal:							
Balance at December 31, 2010	73,011	85,511	6,233	5,850	96	165	170,866
Additions	-	-	-	520	-	-	520
Write-offs	-	-	-	-	-	-	-
Transfers	-	-	-	638	-	-	638
Balance at June 30, 2011	73,011	85,511	6,233	7,008	96	165	172,024.29
Amortization:							
Balance at December 31, 2010	(42,652)	(2,451)	(208)	(3,546)	-	(20)	(48,877)
Amortization expenses during the perio	-	-	-	(440)	-	(1)	(441)
Balance at June 30, 2011	(42,652)	(2,451)	(208)	(3,986)	(96)	(21)	(49,414)
Balance at December 31, 2010	73,011	83,060	6,025	2,304	96	145	121,989
Balance at June 30, 2011	30,359	83,060	6,025	3,023	-	144	122,610

	Consolidated								
	Premium on acquisition of Lubiani Transportes Ltda. (i)	Premium on acquisition of Transportadora Grande ABC Ltda. (i)	Premium on acquisition of Yolanda Logística Armazém Transporte e Serviços Gerais Ltda. (i)	Software (iii)	Usage rights	Trademarks and patents	São José dos Campos lease (ii)	Sorocaba City Hall lease (iv)	Total
Cost or appraisal:									
Balance at December 31, 2010	73,011	85,511	6,233	6,288	96	171	4,257	-	175,567
Additions	-	-	-	542	-	1	-	1,750	2,293
Write-offs	-	-	-	-	-	(5)	-	-	(5)
Transfers	-	-	-	638	-	-	-	-	638
Written off in specific transactionss (*)	-	-	-	22	-	12	-	-	34
Balance at June 30, 2011	73,011	85,511	6,233	7,490	96	179	4,257	1,750	178,527
Amortization:									
Balance at December 31, 2010	(42,652)	(2,451)	(208)	(3,782)	-	(21)	(857)	-	(49,971)
Amortization expenses during the period	-	-	-	(470)	-	(1)	(89)	-	(561)
Write-offs	-	-	-	-	(96)	-	-	-	(96)
Written off in specific transactions (*)	-	-	-	127	-	1	(89)	-	39
Balance at June 30, 2011	(42,652)	(2,451)	(208)	(4,125)	(96)	(21)	(1,036)	-	(50,589)
Net intangible assets									
Balance at December 31, 2010	30,359	83,060	6,025	2,506	96	150	3,400	-	125,596
Balance at June 30, 2011	30,359	83,060	6,025	3,365	-	158	3,221	1,750	127,938

i) Premiums paid in the acquisition of businesses, based on their expected future profitability, which were amortized to December 31, 2008;

ii) Concessionary rights, acquired in 2008, for a period of 12 years, which are being amortized by the straight line method over the concession period, which expires in July 2020;

iii) Software has a useful life of 5 years and is amortized by the straight line method over that period; and

iv) Concessionary rights, acquired on June 16, 2011, for a period of 8 years, which are being amortized by the straight line method over the concession period, which expires in June 2019.

16 Impairment test of premiums paid on the basis of expected future profitability and of intangible assets with an undefined useful life

For impairment testing purposes, any goodwill acquired through business combinations and in connection with assets that have undefined useful lives have been allocated to the company, since it has only one business segment with a single cash-generating unit.

The company tests for impairment on an annual basis, taking into consideration, among other factors, the ratio between its market capitalization and its book value, so as to identify signs of impairment. As at December 31, 2010, the company's market capitalization was higher than its book value, suggesting a potential increase in the recovery value of the goodwill and an increase in the recovery value of the intangible assets.

The key premises adopted in estimating the recovery value, based on the usage value, take into account the country's economic track record and reasonable macroeconomic assumptions, as follows:

- Revenues: projected for 2011 to 2020, considering an increase in the customer base, revenue from fleet renovation, market revenue growth in relation to GDP and the company's growing share of this market;

- Costs and expenses: projected over the same period as the revenues, with customer base dynamics in line with the company's past performance and historical revenue growth;

- Capital expenditure: estimated, taking into consideration the infrastruture required to support the company's service provision; and

- Discount rate: in estimating the usage value, the estimated future cash flows were discounted to present value using an average discount rate based on a capital cost rate of 13.2%.

17 Loans and financing

				Parent Company					
				Current		Non-current		Total	
Type	Average rate (%)	Interest (%)	Maturity	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
In local currency									
Operational (Vehicles, machinery and equipment)									
Finame (i)	8.3	Fixed rate / TJLP	2021	173,119	162,206	678,440	538,831	851,559	701,037
CCB (**)	13.6	Fixed rate	2013	-	-	9,980	9,980	9,980	9,980
				173,119	162,206	688,420	548,811	861,539	711,017
Non-operational									
CCB (ii) (**)									
Acquisitions	14.2	2 + CDI rate	2015	45	209	28,194	28,194	28,240	28,403
PEC (*)	10.5	4.5 + TJLP	2012	-	47,922	-	47,500	-	95,422
CCB (**)	14.0	115 of CDI rate	2016	(685)	-	147,430	-	146,745	-
Export credit note (iii)	14.3	2.1 + CDI rate	2014	226	255	60,000	60,000	60,226	60,255
				(414)	48,386	235,625	135,694	235,211	184,081
				172,704	**210,592**	**924,045**	**684,505**	**1,096,749**	**895,097**

The amortization schedule is shown below, by year of maturity:

		Jun.30, 2011	
		Parent Company	
	Installment maturity	Amount	%
Total current liabilities	To Jun/2012	172,704	15.7
	Jul to Dec/2012	101,278	9.2
	2013	238,265	21.7
	2014	237,561	21.7
	2015	195,441	17.8
	2016	79,953	7.3
	2017	42,913	3.9
	2018 onwards	28,634	2.6
Total non-current liabilities		924,045	84.3
Total		**1,096,749**	**100.0**

				Consolidated					
	Average			Current		Non-current		Total	
Type	rate (%)	Interest (%)	Maturity	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
In local currency									
Operational (Vehicles, machinery and equipment)									
Finame (i)	8.3	Fixed rate / TJLP	2021	185,334	175,174	726,061	590,168	911,395	765,341
CCB (**)	13.6	Fixed rate	2013	-	-	9,980	9,980	9,980	9,980
				185,334	175,174	736,041	600,148	921,375	775,321
Non-operational									
CCB (ii) (**)									
Acquisitions	14.2	2 + CDI rate	2015	45	209	28,194	28,194	28,240	28,403
PEC (*)	10.5	4.5 + TJLP	2012	-	47,922	-	47,500	-	95,422
CCB (**)	14.0	115 of CDI rate	2016	(685)	-	147,430	-	146,745	-
Export credit note (iii)	14.3	2.1 + CDI rate	2014	226	255	60,000	60,000	60,226	60,255
				(414)	48,386	235,625	135,694	235,211	184,081
				184,920	**223,560**	**971,666**	**735,842**	**1,156,586**	**959,402**

The amortization schedule is shown below, by year of maturity:

		Jun.30, 2011	
		Consolidated	
	Installment maturity	Amount	%
Total current liabilities	To Jun/2012	184,920	16.0
	Jul to Dec/2012	107,338	9.3
	2013	246,109	21.3
	2014	250,607	21.7
	2015	205,003	17.7
	2016	82,972	7.2
	2017	45,132	3.9
	2018 onwards	34,506	3.0
Total non-current liabilities		971,666	84.0
Total		**1,156,586**	**100.0**

(*) Special Credit Program - PEC

(**) Bank Credit Notes - CCB

Loans and financing – operational facility

i) Financing for investment in vehicles and equipment (Finame) carries average annual interest of 8.3%, including the long term interest rates (TJLP) for the period;

Loans and financing – non-operational facility

ii) The financial charges on bank credit notes comprise the following:
- *TJLP of 6.0% p.a. plus an additional 1% p.a. in relation to Provisional Measure No. 462/09 and a spread of 3.5% p.a.; and*

iii) The financial charges on export credit notes comprise an average interest rate of 2.1% p.a. plus the variations of the Interbank Deposit Certificate (CDI) rate.

With regard to existing loans, the company is subject to certain restrictive covenants that could trigger the early maturity of the debt, under certain circumstances, chief of which are: (i) the company defaults or fails to pay any of its financial obligations on the date they come due; (ii) a significant change in the company's equity control, due to an event such as liquidation, dissolution, spin-off, merger, takeover, sale or corporate restructuring, without the prior approval of the creditor financial institution; (iii) other indications or events that could signify a diminished capacity on the part of the company to honor its commitments. These commitments had been fully honored as at June 30, 2011.

18 Debentures

			Parent Company / Consolidated					
			Current		Non-current		Total	
Type	Average annual charges (%)	Maturity	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
In local currency								
Debentures (i) / (ii)	123 of CDI rate and CDI + 1.85/1.95/2.20	2016	20,532	20,503	336,990	345,842	357,522	366,345
			20,532	**20,503**	**336,990**	**345,842**	**357,522**	**366,345**

The amortization schedule is shown below, by year of maturity:

		Parent Company / Consolidated	
		Jun.30, 2011	
	Installment maturity	Amount	%
Total current liabilities	To Jun/2012	20,532	5.7
	Jul to Dec/2012	9,679	2.7
	2013	19,359	5.4
	2014	102,331	28.6
	2015	103,359	28.9
	2016	102,263	28.6
Total non-current liabilities		336,990	94.3
Total		**357,522**	**100.0**

i) Represents 120 non-convertible debentures, issued in accordance with CVM Instruction No. 476 of January 16, 2009, at R$1,000 each, for a total of R$120,000, in a single series, with restricted placement and an additional tangible guarantee (lien), plus the pledge of receivables in relation to service contracts and vehicle leasing. The debentures mature in 78 months from the issue date (June 24, 2010), on December 24, 2016, and their value will be corrected at a rate equivalent to 123% (one hundred and twenty-three percent) of the average daily rate for one-day interbank deposits (overnight deposit rate for unrelated financial institutions), expressed as a percentage per year (252 business days), calculated and disclosed on a daily basis by CETIP S.A.. Payment of interest will be made on a monthly basis, from the issue date.

The transaction costs and premiums on the issuing of marketable securities, as determined by CPC08 (IAS39), are:

Item	*Information/amount*
a. Identification of the process, by type	
Financial institution	*Banco do Brasil S.A.*
Amount	*120,000*
Issuance	*Jun.24, 2010*
Maturity	*Jun.24, 2016*
Type	*Unsecured debentures*
CETIP asset identification	*JSML12*
b. Transaction costs incurred	***(28)***
Legal fees	*(11)*
Fiduciary agent fees	*(5)*
CETIP registration	*(10)*
Interest incurred	*-*
Other costs	*(2)*
c. Premiums earned	***N/A***
d. Effective interest rate p.a. %	***123% of CDI rate***
e. Costs and premiums for appropriation by maturity	***(2521)***
Administrative fees (Garantia: 10% outstanding balance)	*(240)*
Coordination commission (0.5%)/ Firm guarantee (0.9%) / Placement (0.45%) (Banco do Brasil)	*(2092)*
Fiduciary agent fees (quarterly, pegged to IGP-M inflation index)	*(118)*
Banking fees (monthly, fixed)	*(72)*

The debentures issued by the company are subject to restrictive covenants that, if not met, could trigger the early maturity of the obligations, as follows: (i) limitations on the distribution of company profits and dividends, even in the form of interest on shareholders' equity, except for the minimum mandatory dividends stipulated in the prevailing legislation and the company's bylaws, unless authorized by the respective financial institution; (ii) default or non-payment by the company of any taxes and other fiscal obligations on the dates they come due; (iii) a significant change in the company's equity control, due to an event such as liquidation, dissolution, spin-off, merger, takeover, sale or corporate restructuring, by a percentage equivalent to at least 10% (ten percent) of its total consolidated assets, without the prior approval of the contractual financial institution; (iv) other indications or events that, at the criteria of the banks, could signify a diminished capacity on the part of the company to honor its commitments. These commitments had been fully honored as at June 30, 2011.

ii) Represents 250 non-convertible debentures, issued in accordance with CVM Instruction No. 476 of January 16, 2009, at R$1,000 each, for a total of R$250,000, in 3 (three) series, with R$ 83,000 issued in the 1st series, R$ 84,000 in the 2nd series and R$ 83,000 in the 3rd series, backed by a firm guarantee. The debentures of the 1st series have a maturity of 4 (four) years, those of the 2nd series have a maturity of 5 (five) years and the debentures of the 3rd series mature in 6 (six) years, all as of the issue date (on December 20, 2010), coming due on

December 20, 2014, 2015 and 2016, respectively. The nominal unit value of the debentures will not be corrected, but the debentures will be entitled to six-monthly interest payments, from the issue date. The remuneration corresponds to 100% (one hundred percent) of the average daily rate for one-day interbank deposits (overnight deposit rate for unrelated financial institutions), expressed as a percentage per year (252 business days), calculated and disclosed on a daily basis by CETIP S.A., plus a surcharge of 1.85% (one point eight, five percent) per year for the debentures in the 1st series, 1.95% (one point nine, five percent) per year for the debentures in the 2nd series and 2.20% (two point two, zero percent) per year for the debentures in the 3rd series. Calculation of the remunerative interest will be exponential and cumulative, on a "pro rata temporis" basis according to the number of business days, applied to the unamortized nominal unit value of each debenture, from the issue date or the last date of the immediately preceding capitalization period, whichever is applicable, up to the effective payment date. The remuneration is to be paid at the end of each capitalization period.

The transaction costs and premiums on the issuing of marketable securities, as determined by CPC08 (IAS39), are:

Item	*Information/amount*
a. Identification of the process, by type	
Financial institution	*HSBC*
Amount of 1st series	*50,000*
Amount of 2nd series	*50,000*
Amount of 3rd series	*50,000*
Financial institution	*BES Investimento*
Amount of 1st series	*33,000*
Amount of 2nd series	*34,000*
Amount of 3rd series	*33,000*
Total amount (HSBC + BESI)	*250,000*
Issuance	*Dec.20, 2010*
Maturity	*Dec.20, 2016*
Type	*Unsecured debentures*
CETIP asset identification	*JSML13*
b. Transaction costs incurred	***(93)***
Legal fees	*(80)*
CETIP registration	*(13)*
c. Premiums earned	***721***
Additional amount for settlement on Dec.28, 2010	*721*
d. Effective interest rate p.a. %	***CDI + 2.00%***
1st series	*CDI + 1.85%*
2nd series	*CDI + 1.95%*
3rd series	*CDI + 2.20%*
e. Costs and premiums for appropriation by maturity	***(2041)***
Fiduciary agent fees (quarterly, pegged to IGP-M inflation index)	*(78)*
Banking fees (monthly, fixed)	*(72)*
Coordination commission (0.3%)/ Firm guarantee (0.2%) / Distribution (0.2%) (HSBC)	*(1135)*
Coordination commission (0.3%)/ Firm guarantee (0.2%) / Distribution (0.2%) (BESI)	*(757)*

The debentures issued by the company are subject to restrictive covenants that, if not met, could trigger the early maturity of the obligations, chief among which are: (i) failure to comply with the financial covenant, which is to be verified every six months: the Net Debt / EBITDA Added ratio must be less than or equal to 3 (three) times. For the purpose of this item, the EBITDA Added corresponds to the EBITDA plus the residual book cost from the sale of assets, which does not represent a cash disbursement, as it is merely an accounting representation at the moment of the asset disposal; (ii) transformation of the issuer into a limited liability company; (iii) a significant change in the company's equity control, due to an event such as liquidation, dissolution, spin-off, merger, takeover, sale or corporate restructuring, without the express prior approval of the debenture holders at a General Meeting of the Debenture holders called for that purpose; (iv) other indications or events that, at the criteria of the banks, could signify a diminished capacity on the part of the company to honor its commitments. These commitments had been fully honored as at June 30, 2011.

19 Leases and commitments

19.1 Financial leasing payable

Refers to commercial leasing contracts (Finame leasing and financial leasing) to sustain the company's operations, with average annual charges of 15.6%. They consist of the following:

	Parent Company		Consolidated	
	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
Bradesco	47,307	39,469	47,653	39,573
HSBC	108,675	82,527	133,235	110,247
Itaú	90,664	20,219	96,403	26,433
Safra	3,535	5,619	3,535	5,619
Unibanco	3,633	10,895	3,633	10,895
Santander	26,437	29,833	31,613	35,568
Other banks	1,267	1,351	1,267	1,744
Total	**281,518**	**189,913**	**317,340**	**230,079**
Current portion	115,531	107,634	131,714	128,631
Non-current portion	165,987	82,279	185,626	101,448
Total	**281,518**	**189,913**	**317,340**	**230,079**

The non-current portion has the following maturities, considering 2012 as the six-month period from July 1st through December 31st:

	Jun.30, 2011	
Year	Parent Company	Consolidated
2012	55,947	72,046
2013	76,268	79,814
2014	14,888	14,933
2015 onwards	18,885	18,833
Total	**165,987**	**185,626**

	Parent Company			Consolidated		
	Total net payments	Net present value (i)	Net book value	Total net payments	Net present value (i)	Net book value
Machinery and equipment	29,170	26,351	55,543	29,170	26,351	55,600
Light vehicles	243,397	231,340	271,965	279,575	266,761	341,249
Heavy vehicles	25,086	21,799	88,025	25,501	22,200	88,025
Others	2,377	2,029	477	2,377	2,029	477
	300,030	**281,518**	**416,010**	**336,623**	**317,340**	**485,351**

	Parent Company		Consolidated	
	Total net payments	**Net present value**	**Total net payments**	**Net present value**
Up to one year	116,339	115,531	132,627	131,714
One to five years	183,691	165,987	203,996	185,626
	300,030	**281,518**	**336,623**	**317,340**

i) For commitments of this nature, obligations payable are recorded at present value at the start of the transaction, in accordance with the respective contractual interest rate, with a contra entry in the corresponding fixed asset class. Related financial charges are recognized as financial expenses when they are incurred.

Transactions are collateralized by the leased assets themselves and a surety from the controlling shareholders.

19.2 Operating leases

Minimum future rentals payable under non-cancelable operating leases, as at June 30, 2011, are as follows:

	Jun.30, 2011	
	Parent Company	**Consolidated**
Up to one year	18,972	19,895
One to five years	23,234	25,466
Over five years	3,761	3,761
	45,967	**49,122**

The company entered into an operating lease agreement with Ribeira Imóveis Ltda., with a contract signed on August 31, 2009 covering the rental payments. (see note 23).

20 Labor liabilities

	Parent Company		Consolidated	
Description	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Social provisions and charges	31,786	21,795	53,873	35,541
Salaries	11,359	12,845	17,022	17,012
INSS	14,308	13,714	18,021	15,674
FGTS	1,548	2,029	2,222	2,488
Others	239	151	459	322
Total	**59,239**	**50,534**	**91,596**	**71,037**

21 Taxes payable

	Parent Company		Consolidated	
Description	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
REFIS IV (i)	29,385	34,108	51,087	51,967
PIS, COFINS and ISS	11,963	13,736	14,750	17,476
ICMS	3,461	3,308	6,443	4,360
IRRF	1,530	1,741	1,822	2,007
Other tax liabilities	481	484	2,072	2,300
	46,820	**53,377**	**76,174**	**78,110**
Current assets	15,441	17,986	27,430	33,930
Non-current assets	31,379	35,391	48,744	44,180
Total	**46,820**	**53,377**	**76,174**	**78,110**

i) Based on Law nº 11,941, of May 27, 2009 and Joint PGFN/RFB Administrative Ruling Nº 06/09 "REFIS IV", the company and its subsidiaries finalized the option to pay tax in installments over up to 180 months. As a result, all pre-existing tax liabilities (PAES and PAEX) were migrated to this payment system, including all other obligations arising from the company withdrawing from tax, social security, administrative and judicial lawsuits, and the requisite recalculations, totaling R$ 42,400 (parent company) and R$ 92,211 (consolidated).

The previously unrecognized legal obligations were registered as adjustments made for previous periods, with the same backdated in the adjusted financial statements for these prior accounting periods. As a result of the reduction in fines, interest, compensation for fiscal losses and negative base for CSLL, the total balance of the debt mentioned was lowered by R$ 9,278 (parent company) and R$ 31,322 (Consolidated). As a consequence of the company adhering to "REFIS IV" as established by the Brazilian Tax Authority (Receita Federal do Brasil), the outstanding balance of the installment due on June 30, 2011, to be paid was R$ 29,385 (parent company and R$ 51,087 (consolidated). This amount payable will accrue interest based on the monthly variation in the country's benchmark SELIC overnight rate (Sistema Especial de Liquidação e de Custódia (SELIC)). The calculation and accounting of this debt was made in accordance with the

legal conditions established in the programs, and confirmation of the total liability was consolidated by the Brazilian Tax Authority based on the program rules. The maintenance of the payment terms and other benefits of the installment payment are conditional on the timely payment of the stipulated installments.

	30/06/2011							
	Parent Company				Consolidated			
	Principal	Fine	Interest	Total	Principal	Fine	Interest	Total
CSLL	2,903	1,452	1,851	6,206	2,904	1,452	1,852	6,208
IRPJ	7,432	3,728	2,449	13,609	7,433	3,728	2,450	13,611
IOF	1,753	917	662	3,332	1,753	917	662	3,332
PIS	10	1	23	34	985	196	652	1,833
COFINS	1,184	124	2,443	3,751	5,497	987	5,661	12,145
IRRF	53	6	91	150	53	6	91	150
INSS	979	57	1,267	2,303	7,597	719	5,492	13,808
Total	**14,314**	**6,285**	**8,786**	**29,385**	**26,222**	**8,005**	**16,860**	**51,087**

In June 2011, the Brazilian Tax Authority (Receita Federal) finalized the process of consolidating the obligations included in the REFIS IV program, established in Law nº 11,941, of May 27, 2009 and Joint PGFN/RFB Administrative Rule Nº 06/09. As a result (note 33) of the consolidation of these values, the total outstanding balance of debt was reduced by R$ 10,147 (parent company) and R$ 9,760 (Consolidated), largely as a result of the reductions in fines and interest.

The installments currently being made by the company are not asset-backed or guaranteed (collateralized) and will be paid as shown below:

	30/06/2011	
Installments to pay	**Parent company**	**Consolidated**
Within 12 months	1,102	1,923
Between one and five years	11,019	19,188
More than five years	17,264	29,976
	29,385	**51,087**

22 Accounts payable and advances from customers

	Parent company		Consolidated	
Description	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Accounts payable - CMT Consortium (i)	10,026	16,097	28,752	16,097
Dividends payable	-	22,089	108	22,196
Customer Advances (ii)	26,732	23,556	37,057	33,530
Acquisitions of companies - Transportadora Grande ABC and Yolanda Logistica Ltda.	10,074	12,742	10,074	12,742
Freight and shipping payable	7,244	10,596	7,244	10,596
Accounts payable - Consortium 123	6,985	4,390	6,985	4,390
Sorocaba concession rights	-	-	1,604	-
Rent payable	-	-	3,103	2,352
Accounts payable	6,130	1,856	12,476	7,342
Transport allowance to pass through - Mogipasses	-	-	7,447	5,817
	67,208	**91,326**	**114,867**	**115,063**
Current assets	55,189	78,618	95,072	95,329
Non-current assets	12,019	12,708	19,795	19,734
Total	**67,208**	**91,326**	**114,867**	**115,063**

i) The outstanding balance corresponding to the amount maintained by CMT (Consórcio Metropolitano de Transportes – Urban Passenger Transport) to conduct its operating activities, and in which the company has a stake of 5.2807%; and

ii) Refers to the prepaid amounts received from vehicle sales and fleet renewal, commissions and ticket sales for collective passenger transport.

23 Transactions with related parties

23.1. Assets

						Parent company
Description	**30/06/2011**	**31/12/2010**	**Relationship**	**Specification**	**Duration**	**R$ - Limit**
Yolanda Logística Armazém Transporte e Serviços Gerais Ltda.	5,857	4,815	Subsidiary	Loan	31/12/2013	10,000
Original Cate Central Assist.Tec. Equip. Ltda	5	5	Affiliate	Loan	31/12/2011	20
Unileste Consortium	27	11	Affiliate	Loan	31/12/2011	40
Total	**5,889**	**4,831**				

						Consolidated
Description	**30/06/2011**	**31/12/2010**	**Relationship**	**Specification**	**Duration**	**R$ - Limit**
Unileste Consortium	37	11	Affiliate	Loan	31/12/2011	40
Original Cate Central Assist.Tec. Equip. Ltda	5	5	Affiliate	Loan	31/12/2011	20
Total	**42**	**16**				

The amounts corresponding to the loan contracts with related parties are subject to contractual charges based on the variation of the CDI (interbank deposit rate).

The sum of R$ 9,895 (R$ 5,211 on December 31, 2010), recognized as other credits on June 30, 2011 (see note 11), mainly refers to the rental of vehicles, machinery and equipment from its subsidiary CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda.

23.2. Liabilities

						Parent company
Description	**30/06/2011**	**31/12/2010**	**Relationship**	**Specification**	**Duration**	**R$ - Limit**
Mogipasses Com. Bilhetes Eletrônicos Ltda.	-	3,555	Subsidiary	Loan	31/12/2011	4,000
JP Tecnolimp S/A	3,882	3,685	Subsidiary	Loan	31/12/2011	5,000
Consortium 123	747	747	Affiliate	Loan	31/12/2011	2,000
Unileste Consortium	-	8	Affiliate	Loan	31/12/2011	40
Total Current Assets	**4,669**	**7,995**				

						Consolidated
Description	**30/06/2011**	**31/12/2010**	**Relationship**	**Specification**	**Duration**	**R$ - Limit**
Consortium 123	747	748	Affiliate	Loan	31/12/2011	2,000
Unileste Consortium	22	8	Affiliate	Loan	31/12/2011	40
CS Brasil	9	-	Subsidiary	Loan	31/12/2011	-
Total	**778**	**756**				

The unpaid amounts related to loan contracts with related parties are subject to contractual charges based on the variation of the CDI (interbank deposit rate).

23.3. Financial income (expenses)

Subsidiaries	**JSL**	**CS Brasil**	**Yolanda**	**JP Tecnolimp**
Revenue	309	79	-	38
Expenses	117	1	308	-

Transactions with related parties have similar bases to those made with third parties, based on the volumes, terms and risks involved.

In addition, the company made advance payment of property rental to related party; Ribeira Imóveis Ltda. of R$ 10,273, for the financial years 2010 and 2011, of which R$ 2,160 was recognized as an expense in 2011 (R$ 3,180 in the same period in 2010). This contract expired in May 2011. The advance was made with a discount calculated based on the variation in the SELIC (Central Bank base rate).

23.4. Relação de ativos, passivos, receitas e despesas com controladas em conjunto

The company and its subsidiary; CS Brasil Transportes de Passageiros e Serviços Ambientais Ltda., take part in joint ventures (consortia) in the public passenger transport segment and that are presented in terms of each asset, liability, revenue and expense with similar items, line by line, in their financial statements, and proportionately according to CPC-19. The joint ventures (consortia) and their respective business stakes are shown below:

Consortium	JSL	CS Brasil	Consolidated
Consortium 123	50.00%	-	50.00%
CMT	1.72%	3.56%	5.28%
Unileste	83.70%	-	83.70%

24 Provisions for judicial and administrative contingencies

The company is involved in certain lawsuits arising during the normal course of its business, and that include civil, tax and labor cases, with several cases pending with associated risks. Based on the opinion of the company's legal counsel, provisions were made to cover probable losses with the totals itemized below:

	Parent company		Consolidated	
Description	**30/06/2011**	**31/12/2010**	**30/06/2011**	**31/12/2010**
Labor (i)	24,677	21,038	29,442	25,609
Civil (ii)	7,178	7,301	7,189	7,658
Tax (ii)	1	10	75	10
Total	**31,856**	**28,349**	**36,706**	**33,277**

i) Labor contingencies, which refer to overtime, commuting "in itinere" to work, hazardous duty and health hazard premiums and occupational or work-related accidents;

ii) Provisions for risks related to civil lawsuits related to indemnity claims for traffic accidents, requesting compensation for pain and suffering, moral, aesthetic and material damages; and

iii) The company and its subsidiaries are party to 93 tax-related lawsuits (judicial and administrative) representing contingent liabilities totaling an estimated R$ 60,762 (of which R$ 27,651 is considered a possible loss and R$ 33,106 with a remote possibility of losing).

Among the main tax-related cases of note with a possible chance of losing are:

a) Case number nº 3.117.378-0 which is a tax deficiency notice that holds us jointly liable with our parent company – the company incorporating Lubiani Transportes Ltda. – for ICMS

debts plus a fine of R$ 5,749, originally due from another company, as the goods the aforementioned company sold to Multiformas de Brasília were delivered to an address other than the one indicated on the tax documents.
The first-instance administrative ruling was unfavorable to our parent company and the case was appealed in the tax court.

b) *Case number nº 3.119.303-1 which fines our parent company – the company incorporating Lubiani Transportes Ltda. – for allegedly transporting merchandize to a location other than the one indicated on the tax documents;*
A first instance administrative ruling was unfavorable to our parent company and the case was appealed in the tax court.

In addition, for the other cases pending which in the opinion of management and the company's legal counsel represent possible losses, no provision was made for any unfavorable legal rulings in the same. The total amount involved in these cases, as of June 30, 2011, was: civil - R$ 30,386 and labor – R$ 50,703.

The income tax returns of the parent company and its subsidiaries are subject to review and final approval by the fiscal authorities for a period of five years. Other tax and social security charges related to various different time periods are also subject to the final review and approval of fiscal authorities.

24.1. Changes in provisions for judicial and administrative contingencies

	Parent company	Consolidated
Balance as of December 31, 2010	**28,349**	**33,277**
Additions	3,805	4,790
Reductions	(298)	(1,361)
Balance as of June 30, 2011	**31,856**	**36,706**

25 Shareholders' equity

25.1 Capital stock

The company's fully subscribed and paid up share capital as at June 30, 2011 stood at R$ 600,936, divided among 198,889,656 common shares with no par value.

25.2 Capital increase

In April of 2010, the company, based on the terms and conditions defined in CVM Instruction n° 400, of December 29, 2003, and as amended ("CVM Instruction 400") and by the National Association of Investment Banks' (ANBID) Code of Regulations and Best Practices for Public Share Offerings and the Distribution and Acquisition of Securities ("ANBID Code"), made a public primary distribution of 55,813,953 common shares, non-par, book entry registered, free and clear of any onus or grievance related to the company ("common shares") and excluding any preemptive right to buy shares in the company, within the limit for authorized capital in Brazil including overseas placement efforts ("the offering").

The offering comprised of a public primary distribution in the non-organized over-the-counter (OTC) market.

The number of common shares included in the original offering was increased by a supplementary lot of up to 3,923,900 common shares to be issued by the company, equivalent to 7.03% of the common shares initially offered.

	Number of shares	Value of share capital
Balance as of December 31, 2009	**139,151,802**	**139,152**
Increase in share capital as per Board meeting held on April 19, 2010 (i)	55,813,954	446,511
Increase in share capital as per Board meeting held on May 20, 2010 (i)	3,923,900	31,392
Net transaction costs - IPO	-	(15,834)
Balance as of December 31, 2010	**198,889,656**	**601,221**
Net transaction costs - IPO	-	(285)
Balance as of June 30, 2011	**198,889,656**	**600,936**

i) MBD – Meeting of the Board of Directors

25.3 Transaction cost

As determined in Pronouncement CPC08 (IAS 39) – Cost of Transaction and Issue Premiums for the Issuance of Securities, the company registered the values paid related to the listing as a reduction in share capital, net of tax, as shown below:

	Consolidated
Net transaction costs as of March 31, 2010	-
Transaction costs	(23,992)
Income tax credits and social contributions	8,157
Net transaction costs in 2010	**(15,834)**
Transaction costs	(432)
Income tax credits and social contributions	147
Net transaction costs in 1Q 2011	**(285)**
Total net transaction cost in the financial period	**(16,119)**

25.4 Treasury stock

In the minutes of a Board meeting held on December 16, 2010, the company decided to purchase 2,000,000 common shares issued by the company, without decreasing the share capital ("Share Repurchase"). By June 30, 2011, the company had purchased 1,944,500 common shares for R$ 21,580, leaving a balance of 55,000 shares to be acquired.

25.5 Allocation of results

Under our bylaws, shareholders are entitled to an annual mandatory dividend of at least 25% of net income for the year, with deductions or increases as follows: (i) 5% allocated to the formation of legal reserve, and (ii) sum earmarked for the formation of the contingency reserve and reversal of the same reserve formed in previous years. A portion of net income may also be retained based on a capital budget or to the set up of a statutory profit reserve called an "Investment reserve".

The amount to be actually distributed is approved at the Annual Shareholders' Meeting that approves management accounts for the previous year, based on the proposal presented by the Executive Board and approved by the Board of Directors, dividends are distributed as determined by the annual shareholders' meeting, which is held in the first four months of each year. Our bylaws also allow for the distribution of intercalary and interim dividends, which may be charged to the mandatory dividends.

- The company's shareholders convened at an annual general meeting (AGM) held on February 8, 2010, and approved a distribution of the whole profits earned in 2009, in the amount of R$59,801. This distribution included the minimum statutory dividends already accounted for in 2009 in the amount of R$14,950, which were applied toward repayment of loans pending with related parties in the amount of R$55,400.

- The company's shareholders convened at an annual general meeting held on March 10, 2010, to approve a distribution of interim dividends in the amount of R$35,000, which were charged to a portion of the profit reserve. The aggregate of the foregoing amount was applied to repay loans made with related parties, except our subsidiaries.

25.6 Comprehensive income statements

For the periods ending on June 30, 2011 and 2010 the company's comprehensive income matched its net income in the amounts of R$ 24,386 and R$ 8,948, respectively.

Other comprehensive income (deemed cost realization) totaling R$ 22,438 as of June 30, 2011 and R$ 10,898 in the same period in 2010 were registered in the statement of changes in shareholders' equity. However, since this income was realized against retained earnings, it did not result in any equity change, and, consequently, had no impact on the comprehensive income for the periods ending on June 30, 2011 and 2010.

26 Provision for income tax and social contribution

Deferred

Deferred tax assets and liabilities were calculated based on balances of tax losses and temporary differences for income and social contribution taxes recoverable or taxable in the future. These are calculated and classified according to projected realization and future profitability of the company and its subsidiaries. On June 30, 2011, income and social contribution tax losses carry forwards amounted to R$57,268 in the parent company and R$79,341 in the consolidated.

The origin of deferred income and social contribution taxes is as follows**:**

26.1 Fiscal credits and debits

	Parent		Consolidated	
	30/06/2011	**31/12/2010**	**30/06/2011**	**31/12/2010**
Fiscal Credits				
Fiscal loss and negative base for social contributions (tax carry forwards)	(18,276)	(18,786)	(24,080)	(23,713)
Provision for judicial and administrative claims	(10,155)	(8,962)	(11,497)	(10,252)
Provision for doubtful debt	(1,033)	(663)	(1,589)	(960)
Profit sharing	-	(727)	-	1,046
Revenue defered from public entities	(1,747)	(1,529)	(1,747)	(1,529)
Provision for investment losses	(7,718)	(8,182)	(7,718)	(8,182)
Provision for share issuance transaction costs	(8,304)	(8,159)	(8,304)	(8,159)
Constitution of APVs	(6,060)	(5,554)	(3,357)	(7,754)
Fiscal Debits				
Sale of net asset	35,204	43,314	44,930	48,428
Reversal / Restatement of APVs	3,512	3,358	5,009	5,684
Reversal of lease agreements	97,167	110,133	114,982	121,779
Reversal of Goodwill - Others	8,725	8,725	8,725	8,725
Defered from public entities	-	-	3,706	-
Equity valuation	-	-	2,392	2,393
Leased goods - Others	16,347	22,878	10,144	14,782
	107,662	**135,846**	**131,596**	**142,288**

Estimated term for realization

Management foresees that the fiscal credits deferred as a result of the temporary differences will be offset proportionately with the relevant contingencies, losses and projected obligations.

In terms of the fiscal credits resulting from fiscal losses and the negative base for social contributions, management estimates that these should be offset within three (3) years.

The fiscal debits are largely made up of temporary differences applied at 34%.

26.2 Reconciliation of income tax and social contribution provisions

The current values are calculated based on the existing rates on taxable income, accounting for or excluding respective additions and deductions.

	Parent company		Consolidated	
	30/06/2011	**30/06/2010**	**30/06/2011**	**30/06/2010**
Income before income tax and social contributions	**25,924**	**19,872**	**36,138**	**25,583**
Alíquotas nominais	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal rates	(8,814)	(6,756)	(12,287)	(8,698)
Permanent (Additions) exclusions				
Equity valuation	7,095	4,292	-	
Provision for judicial and administrative claims	-	(2,943)	-	(3,372)
Claims and insurance	(1,816)	(1)	(2,078)	(2)
Positive effect of REFIS Consolidation	3,446	-	3,577	
Amortization of Goodwill (Yolanda / TGABC	(95)	(401)	(95)	(401)
Fiscal and traffic fines	(651)	(211)	(885)	(239)
Non-deductible expenses	(315)	(561)	(358)	(172)
Deduction of 30% of taxes due to fiscal loss and negative base	510	-	663	
Other (additions) exclusions	(898)	(4,342)	(276)	(3,735)
IRPJ and CSLL collected	**(1,538)**	**(10,924)**	**(11,738)**	**(16,619)**
Current	(1,267)	-	(22,963)	(5,652)
Defered	(271)	(10,924)	11,225	(10,967)
IRPJ and CSLL in the result	**(1,538)**	**(10,924)**	**(11,738)**	**(16,619)**
Effective rate	-6%	-55%	-32%	-65%

27 Insurance coverage

The parent company and its subsidiaries maintain insurance policies, with coverage deemed to be sufficient by management to cover any risks on their assets and/or liabilities. Insurance coverage includes:

Civil Liability against Third Parties

Covers material, corporal, moral and personal accidents for all the operating activities carried out by the parent company and its subsidiaries:

	Description	R$ / '000
Duration	10/2010 to 10/2011	
Annual premium	R$ 5,640	
Coverage	Material damage	975
	Physical harm	1,900
	Moral damage	300

Cargo transportation - vehicles

A significant portion of the vehicle transportation operation is insured directly by the customers. For all other cases, insurance coverage contracted vary according to the value of transported vehicles.

Cargo transportation - products

Insurance coverage contracted for possible damages or losses in transportation vary according to the value of the transported loads:

	Description	R$ / '000	Details
Duration	05/2010 to 05/2011		
Annual premium	R$ 5,545		
Coverage	Civil liability	5,000	Maximum limit per vehicle or shipment
	Cargo loss	1,100	

Third-Party Liability

Insurance against possible damage or losses that may arise in storage, with coverage as stipulated in the table below:

	Description	R$ / '000
Duration	11/2010 to 10/2011	
Coverage	fire, lightening and explosion	44,300
	electrical damage	222
	qualified theft / robbery	500
	RC Operations	500
	Others	450

Fleet

We have contracted no insurance for our fleet, in view of high insurance costs and our history of low claims.

28 Management remuneration

Compensation with charges paid to executives and directors from in the period between January 1 and January 30, 2011 totaled R$ 5,198 (R$ 3,899 in the same period in 2010), both classified under "Short-term benefits to employees and executives".

The limit approved at the Shareholders' meeting for compensation in 2011 was R$ 17,000 more in charges.

29 Financial instruments

Financial instruments currently used by the company and its subsidiaries are restricted to cash and cash equivalents, securities, accounts receivable, funding and financing for working capital and investments, under normal market conditions, and are recognized in the interim financial statements pursuant to the

criteria described in note 2. These instruments are managed according to operating strategies, aimed at liquidity, profitability and minimization of risks.

Fair value of financial assets and liabilities

Following is a class-based comparison of the carrying and fair values of the company's financial instruments presented in its interim financial statements.

	Book Value		Fair Value	
	Jun.30, 2011	Dec.31, 2010	Jun.30, 2011	Dec.31, 2010
Financial Assets				
Cash and cash equivalents	411,740	476,215	411,740	476,215
Marketable securities	11,024	12,030	11,024	12,030
Accounts receivable	544,199	490,240	544,199	490,240
Other credits	43,283	34,187	43,283	34,187
Total	**1,010,246**	**1,012,672**	**1,010,246**	**1,012,672**
Financial Liabilities				
Loans and financing	1,156,586	959,402	1,156,586	959,402
Debentures	357,522	366,345	357,522	366,345
Suppliers	57,240	54,461	57,240	54,461
Accounts payable and advances	114,867	115,063	114,867	115,063
Total	**1,686,215**	**1,495,271**	**1,686,215**	**1,495,271**

The fair value used for the purpose of accounting for financial investments was determined based on prices of similar transactions taking place in active markets, ranking 1 in the fair value ranking system.

The company made no hedging or speculative investments in derivatives or any other risky assets.

Risk management objectives and policies

The company's key financial liabilities, apart from derivatives, include loans, commercial leases, accounts payable to customers and other accounts payable. The primary purpose underlying these financial liabilities is to raise funds for our operations. The company has loans and other credits, customer receivables and other accounts receivables and demand and short-term deposits arising directly from its operations.

The company is exposed to market, credit, and liquidity risks.

The company's senior management supervises management of such risks, being supported in this activity by a Financial and Supplies Committee, which provides advice on financial risks within the company’s proper governance structure. This committee supports and makes recommendations to senior

management so that any company activity involving any kind of financial risk is performed in compliance with its appropriate risk management policies and practices.

It is the company's practice not to engage in any derivative transaction for speculative purposes; it is the responsibility of the Board of Directors to authorize any operations involving any type of derivative financial instrument, considering for this purpose any contracts that may generate a financial asset or liability for the parties to such agreement, regardless of the market in which they are traded or listed or type of agreement.

Market risk

Market risks involve potential changes to the fair value of future cash flows of a financial instrument due to market price changes. Market prices encompass three types of risk: interest rate risk; exchange risk; and price risk (commodities, stocks and others), although the company is exposed to interest rate risks only.

Financial instruments affected by market risk include loans receivable and loans payable, deposits, financial instruments available for sale and measured at fair value upon realization.

Interest rate risk

Interest rate risks involve the potential change in the fair value of future cash flows of a given financial instrument will fluctuate due to variations in market interest rates. The company's exposure to risks associated with market interest rate fluctuations mainly relates to its long-term obligations accruing variable income.

Interest rate sensitivity

The following chart demonstrates our sensitivity to potential changes in annualized interest rates, maintaining all other variables in the makeup of the company's pre-tax earnings (which are affected by the impact of outstanding loans and financing and cash and cash equivalents subject to variable rates). With regard to the company's net equity, there is only one non-significant impact.

			Probable	
Operation	**Risk**	**Scenario I**	**Scenario II**	**Scenario III**
Financial investments				
Position at Jun.30, 2011		1,057	2,198	3,340
422,764	CDI	0.25%	0.52%	0.79%
Debt linked to CDI rate				
Position at Jun.30, 2011		2,149	4,471	6,792
859,733	CDI	0.25%	0.52%	0.79%
Debt linked to TJLP rate				
Position at Jun.30, 2011		(2,292)	-	2,292
916,846	TJLP	-0.25%	0.00%	0.25%

The base point change projected for the sensitivity analysis of the interest rates is based on rates currently charged in the market.

Credit risk

Credit risks involve the potential default of a counterpart to an agreement or financial instrument that could lead to financial loss. The company is exposed to credit risks on account of its operations (mainly accounts receivable) and financing activities, including deposits in banks and financial institutions and other financial instruments.

Accounts receivable

Customer-related credit risk is reviewed on a monthly basis by the company, and is subject to established procedures, controls and policies regarding such risk. The executive board and senior management closely monitor outstanding client receivables. Every month the company will review the need to set up allowances for doubtful accounts on an individual basis for its key customers. Furthermore, a large number of smaller-balance accounts receivable are pooled for the purpose of estimating the recoverable loss collectively. The calculation is based on effective historical data.

Financial instruments and cash deposits

Credit risks associated with funds held in banks and financial institutions are managed by the company's treasury in accordance with the relevant policy in effect. Surpluses are deposited only in approved institutions and in compliance with the limits set for each one, in order to minimize risk concentration and therefore mitigate potential financial losses in the event of any such institution going bankrupt.

Liquidity risk

The company monitors risks associated with fund shortages on an ongoing basis through a recurring liquidity planning tool.

Its goal is to achieve a balance between the fund continuity and flexibility through use of secured accounts, bank loans, debentures, as well as financial and operational leasing transactions. The company will assume medium-term indebtedness to secure short-term liquidity, analyzing installment schedules, charges and cash flow variables.

Capital management

The main purpose behind the company's capital management policy is to ensure solid credit ratings and unencumbered capital ratios in support of its business and to maximize the valued delivered to our shareholders.

The company manages its capital structure and adjusts it to changes in economic conditions. In order to maintain or adjust its capital structure, the group may adjust the payment of dividends to shareholders, return capital to them or issue new shares.

The company manages capital through leverage quotients and the payout of minimum dividends to its shareholders. It is often the practice to maintain a leverage quotient with an indicator less than or equal to three times the value of the EBITDA-A for the 12-month period. Included in the company's net debt are loans, financing and yield-generating commercial leases, minus cash and cash equivalents and securities and bonds, except discontinued operations. The EBITDA-A comprises the net income for the period, plus taxes on profit, net financial income, depreciation and amortization plus the book value of the sale of assets used to render services. On June 30, 2011, the quotient's value was 2.0.

30 Net operating revenue

	Parent Company		Consolidated	
	Jun.30, 2011	**Jun.30, 2010**	**Jun.30, 2011**	**Jun.30, 2010**
Revenue from sales and services rendered	759,979	722,336	1,042,446	858,876
Revenue from sale of assets utilized in services rendered	77,249	48,083	167,427	50,798
(-) Revenue deductions				
Sales taxes	(71,143)	(69,878)	(104,464)	(83,658)
ICMS	*(35,285)*	*(31,994)*	*(45,925)*	*(37,167)*
Cofins	*(23,276)*	*(22,695)*	*(36,151)*	*(28,140)*
PIS	*(5,075)*	*(4,926)*	*(7,875)*	*(6,108)*
ISS	*(7,507)*	*(10,264)*	*(14,514)*	*(12,242)*
Returns	(18,660)	(13,761)	(19,608)	(13,912)
Discounts granted	(864)	(3,560)	(1,555)	(4,284)
Total net revenue	**746,562**	**683,220**	**1,084,246**	**807,820**

No customer contributed more than 10% of our gross operating revenues for the periods ended at June 30, 2011 and 2010.

All amounts included in net revenue are considered for the purpose of determining the taxable bases of income tax and social contribution taxes.

Taxes levied on sales mainly consist of the ICMS (rates ranging from 7% to 19%), municipal service taxes (rates between 2% to 5%) and PIS (rate of either 0.65% or 1.65%) and Cofins (rate of 3% or 7.6%) contributions.

31 Costs of sales and services rendered

	Parent Company		Consolidated	
	Jun.30, 2011	**Jun.30, 2010**	**Jun.30, 2011**	**Jun.30, 2010**
Personnel	(174,286)	(185,603)	(263,705)	(225,952)
Outsourced workers	(147,823)	(129,310)	(162,092)	(142,696)
Fuels and lubricants	(38,892)	(57,435)	(71,994)	(73,237)
Parts, tires and maintenance	(52,953)	(67,892)	(78,555)	(74,162)
Depreciation	(69,104)	(36,139)	(82,165)	(36,391)
Others	(67,283)	(65,248)	(96,635)	(86,325)
Total cost of sales and services rendered	**(550,341)**	**(541,627)**	**(755,146)**	**(638,763)**

32 Administrative and commercial expenses

	Parent Company		Consolidated	
	Jun.30, 2011	**Jun.30, 2010**	**Jun.30, 2011**	**Jun.30, 2010**
Payroll and payroll charges	(24,561)	(14,652)	(28,301)	(19,576)
Services rendered	(9,688)	(8,362)	(10,853)	(10,209)
Communication	(2,524)	(1,345)	(2,533)	(1,533)
Leasing of third-party properties	(3,076)	(2,517)	(3,413)	(2,830)
Advertising and publicity	(3,203)	(2,958)	(3,332)	(3,113)
Trips, meals and accomodations	(760)	(1,041)	(832)	(1,330)
Depreciation	(823)	(1,411)	(1,028)	(2,344)
Other administrative and commercial expenses	(2,939)	(10,177)	(14,636)	(11,209)
Expense of provision for estimated losses on allowance for doubtful debts	(3,038)	(212)	(3,157)	(1,354)
Total administrative and commercial expenses	**(50,612)**	**(42,675)**	**(68,085)**	**(53,498)**

33 Other operating income (expenses), net

	Parent Company		Consolidated	
	Jun.30, 2011	Jun.30, 2010	Jun.30, 2011	Jun.30, 2010
Provision for judicial and administrative contingencies	(3,507)	(8,655)	(3,509)	(9,120)
Expense of provision for investment losses	-	(7,828)	-	1,025
Amortization of goodwill	(277)	-	(278)	-
Reversal of expenses	595	411	595	411
Recovery of expenses - CSC	-	2,871	-	2,871
Leasing revenue	993	3,991	993	3,591
REFIS IV revision - JSL	10,147	-	10,147	-
REFIS IV revision - TGABC	-	-	(387)	-
Other operating revenue/expenses	2,323	7,423	2,791	5,749
Total other operating revenue (expenses)	**10,274**	**(1,787)**	**10,352**	**4,527**

34 Net financial income

	Parent Company		Consolidated	
	Jun.30, 2011	Jun.30, 2010	Jun.30, 2011	Jun.30, 2010
Income				
Adjustments to present value	5,897	2,266	9,010	3,452
Discounts	1,215	2,221	1,324	2,292
Interest	1,517	1,378	1,435	625
Investment earnings	9,917	10,386	21,402	11,381
Other financial income	-	1,158	-	1,158
Financial Income	**18,546**	**17,409**	**33,171**	**18,908**
Expenses				
Discounts	(126)	-	(134)	(15)
Bank charges	(2,059)	(283)	(2,157)	(472)
Interest	(82,917)	(57,694)	(88,902)	(57,998)
IOF tax	(307)	(901)	(354)	(1,041)
Monetary restatement	(3,707)	(3)	(6,697)	(3)
Other financial expenses	(760)	725	(2,277)	(862)
Financial Expenses	**(89,876)**	**(58,156)**	**(100,521)**	**(60,391)**
Net Financial Result	**(71,330)**	**(40,747)**	**(67,350)**	**(41,483)**

35 Earnings per share

The calculation of basic and diluted earnings per share is demonstrated as follows:

	Jun.30, 2011	Jun.30, 2010
Numerator:		
Net profit for the period	24,386	8,948
Denominator:		
Weighted average number of outstanding shares	197,341,489	180,716,870
Basic and diluted earnings per share, net - R$	**0.12**	**0.05**

The company did not have any transactions nor entered into any agreement covering shares of common stock or stock with a potential impact on the diluted earnings per share.

On June 30, 2010, the company had no shares in circulation, because until that date it was a privately held company; that is, it had no shares trading on stock exchanges.

36 Commitments

The company's commitments to insurance companies with guarantees in public securities as at June 30, 2011 are shown below:

Beneficiary – Minas Gerais state police;
Type – exclusively to guarantee the execution of Third-Party Management services, with maintenance, including the supply of 1,000 squad cars as specified by the state of Minas Gerais;
Amount insured - R$ 3,908;
Period – January 5, 2011 to January 13, 2013.

Beneficiary – CEMIG Geração e Transmissão S.A.;
Type – guarantee the execution of leasing and management services for 673 pickup trucks, without drivers, to satisfy the transportation requirements of CEMIG throughout the state of Minas Gerais and, exceptionally, municipalities in other states and during trips;
Amount insured - R$ 5,867;
Period – July 26, 2010 to October 27, 2015.

Beneficiary – Companhia Municipal de Limpeza Urbana - COMLURB;
Type – guarantee payment of indemnification up to the amount established by the policy, of damages caused by the Insurance Policyholder due to payment defaults on services rendered;
Amount insured and periods:
R$ 3,796 - December 15, 2010 to April 25, 2013;
R$ 2,997 - December 3, 2010 to April 25, 2013;
R$ 1,459 - December 3, 2010 to March 9, 2012;

R$ 2,784 - December 3, 2010 to February 28, 2012;

R$ 2,591 - December 3, 2010 to February 28, 2012;

R$ 3,272 - December 3, 2010 to November 18, 2013;

R$ 2,380 - December 3, 2010 to November 18, 2013.

37 Subsequent events

i) **4th issue of debentures**

On July 4, 2011 approval was granted of a private registration instrument for JSL S.A.'s 4th issue of simple debentures, non-convertible into shares, unsecured, in a single series for public distribution with restricted placement efforts. The total amount of the issue is R$ 113,000 (one hundred thirteen million reais), which represent 113 debentures at a cost of R$ 1,000 (one million reais) each. The debentures, which remain in effect for 6 (six) years as of the date of the issuance, on June 24, 2011, maturing on June 24, 2017, will be used exclusively to redeem in advance all of the debentures that were part of the 2nd issue carried out on June 24, 2010.

ii) **Redemption of the 2nd issue of debentures**

On July 6, 2011 the cash effect in the amount of R$113,485 (one hundred and thirteen million, four hundred and eighty-five thousand reais) referring to the 4th issue of debentures settled the balance referring to the 2nd issue of debentures in the amount of R$110,484 (one hundred and ten million, four hundred and eighty-four thousand reais).



Mogi das Cruzes, August 10, 2011 – **JSL (BM&FBOVESPA: JSLG3)**, the company with the broadest portfolio of logistics services in Brazil and the leader in its segment in terms of net revenue, releases its consolidated results for 2Q11 and 1H11. The financial and operating information is presented in Brazilian Reais based on consolidated figures as per the accounting practices adopted in Brazil. All comparisons, except otherwise stated, refer to 2Q10 and 1H10 and balance sheet and result data referring to past periods are presented under IFRS.

JSL reports traditional EBITDA margin of 17.4% in 2Q11, 4.4 p.p. up on 2Q10

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Conference call and webcast – 2Q11

August 11, 2011

11:00 a.m. (Brasília) – w/ simultaneous translation

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Highlights:

- **Total gross revenue** of **R$654.5 million (+36.7%) in 2Q11** and R$1.210 billion (+33.0%) in 1H11;
- **Gross revenue from Services** of **R$547.4 million** in **2Q11 (+21.0%)** and R$1.042 billion (+21.4%) in 1H11, represented by:
  - ✓ **+45.6%** in **Management and Outsourcing** in **2Q11** and +44.4% in 1H11;
  - ✓ **+13.5%** in **Revenue from Same Contracts (RSC)** in **2Q11** and +8.7% in 1H11;
- **Net Income** of **R$9.1 million (+35.0%)** in **2Q11** and R$24.4 million (+172.6%) in 1H11;
- **Traditional EBITDA** of **R$101.6 million (+84.1%)** in **2Q11** and R$187.0 million (+76.7%) in 1H11
  - ✓ **EBITDA Margin** of **17.4% (+4.4 p.p.)** in **2Q11** and 17.2% (+4.1 p.p.) in 1H11;
- **EBITDA from Services** of **R$106.4 million (+86.1%)** in **2Q11** and R$192.4 million (+80.0%) in 1H11
  - ✓ **EBITDA Margin** of **22.0% (+7.7 p.p.)** in **2Q11** and 20.8% (+6.7 p.p.) in 1H11;
- **EBITDA-A[1]** of **R$180.4 million (+115.6%)** in **2Q11,** and R$326.6 million (+107.1%) in 1H11
  - ✓ **EBITDA-A Margin** of **30.8% (+11.2 p.p.)** in **2Q11** and 30.1% (+10.6 p.p.) in 1H11;
- **Investments** of **R$275.9 million** in **2Q11**, **64.9%** directed to business expansion.

Financial Statements (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10	12 Months
Gross Revenue	**478.8**	**555.3**	**654.5**	**36.7%**	**17.9%**	**909.7**	**1,209.9**	**33.0%**	**2,559.9**
Revenue from Services	452.3	495.1	547.4	21.0%	10.6%	858.9	1,042.4	21.4%	2,061.5
Revenue from Sale of Assets	26.5	60.3	107.2	304.2%	77.8%	50.8	167.4	229.6%	498.4
Net Revenue	**426.9**	**498.6**	**585.6**	**37.2%**	**17.5%**	**807.8**	**1,084.2**	**34.2%**	**2,304.9**
Gross Profit	**62.0**	**83.7**	**78.6**	**26.8%**	**-6.1%**	**117.2**	**162.3**	**38.5%**	**400.2**
Gross Margin	14.5%	16.8%	13.4%	-1.1 p.p.	-3.4 p.p.	14.5%	15.0%	+0.5 p.p.	17.4%
Income before tax	**16.8**	**22.3**	**13.9**	**-17.2%**	**-37.7%**	**25.6**	**36.1**	**41.3%**	**151.7**
Net Income	**6.7**	**15.3**	**9.1**	**35.0%**	**-40.7%**	**8.9**	**24.4**	**172.6%**	**108.7**
Net Margin	1.6%	3.1%	1.6%	+0.0 p.p.	-1.5 p.p.	1.1%	2.2%	+1.1 p.p.	4.7%
EBITDA-A[1]	**83.7**	**146.1**	**180.4**	**115.6%**	**23.5%**	**157.7**	**326.6**	**107.1%**	**722.1**
EBITDA-A Margin	19.6%	29.3%	30.8%	+11.2 p.p.	+1.5 p.p.	19.5%	30.1%	+10.6 p.p.	31.3%
EBITDA	**55.2**	**85.4**	**101.6**	**84.1%**	**19.0%**	**105.8**	**187.0**	**76.7%**	**411.6**
EBITDA Margin	12.9%	17.1%	17.4%	+4.4 p.p.	+0.2 p.p.	13.1%	17.2%	+4.1 p.p.	17.9%
EBITDA from Services	57.2	85.9	106.4	86.1%	23.9%	106.9	192.4	80.0%	334.6
EBITDA Margin from Services	14.3%	19.6%	22.0%	+7.7 p.p.	+2.4 p.p.	14.1%	20.8%	+6.7 p.p.	18.4%

[1] **EBITDA-A** or EBITDA-Added – represents EBITDA plus the residual costs associated with the sales of fixed assets, which do not represent operational cash disbursements, as they represent merely an accounting adjustment to book value at the time of sale. Thus, Company Management believes that EBITDA-A is a more accurate representation of cash flow than traditional EBITDA, and more accurately represents the company's capacity to meet its financial obligations.

I. MANAGEMENT SUMMARY

In line with **JSL's** growth trajectory in the last 10 years, **Total gross revenue** stood at **R$645.5 million** in **2Q11**, **36.7% up** year on year. As a result, **1H11** total gross revenue totaled **R$1.210 billion**, **33.0% up** year on year, reflecting the expected revenue growth of 25% in 2011, reinforced by the fact that the second half historically makes a greater contribution to annual revenue from Services due to the seasonality of the economic sectors in which JSL is inserted, as well as additional revenue in the coming periods resulting from the maturation of the new contracts already negotiated. **Total net revenue** came to **R$585.6 million** in **2Q11** and **R$1.084 billion** in **1H11**, **37.2%** and **34.2% up**, respectively, year on year. **Second-quarter traditional EBITDA grew** by a **84.1%** year on year, from R$55.2 million to **R$101.6 million**, with a **traditional EBITDA margin** of **17.4%**, **4.4 p.p. up** year on year.

In the quarter, gross revenue from the **Sale of Assets increased 304.2%** on 2Q10, from R$26.5 million to **R$107.2 million** (R$27.5 million from the Sale of Assets with Management and R$79.6 million from the usual Resale of Assets, accelerating the pace of resale of assets compared to recent years. Gross revenue from **Services** stood at **R$547.4 million** in 2Q11, **21.0% up** on 2Q10.

In year-to-date terms, gross revenue from **Services increased** by **21.4%**, from R$858.9 million in 1H10 to **R$1.042 billion** in **1H11**, and the **Sale of Assets grew** by **229.6%**, from R$50.8 million to **R$167.4 million**.

Revenue from Same Contracts (RSC) moved up by 13.5%, from R$398.9 million in 2Q10 to **R$452.8 million** in **2Q11**, contributing to gross revenue from Services, which also includes **R$95.4 million** from **new operations**, **mostly cross selling** (addition of new contracts to existing clients). This result was fueled by the new contracts negotiated by JSL in late 2010 and, to a lesser extent, those negotiated during the first five months of 2011, given that most of these are still in the implementation phase. The potential for additional businesses in the rest of the year is very promising.

In the Company's **business mix**, it is worth noting the **higher share** of **Management and Outsourcing**, which represented 24.7% of total gross revenue from Services, **4.1 p.p. up** on 2Q10, reflecting the mix of new contracts signed in 2010 with this business line representing 55% of the total amount of R$2.5 billion. This explains part of the increase in the EBITDA margin in 2011, as this business line usually presents higher margins. In addition, JSL's revenue sources were **more diversified**, **consolidating** its position in **economic sectors** such as steel and mining, agriculture, capital goods, chemicals and electric energy, whose share of gross revenue from Services, jointly with other sectors, **increased** by **10.4 p.p.** in 2Q11 compared to 2Q10.

To facilitate the analysis of its performance, JSL began to **segregate** the contribution of **EBITDA from Services** and the Sale of Assets in its results although they are part of the same business cycle. This segregation enables a better understanding of the performance of the Services provided, as it excludes the influence of the Sale of Assets, which has a more volatile behavior and usually does not contribute to the traditional EBITDA, as revenue from the usual Resale of Assets is usually equivalent to the non-cash cost recognized in the results, related to the write-off of these assets from the Company's fixed assets, diluting the traditional EBITDA margin, as these sales expand the revenue base. Thus, while the traditional EBITDA margin stood at 17.4% in 2Q11, the **EBITDA margin from Services** came to **22.0%, 7.7 p.p. up** on 2Q10.

In 2Q11, net income totaled R$9.1 million, accompanied by a net margin of 1.6%, impacted by the increases in depreciation, which had its rates adjusted in this quarter to better reflect the expected residual value of the sale of certain operating assets in compliance with IFRS, as will be discussed in greater detail later on in this report. The new levels defined for depreciation must be reviewed periodically, as established by the accounting procedures. In year-to-date terms, net income stood at R$24.4 million, 172.6% up year on year, accompanied by a net margin of 2.2%.

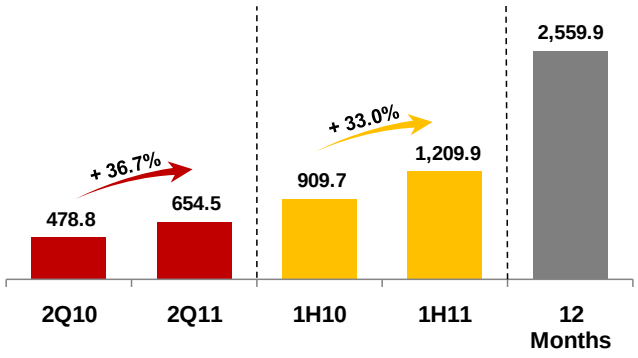
JSL **invested R$275.9 million** in **2Q11** and **R$472.7 million year to date**, linked to already negotiated contracts, ensuring future revenue generation. Most of these investments are associated to the **expansion** of the Company's **operations,** especially through Dedicated Services and Management and Outsourcing.

JSL reaffirms its confidence about achieving the **expected revenue growth of 25%** in 2011, as disclosed to the Brazilian Securities and Exchange Commission (CVM) on March 28, 2011, as the performance in 2Q11

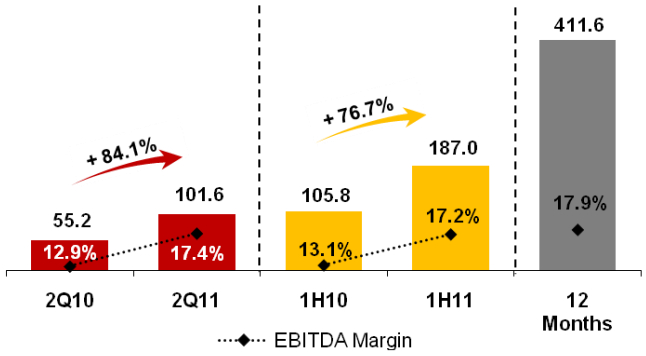
confirms this trend. It also expects to deliver **traditional EBITDA** of **at least approximately R$410 million in 2011**. JSL is optimistic regarding the current year, in terms of performance of existing contracts, which are subject to annual price adjustments and have a high renewal rate, as well as revenue from the new contracts signed in 2010 and 5M11, and potential new businesses in 2011.

Financial Highlights in 2Q11 and 1H11
R$ millions

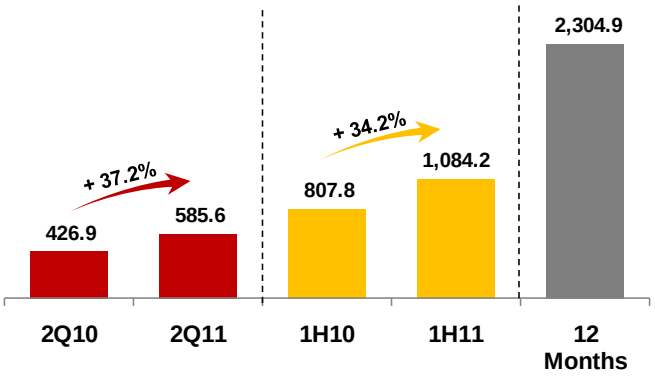
Gross Revenue



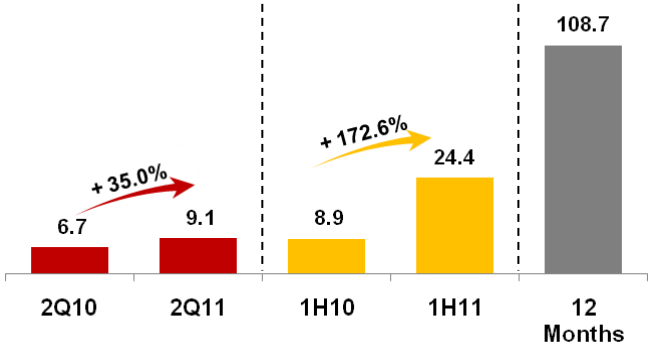
Traditional EBITDA



Net Revenue



Net Income



II. OPERATING PERFORMANCE – GROSS REVENUE

In 2Q11, **JSL** presented **Total gross revenue** of **R$654.5 million**, **36.7% up** on 2Q10, as disclosed to the market on July 27, 2011. In year-to-date terms, the Company's **Total gross revenue** came to **R$1.210 billion**, **33.0% up** on 1H10, in line with the Company's expectation of **annual growth of 25.0% in 2011**, reinforced by the fact that the second half historically contributes more to annual revenue from Services, due to the seasonality of the sectors in which the Company is inserted, and the potential addition of revenue from maturation of the new contracts already negotiated.

Gross Revenue (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10	12 Months
Gross Revenue from Services	452.3	495.1	547.4	21.0%	10.6%	858.9	1,042.4	21.4%	2,061.5
Gross Revenue from Sale of Assets	26.5	60.3	107.2	304.2%	77.8%	50.8	167.4	229.6%	498.4
Total	**478.8**	**555.3**	**654.5**	**36.7%**	**17.9%**	**909.7**	**1,209.9**	**33.0%**	**2,559.9**

The growth in Total gross revenue in 2Q11 was driven by the **21.0% growth** in gross revenue from **Services**, from R$452.3 million in 2Q10 to **R$547.4 million** in **2Q11**, and the **304.2% upturn** in gross revenue from the **Sale of Assets**, from R$26.5 million in 2Q10 to **R$107.2 million** in **2Q11.**

In **1H11**, gross revenue from **Services climbed 21.4%**, from R$858.9 million to **R$1.042 billion** and gross revenue from the **Sale of Assets** increased by 229.6%, from R$50.8 million in 1H10 to **R$167.4 million** in 1H11, supporting the expansion of Total gross revenue between the periods.

This performance already reflects the **new contracts** negotiated by the Company in late 2010 and, to a lesser extent, those negotiated in 5M11, given that most of them are still in the implementation phase.

Gross Revenue from Services

Gross revenue from **Services** totaled **R$547.4 million** in **2Q11** and **R$1.042** billion in **1H11**, highlighting the higher share of Management and Outsourcing in JSL's revenue, as had already been indicated by the mix of new contracts negotiated in 2010. These operations, jointly with Dedicated Services, represented more than 73% of Total revenue from Services in 2Q11 and 1H11. All the Company's business lines recorded growth in gross revenue compared to the same periods of 2010. Note that Dedicated Services, due to typical seasonality, present better results in the second half, which should contribute even further to the Company's Total revenue in 2011.

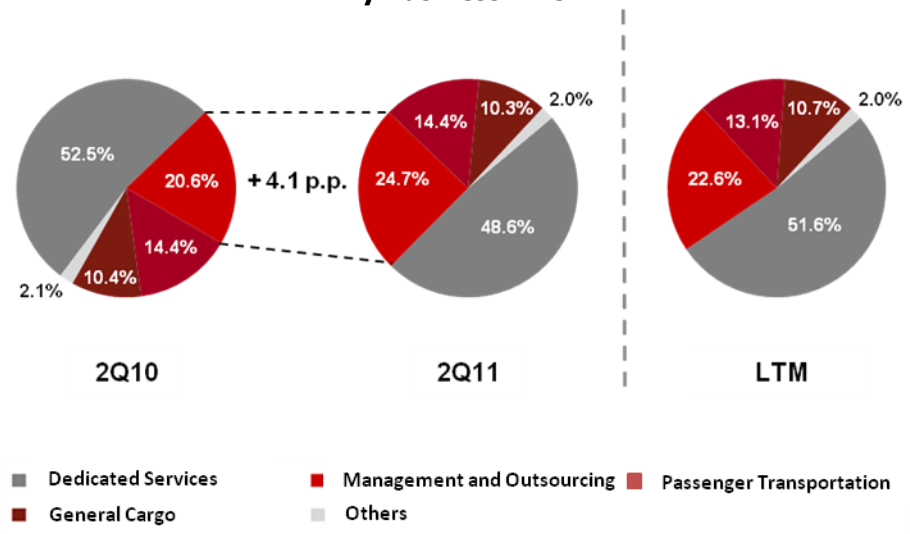
Gross Revenue from Services (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Gross Revenue from Services	**452.3**	**495.1**	**547.4**	**21.0%**	**10.6%**	**858.9**	**1,042.4**	**21.4%**
Dedicated Services	237.5	244.3	265.7	11.9%	8.7%	447.4	510.0	14.0%
Management and Outsourcing	93.0	115.8	135.4	45.6%	17.0%	174.0	251.2	44.4%
Passenger Transportation	65.3	67.6	79.1	21.0%	17.0%	128.1	146.7	14.5%
General Cargo transportation	47.0	57.7	56.5	20.2%	-2.1%	89.5	114.3	27.7%
Others	9.4	9.6	10.7	13.6%	11.0%	19.9	20.3	1.8%

Gross revenue from Services from the existing contracts in both comparison periods - **Revenue from Same Contracts (RSC) grew by 13.5%** on 2Q10 and **8.7%** on 1H10. In addition to RSC, the Company **added R$95.4 million in new operations** in 2Q11, 72.5% of which from cross selling and the remaining figure from new clients. In 1H11, revenue from new operations came to **R$145.1 million**, 69.6% from cross selling and 30.4% from new clients, mainly due to the contracts signed in 2010.

RSC - Gross Revenue from Services (R$ million)	2Q10	2Q11	Chg. 2Q11X2Q10	1H10	1H11	Chg. 1H11X1H10
Gross Revenue from Services	**398.9**	**452.8**	**13.5%**	**825.7**	**897.4**	**8.7%**
Dedicated Services	194.1	229.8	18.4%	430.9	461.7	7.1%
Management and Outsourcing	89.7	94.2	5.0%	169,8	182.1	7,2%
Passenger Transportation	59.7	63.9	7.0%	117.5	123.3	5.0%
General Cargo transportation	46.0	54.3	18.0%	87.5	110.0	25.7%
Others	9.4	10.7	13.6%	20.0	20.3	1.8%

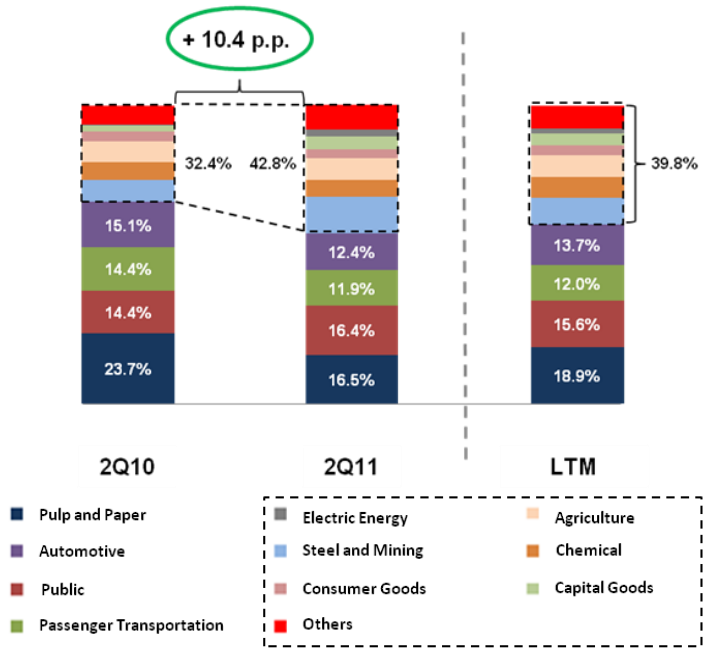
As shown in the graph below, Dedicated Services account for most of gross revenue from Services, while Management and Outsourcing grew by 4.1 p.p. in 2Q11 in relation to the same period the year before, as already mentioned.

Breakdown of Gross Revenue from Services
By Business Line



The sectors with the highest share in the Company's gross revenue are pulp and paper, public services, passenger transportation and automotive. The share of several other sectors has been growing, in line with the Company's strategy of diversifying the source of its revenue, which has been contributing to greater balance in its distribution. The economic sectors that grew the most in terms of share were steel and mining, capital goods, electric energy and agriculture, translating the profile of the new contracts signed in 2010 and 5M11.

Breakdown of Gross Revenue from Services
By economic sector



We present below the evolution of the Company's business lines:

Dedicated Services

Gross revenue from **Dedicated Services** stood at **R$265.7 million** in **2Q11**, **11.9% up** on the same period of 2010. Of this total, Revenue from Same Contracts **(RSC)** contributed **R$229.8 million**, **18.4% up**, and **new contracts** contributed **R$36.8 million**, 86.3% from cross selling and the remaining from new clients. The sectors that presented the largest growth in the quarter were public services, capital goods, steel and mining.

In **1H11**, gross revenue from Dedicated Services totaled **R$510.0 million**, **14.0% up** on 1H10.

As already mentioned, Dedicated Services make a greater revenue contribution in the second half, given the seasonality of the clients in which the Company is inserted.

Management and Outsourcing

Management and Outsourcing was the business line that presented the highest revenue growth rates, both in 2Q11 and in 1H11. This business line recorded revenue of **R$135.4 million** in **2Q11**, **45.6% up** on 2Q10. **RSC increased by 5.0%** year on year, with revenue of the last quarter positively impacted by R$41.2 million in new operations, evenly divided into new clients and cross selling.

In year-to-date terms, gross revenue from this business line went from R$174.0 million in 1H10 to **R$251.2 million** in **1H11**, **44.4% up**.

The sectors that contributed the most to this growth were electric energy, steel and mining and public services.

Passenger Transportation

In **2Q11**, JSL's revenue from **Passenger Transportation increased by 21.0%** on 2Q10. Of the total of **R$79.1 million** recorded in this quarter, 75.3% came from municipal and intercity bus transportation and the other 24.7% came from charters services for private companies.

This growth was possible despite the discontinuation of 11 intercity transportation lines in August 2010, since charter services, especially those derived from mining sector clients offset this loss, with its revenue more than tripling, from R$6.3 million in 2Q10 to R$19.5 million in 2Q11. In addition, average fares grew by 8.6% in intercity transportation and 6.2% in municipal transportation in the same period.

For the same reasons, in year-to-date terms, revenue from passenger transportation **grew by 14.5%**, from R$128.1 million in 1H10 to **R$146.7 million** in **1H11**. In addition, average fares grew by 7.7% in intercity transportation and 6.0% in municipal transportation in the same period.

General Cargo

Total gross revenue from **General Cargo** transportation stood at **R$56.5 million** in **2Q11**, **20.2% up** on 2Q10. In the same period, **RSC grew by 18.0%** and new operations totaled R$2.2 million, 65% of which from cross selling. In year-to-date terms, gross revenue went from R$89.5 million in 1H10 to **R$114.3 million** in **1H11**, **27.7% up**. RSC moved up by 25.7% and new contracts came to R$4.3 million.

This result was fueled by the year-on-year increase in average revenue per ton of approximately 18.0% between the 2Q10 and the 2Q11 and 19.5% comparing the 1H10 with the 1H11, mainly due to the change in the mix with the addition of new routes and price adjustments in some contracts, although transported volume remained relatively stable between those periods.

The 2.1% decline between 2Q11 and 1Q11 derives from the 3.4% reduction in average revenue per transported ton due to the higher share of shorter trips in the period.

Gross Revenue from the Sale of Assets

Gross Revenue from Sales of Assets (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10	12 Months
Resale of Assets used to provide services	26.5	60.3	79.6	200.4%	32.1%	50.8	139.9	175.4%	248.3
Sales of Assets with Management	-	-	27.5	n.a.	n.a.	-	27.5	n.a.	108.3
Machinery and equipment rental (present value) - CPC 06	-	-	-	n.a.	n.a.	-	-	n.a.	141.8
Total	**26.5**	**60.3**	**107.2**	**304.2%**	**77.8%**	**50.8**	**167.4**	**229.6%**	**498.4**

Gross revenue from the **Sale of Assets increased** by **304.2%** on 2Q10, from R$26.5 million to **R$107.2 million** in **2Q11**. This result was fueled by the Sale of Assets with Management (installment sale of new vehicles to clients using our fleet management services) amounting to R$27.5 million, which will be paid in 24 monthly installments, the same period of the fleet maintenance and management service contract with which these sales are associated.

Following the trend presented in 1Q11, the usual Resale of Assets used in the rendering of services, which are fully made through JSL's network of used vehicle stores, also contributed to this growth, as it increased by 200.4%, from R$26.5 million in 2Q10 to R$79.6 million in 2Q11.

In **1H11**, for the same reasons, the Company recorded gross revenue from the Sale of Assets of **R$167.4 million, 229.6% up** on 1H10.

The Company expects gross revenue from the Sale of Assets to total R$230.0 million in 2011.

III. RESULTS ANALYSIS

1. Net Revenue

Net Revenue (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Gross Revenue	**478.8**	**555.3**	**654.5**	**36.7%**	**17.9%**	**909.7**	**1,209.9**	**33.0%**
- Gross Revenue from Services	452.3	495.1	547.4	21.0%	10.6%	858.9	1,042.4	21.4%
- Gross Revenue from Sale of Assets	26.5	60.3	107.2	304.2%	77.8%	50.8	167.4	229.6%
Deductions from Revenue	**(51.9)**	**(56.7)**	**(68.9)**	**32.7%**	**21.4%**	**(101.9)**	**(125.6)**	**23.3%**
Net Revenue	**426.9**	**498.6**	**585.6**	**37.2%**	**17.5%**	**807.8**	**1,084.2**	**34.2%**
- Net Revenue from Services	400.4	438.3	484.5	21.0%	10.5%	757.0	922.8	21.9%
- Net Revenue from Sale of Assets	26.5	60.3	101.2	281.6%	67.8%	50.8	161.4	217.8%

Gross Revenue Deductions

Gross revenue deductions, consisting of sales taxes, discounts and returns, totaled R$ 68.9 million during 2Q11, corresponding to 10.5% of Total gross revenue, 0.3 p.p. down on 2Q10. In the period, the Sale of Assets with Management, whose gross revenue totaled R$27.5 million, had deductions of R$6.0 million corresponding to taxes.

In year-to-date terms, deductions stood at R$125.6 million or 10.4% of Total gross revenue in 1H11, down by 0.8 p.p. on 1H10, when there was a higher volume of discounts granted.

Net Revenue

The Company's **Total net revenue grew by 37.2%** in the quarter, from R$426.9 million in 2Q10 to **R$585.6 million** in **2Q11**. In the period, revenue from Services and revenue from the Sale of Assets grew by 21.0% and 281.6%, totaling R$484.5 million and R$101.2 million, respectively.

Net revenue grew by 34.2% on 1H10, totaling R$1.084 billion in 1H11.

2. Costs and Gross Profit

In 2Q11, total costs came to R$507.0 million, 38.9% higher than in 2Q10, representing 86.6% of Total net revenue, 1.1 p.p. up on 2Q10. These increases are directly related to the greater depreciation in the period, which had its rates adjusted, and also to the effect of the costs with the Sale of Assets, which presented a negative spread in relation to its revenue, as detailed in this section.

In 1H11, total costs stood at R$921.9 million, 33.5% up on 1H10, but 0.5 p.p. lower as a percentage of Total net revenue.

Costs (R$ million)	2Q10[1]	1Q11[1]	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10[1]	1H11	Chg. 1H11X1H10
Cost of Services	**(336.4)**	**(354.1)**	**(401.0)**	**19.2%**	**13.3%**	**(638.8)**	**(755.1)**	**18.2%**
- Personnel	(121.8)	(119.9)	(143.8)	18.1%	20.0%	(226.0)	(263.7)	16.7%
- Independent contractors / third parties	(75.5)	(81.5)	(80.5)	6.7%	-1.1%	(142.7)	(162.0)	13.5%
- Fuel and lubricants	(37.8)	(34.4)	(37.6)	-0.3%	9.5%	(73.2)	(72.0)	-1.7%
- Parts / tire / maintenance	(35.9)	(39.6)	(38.2)	6.4%	-3.6%	(74.1)	(77.7)	4.9%
- Depreciation	(19.8)	(33.0)	(49.2)	148.9%	49.1%	(36.4)	(82.2)	125.9%
- Others	(45.7)	(45.9)	(51.7)	13.0%	12.7%	(86.4)	(97.6)	12.9%
Costs of Sales of Assets	**(28.5)**	**(60.8)**	**(106.0)**	**271.8%**	**74.4%**	**(51.9)**	**(166.8)**	**221.4%**
Total	**(364.9)**	**(414.9)**	**(507.0)**	**38.9%**	**22.2%**	**(690.6)**	**(921.9)**	**33.5%**

[1] **Reclassified:** adjusted by the reclassification in 2010 of certain costs and expenses on the income statement, following the same criteria applied during the current year in order to provide greater comparability between the periods presented.

Costs (% of Net Revenue)	2Q10[1]	1Q11[1]	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10[1]	1H11	Chg. 1H11X1H10
Cost of Services (as % of Net Revenue from Services)	**84.0%**	**80.8%**	**82.8%**	**-1.2 p.p.**	**+2.0 p.p.**	**84.4%**	**81.8%**	-2.5 p.p.
- Personnel	30.4%	27.4%	29.7%	-0.7 p.p.	+2.3 p.p.	29.8%	28.6%	-1.3 p.p.
- Independent contractors / third parties	18.8%	18.6%	16.6%	-2.2 p.p.	-2.0 p.p.	18.8%	17.6%	-1.3 p.p.
- Fuel and lubricants	9.4%	7.8%	7.8%	-1.7 p.p.	-0.1 p.p.	9.7%	7.8%	-1.9 p.p.
- Parts / tire / maintenance	9.0%	9.0%	7.9%	-1.1 p.p.	-1.2 p.p.	9.8%	8.4%	-1.4 p.p.
- Depreciation	4.9%	7.5%	10.2%	+5.2 p.p.	+2.6 p.p.	4.8%	8.9%	4.1 p.p.
- Others	11.4%	10.5%	10.7%	-0.8 p.p.	+0.2 p.p.	11.4%	10.6%	-0.8 p.p.
Cost of Sale of Assets (as % of Net Revenue from Sale of Assets)	**107.6%**	**100.8%**	**104.8%**	**-2.8 p.p.**	**+3.9 p.p.**	**102.1%**	**103.3%**	+1.2 p.p.
Total (as % of Total Net Revenue)	**85.5%**	**83.2%**	**86.6%**	**+1.1 p.p.**	**+3.4 p.p.**	**85.5%**	**85.0%**	-0.5 p.p.

[1] Reclassified

Cost of Services

The cost of Services totaled R$401.0 million in 2Q11, 19.2% up on 2Q10. These costs represented 82.8% of net revenue from Services, a drop of 1.2 p.p., mainly due to the higher share of Management and Outsourcing in the Company's revenue mix, which partially offset the impacts of the higher depreciation in the period. For the same reasons, the cost of Services totaled R$755.1 million in 1H11, 18.2% up on 1H10, but 2.5 p.p. better as a percentage of revenue from Services.

In the comparison with 1Q11, these costs increased by 2.0 p.p. as a percentage of net revenue from Services, due to the impact of higher depreciation and higher personnel costs as a result of the reasons below.

Personnel

Personnel costs totaled R$143.8 million in 2Q11, 18.1% up on 2Q10, mainly due to the implementation of new operations, which had an impact of R$11.8 million in this account between the periods, and the collective bargaining granted in 2010 (average increase of 7.5% between May and August) and in May 2011 (average increase of 9.5%). As a percentage of net revenue from Services, personnel costs decreased by 0.7 p.p. in the

same comparison thanks to the increased share of Management and Outsourcing in the business, as it uses less intensive labor.

For the same reasons, personnel costs grew by 16.7% in 1H11 versus 1H10, totaling R$263.7 million. As a percentage of net revenue from Services, this account improved by 1.3 p.p. in the same comparison.

In quarter-on-quarter terms, personnel costs increased by 20.0% mainly due to the 4.5% increase in the average number of employees related to the new operations, which involved additional costs of R$10.9 million in salaries and R$1.2 million in overtime, and also the effects of the collective bargaining of 9.5% which covered around 80% of operating staff as of May 2011. This trend was also influenced by R$1.3 million severance pay related to discontinued operations. As a percentage of net revenue from Services, these costs increased by 2.3 p.p. in the same comparison due to the new operations which have not yet captured its entire revenue potential and the already mentioned collective bargaining, which is still being gradually passed on to clients.

Independent contractors / third parties

Costs from independent contractors and third parties totaled R$80.5 million in 2Q11, 6.7% up on 2Q10. The higher share of Management and Outsourcing, which does not use outsourced and contracted drivers, was the main reason for the 2.2 p.p. reduction in these costs as a percentage of net revenue from Services, from 18.8% in 2Q10 to 16.6% in 2Q11. The same happened in 1H11 terms, with this line totaling R$162.0 million, 13.5% up, but 1.3 p.p. better as a percentage of net revenue from Services on 1H10.

In quarter-on-quarter terms, while the share of Management and Outsourcing grew, General Cargo Transportation, which uses mostly outsourced and contracted drivers, fell in the Company's business mix in 2Q11, reducing these costs by 2.0 p.p. in relation to net revenue from Services in the comparison between the periods.

Fuel and Lubricants

In 2Q11, fuel and lubricant costs totaled R$37.6 million, virtually in line with 2Q10's R$37.8 million. As a percentage of net revenue from Services, this line improved by 1.7 p.p., related to the greater share of operations in which the client pays for the fuel, as is the case of Management and Outsourcing services, which considerably increased its share in the mix. The same effect is also observed in the comparison between 1H10 and 1H11, with the 1.9 p.p. reduction in these costs, while the share of operations with fuel paid by the client went from 34.0% of revenue from Services in 1H10 to 36.9% in 1H11.

In terms of net revenue from Services, fuel and lubricant costs did not change between 2Q11 and 1Q11, remaining at 7.8% in both periods.

Parts, Tires and Maintenance

Costs relating to parts, tires and maintenance totaled R$38.2 million in 2Q11, 6.4% up on 2Q10, following the expansion of the Company's activities, partially offset by the effects of the lower average age of the fleet, which went from 2.2 years at the end of 2Q10 to 1.6 year at the end of 2Q11 as a result of the acquisitions of operating assets for the new operations and periodical renewal. This characteristic has a positive impact on costs, as newer assets demand fewer parts and tires and have lower maintenance costs. As a result, these costs as a percentage of net revenue from Services fell by 1.1 p.p. on 2Q10. In 1H11, these costs totaled R$77.7 million, 4.9% up, and declined by 1.4 p.p. as a percentage of net revenue from Services between 1H10 and 1H11 due to the reasons listed above.

Depreciation

In 2Q11, the Company reviewed the depreciation rates of some of its assets, especially heavy vehicles and buses, to reflect in a more realistic manner the expected residual value of its sales with the market parameters and the nature of the operations to which they are allocated. These reviews are performed in accordance with IFRS recommendations, which determine that the useful life of the asset and its depreciation rates be evaluated periodically to translate their economic and commercial conditions at the moment of sale. Note that these revisions can also occur as a result of changes in the factors associated with the assets, such as: use conditions,

economic conditions, trends for acquisition prices in relation to table prices, expected term for the resale of same, among others.

Thus, in 2Q11, depreciation costs totaled R$49.2 million, 148.9% up on 2Q10 and 49.1% up on 1Q11. In year-to-date terms, depreciation costs went from R$36.4 million in 1H10 to R$82.2 million in 1H11.

As a percentage of net revenue from Services, this line increased by 5.2 p.p. year on year and 2.6 p.p. quarter on quarter. Between 1H10 and 1H11, this line increased by 4.1 p.p..

In addition to the increase in depreciation rates, the expansion of the Company's asset base contributes to the growth in nominal costs with depreciation in the compared periods. Note that the applied rates will be reviewed periodically.

Other Costs

Other costs totaled R$51.7 million in 2Q11, 13.0% up on 2Q10, following the growth in the Company's operations. The lines that presented the highest costs were property rental (+R$2.2 million), IPVA tax and licensing (+R$1.2 million), and outsourced services (+ R$1.3 million), partially offset by the reduction of R$2.0 million in tolls, R$1.2 million in insurance and R$0.6 million in damages. These costs represented 10.7% of net revenue from Services in 2Q11, an improvement of 0.8 p.p. on 2Q10, mainly due to the dilution by the higher revenue in the period. This percentage remained virtually flat in relation to 1Q11.

In 1H11, Other Costs totaled R$ 97.6 million, 12.9% up on 1H10, influenced by the increase of R$3.1 million in IPVA tax, R$2.0 million in property rental, R$1.9 million in building maintenance and R$1.8 million in taxes and fees, versus a reduction of R$4.3 million in tolls, R$3.7 million in insurance and R$0.3 million in damages. As a percentage of net revenue from Services, it improved by 0.8 p.p., totaling 10.6%.

Cost of Sale of Assets

Cost of Sale of Assets	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Resale of Assets used to provide services	(28.5)	(60.8)	(78.8)	176.5%	29.7%	(51.9)	(139.6)	169.1%
Sale of Assets with Management[1]	-	-	(27.2)	n.a.	n.a.	-	(27.2)	n.a.
Machinery and equipment rental (present value) - CPC 06	-	-	-	n.a.	n.a.	-	-	n.a.
Total	(28.5)	(60.8)	(106.0)	271.8%	74.4%	(51.9)	(166.8)	221.4%

[1] Cash Cost

Net Revenue from Sale of Assets (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Resale of Assets used to provide services	26.5	60.3	79.6	200.4%	32.1%	50.8	139.9	175.4%
Sale of Assets with Management	-	-	21.5	n.a.	n.a.	-	21.5	n.a.
Machinery and equipment rental (present value)	-	-	-	n.a.	n.a.	-	-	n.a.
Total	**26.5**	**60.3**	**101.2**	**281.6%**	**67.8%**	**50.8**	**161.4**	**217.8%**

Cost of Sale of Assets (% of Net Revenue from Sale of Assets)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Resale of Assets used to provide services	-107.6%	-100.8%	-99.0%	+8.6 p.p.	+1.8 p.p.	-102.1%	-99.8%	+2.4 p.p.
Sale of Assets with Management	-	-	-126.2%	-126.2 p.p.	-126.2 p.p.	-	-126.2%	-126.2 p.p.
Machinery and equipment rental (present value) - CPC 06	-	-	-	n.a.	n.a.	-	-	n.a.
Total	**-107.6%**	**-100.8%**	**-104.8%**	**+2.8 p.p.**	**-3.9 p.p.**	**-102.1%**	**-103.3%**	**-1.2 p.p.**

The cost of the Sale of Assets totaled R$106.0 million in 2Q11, a 271.8% increase on 2Q10, directly related to revenue from this activity. In the period, the cost related to the Resale of Assets stood at R$78.8 million, while the cost related to the Sale of Assets with Management came to R$27.2 million.

Note that while costs with the usual Resale of Assets followed revenue, the Sale of Assets with Management, due to its nature, presented a negative result, with net revenue lower than its costs. This is explained by IFRS requirement of recording the present value of installment sales, generating a negative spread between cost and net revenue. In this case, the financial effects of this operation will have a positive impact on the financial result, during the term of receipt, as the adjustments to present value (APV) from this operation will be reversed as financial revenue.

In 1H11, the total cost of the Sale of Assets stood at R$166.8 million, R$139.6 million from the usual Resale of Assets used to provide Services and R$27.2 million from the Sale of Assets with Management, 221.4% up on 1H10.

Gross Profit

Gross Profit (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Total Gross Profit	**62.0**	**83.7**	**78.6**	**26.8%**	**-6.1%**	**117.2**	**162.3**	**38.5%**
Gross Margin (% of Total Net Revenue)	14.5%	16.8%	13.4%	-1.1 p.p.	-3.4 p.p.	14.5%	15.0%	+0.5 p.p.
Gross Profit from Services	**64.0**	**84.2**	**83.4**	**30.4%**	**-0.9%**	**118.3**	**167.7**	**41.8%**
Gross Margin from Services (% of Net Revenue from Services)	16.0%	19.2%	17.2%	+1.2 p.p.	-2.0 p.p.	15.6%	18.2%	+2.5 p.p.
Gross Profit from Sale of Assets	**(2.0)**	**(0.5)**	**(4.8)**	**-141.1%**	**-868.9%**	**(1.1)**	**(5.3)**	**-390.3%**
Gross Margin from Sale of Assets (% of Net Revenue from Sale of Assets)	-7.6%	-0.8%	-4.8%	+2.8 p.p.	-3.9 p.p.	-2.1%	-3.3%	-1.2 p.p.

In 2Q11, Total gross profit stood at R$78.6 million, 26.8% up on 2Q10, accompanied by a total gross margin of 13.4% In 1H11, gross profit totaled R$162.3 million, 38.5% up, accompanied by a margin of 15.0%, 0.5 p.p. up on 1H10.

Gross profit from Services totaled R$83.4 million in 2Q11, 30.4% up on 2Q10, corresponding to a gross margin of Services of 17.2%, 1.2 p.p. up in the same comparison, despite the effects of higher depreciation. In 1H11, gross profit from Services totaled R$167.7 million, 41.8% up, while the gross margin expanded by 2.5 p.p., from 15.6% in 1H10 to 18.2% in 1H11.

Gross profit from the Sale of Assets, affected by the already mentioned negative spread in the Sale of Assets with Management, totaled negative R$4.8 million in 2Q11 and negative R$5.3 million in 1H11, impacting the Company's total gross profit.

3. Operating Expenses before the Financial Result

Operating expenses before the financial result stood at R$26.5 million in 2Q11, 4.3% down on 2Q10. As a percentage of Total net revenue, these expenses came to 4.5%, 2.0 p.p. down on 2Q10, mainly due to positive impacts from REFIS, which will be detailed in this section.

In 1H11, Total operating expenses amounted to R$58.8 million, representing 5.4% of Total net revenue, 0.8 p.p. down on 1H10.

Operating Expenses before Financial Results (R$ million)	2Q10[1]	1Q11[1]	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10[1]	1H11	Chg. 1H11X1H10
Administrative and Sales Expenses	(26.5)	(31.6)	(36.5)	37.4%	15.3%	(53.9)	(68.1)	26.4%
Tax Expenses	(0.7)	(0.5)	(0.6)	-14.4%	3.0%	(1.1)	(1.1)	-2.2%
Other Operating Revenues (Expenses)	(0.5)	(0.2)	10.5	-2228.8%	-6064.1%	4.9	10.4	111.8%
Total	**(27.7)**	**(32.4)**	**(26.5)**	**-4.3%**	**-18.1%**	**(50.1)**	**(58.8)**	**17.4%**
Total (as % of Total Net Revenue)	**6.5%**	**6.5%**	**4.5%**	**-2.0 p.p.**	**-2.0 p.p.**	**6.2%**	**5.4%**	**-0.8 p.p.**

[1] Reclassified

Selling and Administrative Expenses

Selling and administrative expenses totaled R$36.5 million in 2Q11, 37.4% up on 2Q10. As a percentage of Total net revenue, administrative expenses remained virtually flat at 6.2% in 2Q11.

In 1H11, these expenses totaled R$68.1 million, 26.4% up on 1H10, representing 6.3% of Total net revenue, a 0.4 p.p. improvement on 1H10.

Administrative and Selling Expenses (R$ million)	2Q10[1]	1Q11[1]	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10[1]	1H11	Chg. 1H11X1H10
Personnel	(10.4)	(13.3)	(15.0)	43.9%	12.7%	(19.6)	(28.3)	44.6%
Services Renderded	(4.1)	(5.2)	(5.7)	37.6%	9.2%	(10.2)	(10.9)	6.3%
Communication, advertising and marketing	(2.5)	(2.9)	(3.0)	22.2%	5.7%	(4.6)	(5.9)	26.2%
Third-party properties rental	(1.5)	(1.7)	(1.7)	18.5%	2.7%	(2.8)	(3.4)	20.6%
Depreciation	(1.1)	(0.7)	(0.3)	-72.7%	-57.4%	(2.3)	(1.0)	-56.2%
Others	(6.9)	(7.9)	(10.8)	54.9%	36.5%	(14.3)	(18.6)	30.6%
Total	**(26.5)**	**(31.6)**	**(36.5)**	**37.4%**	**15.3%**	**(53.9)**	**(68.1)**	**26.4%**
Total (as % of Total Net Revenue)	**6.2%**	**6.3%**	**6.2%**	**0.0 p.p.**	**-0.1 p.p.**	**6.7%**	**6.3%**	**-0.4 p.p.**

[1] Reclassified

Personnel expenses totaled R$15.0 million in 2Q11, 43.9% up on 2Q10, mainly due to the average collective bargaining of 7.5% in 2010 (in two parts: one in May and one in August) and 9.5% in May 2011 and the 16.7% increase in the average number of staff to support the new operations. This result was also fueled by the new structure for the Resale of Assets, with the expansion of the network of used vehicle stores, which went from 5 stores in 2Q10 to 12 in 2Q11, with an impact of additional R$1.5 million in payroll. For the same reasons, in year-to-date terms, the Company recorded an increase of 44.6% in personnel expenses, which totaled R$28.3 million in 1H11. As a percentage of Total net revenue, these expenses remained virtually flat at 2.6% in 2Q11 and 1H11, down by 0.2 p.p. on 2Q10 and 1H10.

Expenses related to the rendering of services stood at R$5.7 million in 2Q11, R$1.6 million up on 2Q10, mainly due to higher IT, security and cleaning expenses following the expansion of the administrative structure to keep pace with the Company's growth. Also as a percentage of Total net revenue, these expenses remained flat at 1.0%. In 1H11, total expenses related to the rendering of services stood at R$10.9 million, with a dilution of 0.3 p.p. as a percentage of the Company's net revenue on 1H10.

Communication, advertising and publicity expenses did not vary significantly, standing at R$3.0 million in 2Q11, versus R$2.9 million in 1Q11 and R$2.5 million in 2Q10, an increase related to the expansion of the Company's operations. In year-to-date terms, communication, advertising and publicity expenses totaled R$5.9 million, 26.2% up on 1H10. As a percentage of total net revenue, these expenses remained practically stable at 0.5% in 2Q11 and 1H11 in relation to the same periods in 2010.

Third-party properties rental totaled R$1.7 million in 2Q11, in line with 1Q11 and R$0.2 million higher than in 2Q10. In 1H11, these expenses totaled R$3.4 million and remained at the same level of 0.3% as a percentage of Total net revenue in all the compared periods.

Expenses classified as "Others" totaled R$10.8 million in 2Q11, an 54.7% year-on-year increase, mainly due to higher PDA (Provision for Doubtful Accounts) expenses, which went from R$1.2 million in 2Q10 to R$2.6 million in 2Q11, as well as higher expenses with building maintenance, insurance, office supplies, among others, to

support the Company's growth. These expenses grew by 30.6% year-to-date, with an increase of R$1.9 million in PDA and R$2.9 million in other expenses. As a percentage of net revenue, this line edged 0.2 p.p. up on 2Q10 due to higher PDA expenses and stood at 1.8%, virtually in line with 1H11's 1.7%.

Tax Expenses/Revenues

Tax expenses did not vary significantly between the compared periods. They remained stable at R$0.6 million in 2Q11, versus R$0.7 million in 2Q10, and at R$1.1 million in 1H10 and 1H11. As a percentage of Total net revenue, it came to approximately 0.1% in all the compared periods.

Other Operating Revenue (Expenses)

Other Operating Revenue (Expenses) went from an expense of R$0.5 million in 2Q10 to revenue of R$10.5 million in 2Q11, mainly due to the effects of the consolidation of the REFIS balance processes with the Federal Revenue of Brazil, which justified a positive impact of R$9.8 million in the period. In 1H11, this line represented revenue of R$10.4 million, resulting mainly from the REFIS effect, R$5.5 million higher than the R$4.9 million revenue recorded in 1H10, originated mainly from insurance reimbursements.

Financial Result

Financial Result (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Net financial interest	**(20.1)**	**(30.5)**	**(34.4)**	**71.5%**	**12.7%**	**(46.6)**	**(65.0)**	**39.4%**
Income from financial investments	8.6	9.9	11.5	33.3%	15.3%	11.4	21.4	88.1%
Loans and Financing interest	(28.7)	(40.5)	(45.9)	60.0%	13.3%	(58.0)	(86.4)	48.9%
Others financial items	**2.5**	**1.4**	**(3.8)**	**-251.9%**	**-364.7%**	**5.1**	**(2.4)**	**-146.4%**
Total	**(17.6)**	**(29.1)**	**(38.2)**	**117.9%**	**31.4%**	**(41.5)**	**(67.3)**	**62.4%**
Total (as % of Total Net Revenue)	**4.1%**	**5.8%**	**6.5%**	**+2.4 p.p.**	**+0.7 p.p.**	**5.1%**	**6.2%**	**+1.1 p.p.**

The net financial result came to R$38.2 million in 2Q11, mainly due to the 71,5% increase in net financial interest mainly as a result of the increase in average net debt, 45.5% higher between the periods. "Other financial items" had a negative impact of R$7.0 million related to the monetary variation interest arising from the consolidation of REFIS, as already mentioned, partially offset by the positive impact of R$4.4 million related to the reversal of adjustments to present value (APV) from the installment sale of assets.

In 1H11, net financial result came to R$67.3 million, 62.4% up on 1H10, and net financial interest increased by 39.4%, totaling R$65.0 million, influenced by the 36.7% upturn in the average net debt balance. "Other financial items" recorded the reversal revenue of adjustment to present value (APV) of R$9.0 million, partially offsetting the R$7.0 million monetary variation of the REFIS adjustment and R$1.8 million costs related to the issue of debentures and bank guarantees.

Based on net interest (interest on loans and financings less income from financial investments) in the period in relation to the average net debt balance at the end of the current quarter and the previous one, the Company would have an average cost of net debt equivalent to an interest rate of approximately 10.7% p.a..

4. Net Income

Net Income (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Income before tax	**16.8**	**22.3**	**13.9**	**-17.2%**	**-37.7%**	**25.6**	**36.1**	**41.3%**
Deferred tax credits/debits	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
Minority Interest	(0.0)	(0.0)	(0.0)	-9.9%	-1.9%	(0.0)	(0.0)	-9.1%
Net Income	**6.7**	**15.3**	**9.1**	**35.0%**	**-40.7%**	**8.9**	**24.4**	**172.6%**
Net Margin	1.6%	3.1%	1.6%	0.0 p.p.	-1.5 p.p.	1.1%	2.2%	+1.1 p.p.

Net income totaled R$9.1 million in 2Q11, 35.0% up on 2Q10, mainly due to positive impact on the assessment of income tax and social contribution on net income of R$3.5 million deriving from the REFIS consolidation, as mentioned above, partially offsetting the negative effect of the increase in depreciation in the period. The net margin stood at 1.6% in 2Q11.

In 1H11, net income more than doubled, moving from R$8.9 million in 1H10 to R$24.4 million in 1H11, while the net margin improved by 1.1 p.p., coming to 2.2% in 1H11.

5. EBITDA-A

EBITDA-A (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Net Income	**6.7**	**15.3**	**9.1**	**35.0%**	**-40.7%**	**8.9**	**24.4**	**172.6%**
(-) Financial Result	(17.6)	(29.1)	(38.2)	117.9%	31.4%	(41.5)	(67.3)	62.4%
(-) Provision for income tax and social contribution	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
(-) Depreciation and Amortization	(20.9)	(34.0)	(49.5)	137.0%	45.7%	(38.7)	(83.5)	115.6%
EBITDA	**55.2**	**85.4**	**101.6**	**84.1%**	**19.0%**	**105.8**	**187.0**	**76.7%**
EBITDA Margin	12.9%	17.1%	17.4%	+4.4 p.p.	+0.2 p.p.	13.1%	17.2%	+4.1 p.p.
(-) Costs of Sale of Assets[1]	(28.5)	(60.8)	(78.8)	176.5%	29.7%	(51.9)	(139.6)	169.1%
EBITDA-A	**83.7**	**146.1**	**180.4**	**115.6%**	**23.5%**	**157.7**	**326.6**	**107.1%**
EBITDA-A Margin	19.6%	29.3%	30.8%	+11.2 p.p.	+1.5 p.p.	19.5%	30.1%	+10.6 p.p.

[1] Cash Cost

EBITDA from Services (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Net Revenue from Services	**400.4**	**438.3**	**484.5**	**21.0%**	**10.5%**	**757.0**	**922.8**	**21.9%**
Cost of Services	(336.4)	(354.1)	(401.0)	19.2%	13.3%	(638.8)	(755.1)	18.2%
Gross Profit from Services	**64.0**	**84.2**	**83.4**	**30.4%**	**-0.9%**	**118.3**	**167.7**	**41.8%**
Gross Margin from Services	16.0%	19.2%	17.2%	+1.2 p.p.	-2.0 p.p.	15.6%	18.2%	+2.5 p.p.
Operating Expenses (Revenues)	(45.2)	(61.5)	(64.7)	43.1%	5.4%	(91.6)	(126.2)	37.8%
Income from Services before tax	**18.8**	**22.8**	**18.7**	**-0.3%**	**-17.9%**	**26.7**	**41.5**	**55.5%**
Provision for income tax and social contribution	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
Net income from Services	**8.7**	**15.8**	**13.9**	**59.3%**	**-12.0%**	**10.0**	**29.7**	**195.8%**
(-) Financial Result	(17.6)	(29.1)	(38.2)	117.9%	31.4%	(41.5)	(67.3)	62.4%
(-) Provision for income tax and social contribution	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
(-) Depreciation and Amortization	(20.9)	(34.0)	(49.5)	137.0%	45.7%	(38.7)	(83.5)	115.6%
EBITDA from Services	**57.2**	**85.9**	**106.4**	**86.1%**	**23.9%**	**106.9**	**192.4**	**80.0%**
EBITDA Margin from Services	14.3%	19.6%	22.0%	+7.7 p.p.	+2.4 p.p.	14.1%	20.8%	+6.7 p.p.

EBITDA from Sale of Assets (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Net Revenue from Sale os Assets	**26.5**	**60.3**	**101.2**	**281.6%**	**67.8%**	**50.8**	**161.4**	**217.8%**
Cost of Sale of Assets	(28.5)	(60.8)	(106.0)	271.8%	74.4%	(51.9)	(166.8)	221.4%
EBITDA from Sale of Assets	**(2.0)**	**(0.5)**	**(4.8)**	**141.1%**	**868.9%**	**(1.1)**	**(5.3)**	**390.3%**
EBITDA Margin from Sale of Assets	-7.6%	-0.8%	-4.8%	+2.8 p.p.	-3.9 p.p.	-2.1%	-3.3%	-1.2 p.p.

JSL's revenue derives from a sum of contracts. Each of these contracts includes a cycle which begins with the purchase of assets to be used in the operation. Once the necessary resources are in place (personnel and physical plant, among others), and the assets are readied, the provision of services begins. The contract will then generate cash flow throughout the life of the contract, which can vary between 2 and 10 years. The final stage in this cycle is the resale of the asset at the end of the contract. This estimated residual value is taken into consideration when negotiating the price for the contract, and thus, figures into the expected total return from the contract.

Because of this cycle, and to better reflect the realities of the Company's business, JSL adds back to EBITDA the

residual accounting cost from the sale of fixed assets, thus capturing the effects of the final stage of the asset's useful life under the contract. What we call EBITDA-A, or EBITDA-Added. For more information about the EBITDA-A concept, see the glossary in this report.

Thanks to the higher sale of assets, EBITDA-A increased by 115.6%, from R$83.7 million in 2Q10 to R$180.4 million in 2Q11, and 107.1%, from R$157.7 million in 1H10 to R$326.6 million in 1H11. The margins grew by 11.2 p.p. between 2Q10 and 2Q11, to 30.8%, and by 10.6 p.p. between 1H10 and 1H11, to 30.1%.

The material increase in the Company's net revenue, combined with the higher share of Management and Outsourcing in the breakdown of the Company's businesses, led to an 84.1% percent increase in traditional EBITDA, which reached R$101.6 million in 2Q11, with a 17.4% margin, 4.4 p.p. up on 2Q10. In the period, traditional EBITDA was also positively affected by R$9.8 million due to consolidation effects deriving from REFIS balance. In 1H11, traditional EBITDA totaled R$187.0 million, a significant increase of 76.7% on 1H10, with a margin of 17.2%, 4.1 p.p. up in the same period.

The Company began segregating the contribution of EBITDA from Services and Sale of Assets in its results although they are part of the same business cycle. This segregation enables a better understanding of the performance of the services provided, as it excludes the influence of the Sale of Assets, which has a more volatile behavior and usually does not contribute to the traditional EBITDA, as the revenue from standard resales is usually equivalent to the non-cash cost recognized in the results, related to the write-off of these assets from the Company's fixed assets, under IFRS, diluting the traditional EBITDA margin, as these sales expand the revenue base.

EBITDA from Services totaled R$106.4 million in 2Q11, 86.1% up on 2Q10. In the same period, the EBITDA margin from Services stood at 22.0%, 7.7 p.p. up on 2Q10, influenced by the higher share of Management and Outsourcing and REFIS consolidation effects, as mentioned above. In 1H11, EBITDA from Services totaled R$192.4 million, 80.0% up on 1H10. The margin stood at 20.8% in the 1H11, 6.7 p.p. up on 1H10.

Note that during the Company's businesses expansion, the EBITDA margin will be still below its potential as the addition of new contracts demands a cycle of implementation that reflects pre-operating costs, while these contracts still do not generate revenue.

IV. INVESTMENTS

In 2Q11, the Company's investments totaled R$275.9 million, 64.9% of which was directed to the expansion of JSL's operations. Most investments are related to Dedicated Services and Management and Outsourcing, which, jointly, received more than 81.0% of the total funds and made the highest contribution to the volume of new contracts added to the portfolio in 2010 and 5M11.

In 1H11, the total amount of investments came to R$472.7 million, 77.6% destined to expansion.

Note that the acquisitions of the operational assets used by JSL to provide its services are largely financed by specific lines linked to their nature (such as Finance for heavy vehicles, buses, machinery and domestically manufactured equipment and leasing agreements for light vehicles and imported equipment), and in such cases these acquisitions do not have a cash impact, as banks pay suppliers directly for the acquisition of these assets, as the Cash Flow section of this document shows.

Capex - R$ million

By Category	2Q11	% of Total	1H11	% of Total	12 Months	% of Total
Trucks	137.5	49.8%	194.3	41.1%	362.5	41.1%
Machinery and Equipment	52.1	18.9%	79.9	16.9%	123.5	14.0%
Light Vehicles	44.2	16.0%	125.8	26.6%	266.5	30.2%
Bus	23.0	8.4%	42.1	8.9%	80.2	9.1%
Others	19.1	6.9%	30.5	6.4%	48.9	5.6%
Total	**275.9**	**100.0%**	**472.7**	**100.0%**	**881.6**	**100.0%**

By Business Line	2Q11	% of Total	1H11	% of Total	12 Months	% of Total
Dedicated Services	141.7	51.4%	182.4	38.6%	301.6	34.2%
Management and Outsourcing	83.3	30.2%	200.8	42.5%	444.9	50.5%
Passenger Transportation	30.2	10.9%	63.8	13.5%	86.0	9.8%
General Cargo	10.7	3.9%	10.7	2.3%	11.0	1.3%
Others	9.9	3.6%	14.9	3.2%	38.1	4.3%
Total	**275.9**	**100.0%**	**472.7**	**100.0%**	**881.6**	**100.0%**

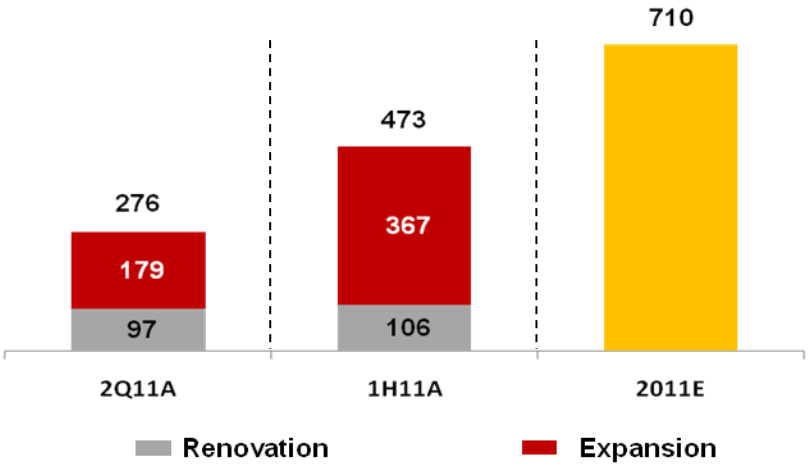
By Nature	2Q11	% of Total	1H11	% of Total	12 Months	% of Total
Renewal	96.8	35.1%	105.8	22.4%	230.0	26.1%
Expansion	179.1	64.9%	366.9	77.6%	651.6	73.9%
Total	**275.9**	**100.0%**	**472.7**	**100.0%**	**881.6**	**100.0%**

1 Out of total, R$10.5 million directed to the Intermodal Logistics Center in 2Q11, R$13.2 million in 1H11 and R$23.4 million in 12 months

Of the fixed assets of R$1.772 billion recorded at the end of 2Q11, around 5.6% was in the new contract implementation phase thus was not generating revenue and other R$94.4 million was available for resales and R$3.7 million was in Inventories related to the Sale of Assets with Management.

For the year 2011, JSL expects total gross capex to reach R$ 710 million.

Capex - Estimates (R$ million)



In line with the above forecast, Revenue from the Sale of Assets currently estimated for 2011 is around R$230.0 million.

V. CAPITAL STRUCTURE

The Company closed 2Q11 with cash position and financial investments of R$422.8 million and gross debt of R$1.831 billion, resulting in net debt of R$1.408 billion. Of total net debt, 87.9% was linked to the acquisition of assets. In relation to the interest rate exposure, 69.0% of net debt on June 30, 2011 was indexed to TJLP or fixed rates, mainly derived from FINAME lines of credit, presenting therefore greater stability in comparison with CDI.

Indebtedness (R$ million)	06/30/2011	09/30/2010	12/31/2010	03/31/2011	06/30/2011
Cash and Investments[1]	**(385.3)**	**(406.0)**	**(488.2)**	**(390.0)**	**(422.8)**
Gross debt - Short term	366.1	427.4	372.7	328.4	337.2
Gross debt - Long term	838.5	998.5	1,183.1	1,320.6	1,494.3
Total gross debt	**1,204.6**	**1,425.9**	**1,555.8**	**1,649.0**	**1,831.4**
Net debt	**819.3**	**1,020.0**	**1,067.6**	**1,259.0**	**1,408.7**

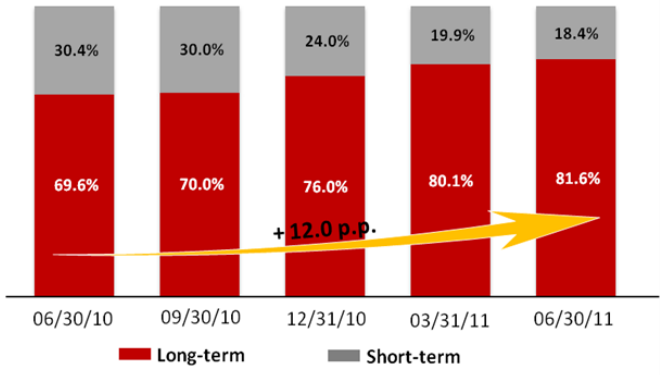
[1] Considers as cash the balance of financial investments classified as non-current assets (securities), which are linked to the amortization of a proportion of the unsettled balance of debentures.

Net debt increased R$149.7 million in relation to the end of 1Q11, due chiefly to investments, in the amount of R$275.9 million, mostly financed by specific lines, such as FINAME loans and leasing agreements, thus not impacting cash as in such cases, the lending banks pay for the acquisition of assets directly to the Company's suppliers, as already mentioned in the Investments section.

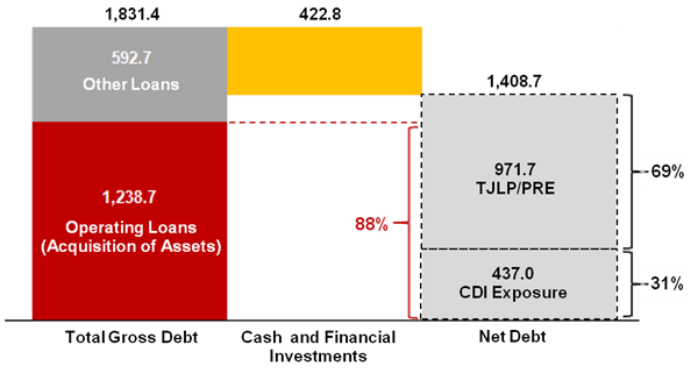
This variation was also due to the payment of R$22.1 million in dividends related to the results of 2010 and the share buyback of R$1.1 million in the period. These impacts were partially offset by the operational cash generation of R$149.3 million in the period.

JSL seeks to maintain a cash balance that covers short-term net debt. This prudence in relation to the Company's liquidity arises from the fact that the traditional lines of financing of operating assets usually present a shorter average term, as they have monthly amortizations.

Evolution of Short-Term to Long-Term Gross Debt Ratio

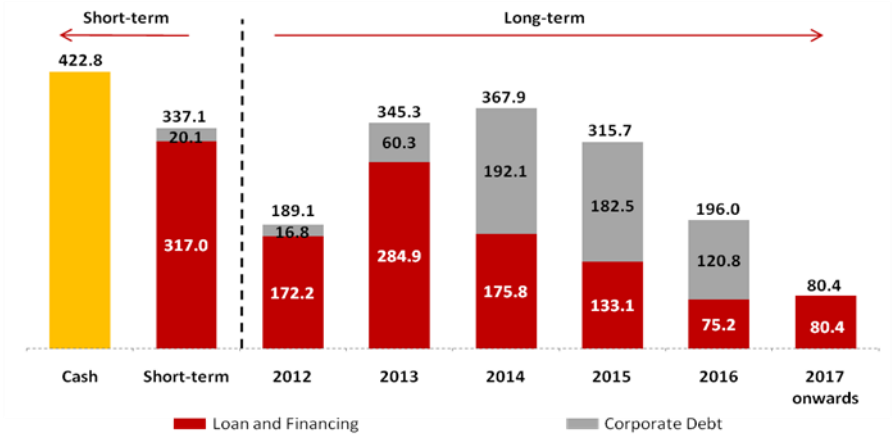


Net Debt Breakdown (R$ million – 06/30/2011)

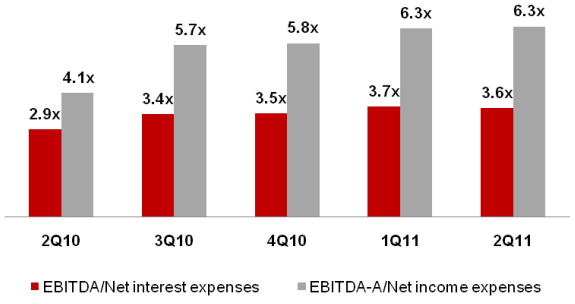


The graph below presents the gross debt amortization schedule and the debt profile:

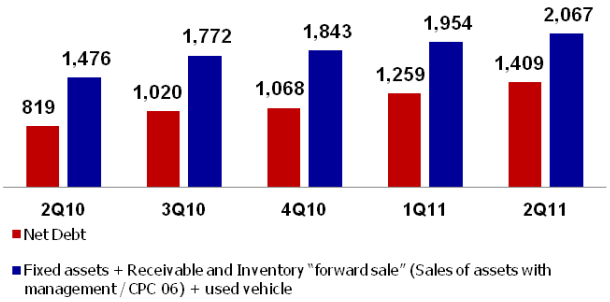
Debt Amortization Schedule
(R$ million)



Net interest coverage ratio



Net Debt and Operating Assets
(R$ million)



The Company has issued debt securities with covenants that limit its leverage ratio based on the ratio of "Net Debt to EBITDA-A" of 3.0x. As the following table shows, the ratio ended the period at 2.0x, a level that allows the Company to continue growing with prudent leverage levels.

Balance - end of period	03/31/2010	06/30/2010	09/0/2010	12/31/2010	03/31/2011	06/03/2011
Net Debt / Operating Assets[1]	1.3x	1.8x	1.7x	1.7x	1.6x	1.5x
Net Debt / EBITDA[2]	4.0x	3.0x	3.3x	3.2x	3.4x	3.4x
Net Debt / EBITDA-A[2]	2.7x	2.2x	1.9x	1.9x	2.0x	2.0x
EBITDA/Net interest expenses	2.6x	2.9x	3.4x	3.5x	3.7x	3.6x
EBITDA-A/Net income expenses	3.9x	4.1x	5.7x	5.8x	6.3x	6.3x
Cash / Short Term Debt	0.4x	1.1x	0.9x	1.3x	1.2x	1.3x

[1] Fixed assets +Receivable and Inventory " forward sale" (Sales of assets with management / CPC 06) +used vehicle

[2] Accumulated over the last 12 months

Note that the high growth rates presented by JSL demand investments associated with assets mainly allocated to its expansion. These assets, when acquired, are linked to long-term service rendering contracts thus guaranteeing future cash generation, being part of the new projects that have an implementation cycle that varies from 90 to 120 days, period in which the Company incurs pre-operating costs without having the respective revenue generation . As a result of this expansionist approach, the Company's net debt balance has a higher correlation with future cash generation than was observed in the last twelve months, usual basis for the analysis of leverage indices which, for that reason, were higher than those presented in a scenario of business stability.

JSL intends to constantly improve its debt profile by raising funds in the financial market that result in a lengthening of the amortization schedule. In June 2011, the Company approved the 4th issue of simple debentures, in the total amount of R$113.0 million, with a 6-year term maturing in June 2017. The debentures' nominal unit value will be amortized in four (4) equal, annual and consecutive installments, the first of which on June 24, 2014. The proceeds from the offering were allocated to the early redemption of the totality of the Company's 2nd debenture issue, resulting in the lengthening of the debt profile, as shown in the table below:

Average debt term (years) – End of the period	3Q10	4Q10	1Q11	2Q11	After the 4th debenture issue	Growth – 4th debenture issue x 3Q10
Corporate Debt	2.4	3.5	4.0	3.7	4.0	+1.6
Operational Debt	2.5	2.0	2.0	2.3	2.3	-0.2
Total	**2.5**	**2.5**	**2.7**	**2.8**	**2.9**	**+0.4**

VI. CASH FLOW

Operational cash generation jumped 584.1%, from R$21.8 million in 2Q10 to R$149.3 million in 2Q11. In addition to the 35.5% increase in net income in the same comparison, the lower working capital consumption contributed to the higher cash generation.

Cash Flow Summary[1] (R$ million)	2Q10	1Q11	2Q11	Chg. 1Q11x1Q10	Chg. 1Q11x4Q10	1H10	1H11	Chg. 1H11X1H10
Net Income	**6.7**	**15.3**	**9.1**	**35.0%**	**-40.7%**	**8.9**	**24.4**	**172.5%**
Depreciation and Amortization	19.1	33.5	49.3	157.5%	47.3%	37.4	82.7	121.1%
Cost of Sale of Assets[2]	28.5	60.8	78.2	174.4%	28.7%	51.9	139.0	167.9%
Other Non-cash adjustments	38.6	32.5	44.0	13.8%	35.2%	73.9	76.5	3.5%
Accounts receivables, Inventory and Suppliers	(36.8)	(56.8)	2.2	-106.1%	-103.9%	(46.4)	(54.6)	17.8%
Other Assets and Liabilities	(4.3)	(24.8)	12.5	-388.8%	-150.5%	46.5	(12.3)	-126.4%
Paid interest	(30.1)	(43.1)	(46.0)	53.0%	6.6%	(58.9)	(89.1)	51.3%
Operating Cash Generation	**21.8**	**17.3**	**149.3**	**584.1%**	**763.5%**	**113.4**	**166.6**	**46.9%**
Increase in Fixed Assets	(6.5)	(18.3)	(24.1)	0.268,9%	0.031,7%	(13.3)	(42.5)	219.4%
Other Investments	-	0.3	(2.9)	10310.7%	-1202.7%	(0.1)	(2.6)	3927.9%
Investments Net Cash	**15.3**	**(0.8)**	**122.3**	**701.9%**	**-15864.8%**	**100.1**	**121.6**	**21.5%**
Increase (Decrease) in Capital	457.4	(0.4)	-	-100.0%	-100.0%	457.4	(0.4)	-100.1%
Dividends + Interest on Capital	(30.8)	-	(22.1)	-28.3%	n.a	(105.4)	(22.1)	-79.0%
Loan and Financing	(236.3)	(76.5)	(66.4)	-71.9%	-13.2%	(204.7)	(142.9)	-30.2%
(Purchasing) / Selling Treasury Shares	-	(20.5)	(1.1)	n.a	-94.8%	-	(21.6)	n.a
Increase (Decrease) in Cash	**205.5**	**(98.3)**	**32.8**	**-84.0%**	**-133.4%**	**247.4**	**(65.5)**	**-126.5%**

[1] Considers as cash the balance of financial investments classified as non-current assets (securities), which are linked to the amortization of a proportion of the unsettled balance of debentures.

[2] Non-cash cost

The R$2.2 million improvement in the "Accounts Receivable, Inventory and Suppliers" line was the result of the R$15.0 increase in suppliers and the R$18.6 million reduction in inventories, directly related to vehicles linked to contracts for the Sale of Assets with Management, which were sold in 2Q11 and will be paid in 24 monthly installments and were thus transferred to accounts receivable, being the main reason for the R$31.4 million increase in this line. Of the balance of R$544.2 million (short "plus" long term) in Accounts Receivable at the end of the period, R$117.6 million comes from the rental of machinery and equipment recorded at present value in 3Q10 under CPC 06, and R$109.4 million was related to the Sale of Assets with Management.

In addition, the R$12.5 million improvement in "Other Assets and Liabilities" was chiefly due to the reduction of R$13.5 million related to advances to suppliers.

In 2Q11, according to the IFRS, the Company now classifies expenses related to financing interest rates as operational item in its cash flows. Previously, these expenses, which in 2Q11 were R$46.0 million, were classified as loans and financing. In order to allow a better comparison, this reclassification was also made in previous periods.

In the period, JSL also paid dividends of R$22.1 million related to 2010 and made a share buyback of R$1.1 million.

It is the opinion of the Company together with its independent auditors that variations in cash shown in the Increases in Fixed Assets line should reflect only actual cash outflows by the Company. Thus, acquisition of fixed assets that actually represented an outflow of cash totaled R$24.4 million during 2Q11. A portion of the acquisitions that were effected through the contracting of financing linked to the acquisition of assets (such as Finame and leasing agreements) totaled R$251.5 million in the period. Note that acquisitions that were financed are not reflected in cash flow at the time of their acquisition. However, as the related debts are amortized, the resulting cash disbursements are reflected in the Loans and Financings line.

In the table below, we provide a summary of capex in 2Q11 funded from both actual cash outlays as well as financing.

Fixed Asset Acquisition (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Total Capex	**255.9**	**196.8**	**275.9**	**7.8%**	**40.2%**	**390.8**	**472.7**	**21.0%**
Outlays (Investment with shareholders' equity)[1]	6.5	18.3	24.4	275.4%	33.3%	13.3	42.7	221.1%
Loans and financing	249.4	178.5	251.5	0.8%	40.9%	377.5	430.0	13.9%

Impact on the Cash Flow

[1] Relative to investments effectively made by the Company, as shown in the Cash Flow Statements.

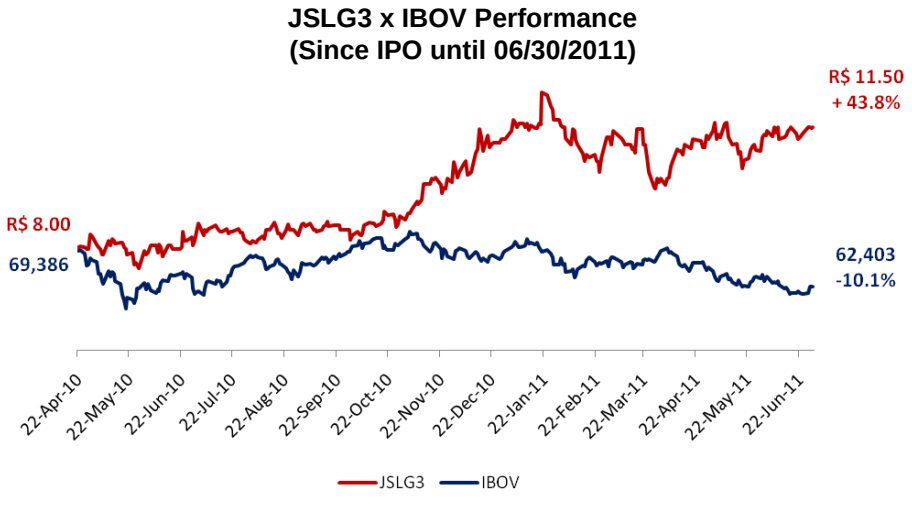
VII. CAPITAL MARKETS

Share Performance

In 2Q11, JSL's shares appreciated by 15.0%, closing the period at R$11.50, while the Ibovespa fell by 9.9%. Since the IPO on April 22, 2010, JSL's shares have appreciated 43.8%, substantially better than the 10.1% decline of the Ibovespa in the same period. The Company's market capitalization came to R$2.287 billion at the closing of 2Q11. Free float, excluding the shares in treasury, is 27.1%.

Indicators	Since IPO[1]	2010	2011[1]	2Q11
Closing Price (R$)	11.50	11.15	11.50	11.50
Maximum Price (R$)	12.50	11.44	12.50	11.90
Minimum Price (R$)	7.40	7.40	8.55	10.20
Average Price (R$)	9.78	8.68	10.88	11.14
JSLG3 Appreciation	43.8%	39.4%	-11.4%	15.0%
Ibovespa Appreciation	-10.1%	-0.1%	-10.8%	-9.9%

[1] Until June 30, 2011



JSL's shares are listed on the Novo Mercado segment of the BM&FBOVESPA and its shares are included in two indexes composed of shares of companies with above average corporate governance practices: Special Corporate Governance Stock Index (IGC) and Special Tag-Along Stock Index (ITAG).

Share Buyback

The Company has authorized the repurchase of up to 2,000,000 common shares to support a stock option plan. As of the date of this report, the company had 1,944,500 shares of treasury stock acquired through these repurchases.

Dividends

On May 27, 2011, JSL paid dividends referring to the results of 2010, in the total amount of R$22.1 million, or R$0.11215797 per share, as approved by the Annual and Extraordinary Shareholders' Meeting held on April 29, 2011.

Recognition of the Capital Markets

In July 2011, JSL was a finalist in three categories of IR Awards 2011, an important award that recognizes the best investor relations programs of the country's publicly-held companies. JSL was top 5 among the 222 small & mid cap companies (companies with a market capitalization of under R$3.0 billion), receiving honorary mention in the following categories:

- Grand Prix of the best investor relations program;
- Best investor relations website;
- Greater investor relations evolution.

JSL continues making its best efforts to reinforce its communication with the capital market in a transparent and equal manner, in line with the best investor relations and corporate governance practices.

About the Company:

JSL *(BM&FBOVESPA: JSLG3) is the company with the broadest portfolio of logistics services in Brazil and the leader in its segment in terms of net revenue. With over 50 years of experience in this sector, the Company operates nationwide in Brazil and across the entire production process, from the transportation of cargo to complete outsourcing of the logistics chain.*

Some of the statements in this report are based on the current opinions and perspectives of Company management, which could vary materially with actual future results, performance and events. Actual performance could differ significantly from those expressed or implied by these statements due to various factors, such as general economic conditions in Brazil and other countries, interest rates, inflation and exchange rates, changes in laws and regulations and general competitive factors (global, regional or national).

VIII. GLOSSARY

APV – Adjustment to present value. Applied to monetary assets and liabilities to reflect their current value taking into account contractual cash flows, interest rates explicitly or implicitly applicable to the respective assets and liabilities or rates used by the market for similar transactions. The effects are included in financial income or expenses on the income statement, for term of interests in relation to contractual cash flows.

CPC 06 – Guidelines from the Accounting Pronouncements Committee which regulates commercial leasing operations. This guideline classifies leases based on the extent in which the risks and benefits inherent in the leased asset remain with the lessee or the lessor. According to CPC 06, a lease contract is classified as financial if it substantially transfers all the risks and benefits inherit in the asset. Given the terms of the transactions, some of JSL's contracts were accounted for as per the terms of this guideline. Thus, the cash flow from payments under these contracts was recognized at present value in gross revenue for Sale of Assets during 3Q10.

Dedicated Services or Dedicated Services to the Supply Chain – Services provided in an integrated and customized way for each client which includes managing the flow of inputs / raw materials including information from the supplier through entry of the materials into the clients' facilities (Inbound operations), the outflow of products from the clients' facilities to the point of consumption (Outbound operations), and the movement and management of inventory, Reverse Logistics and Warehousing.

EBITDA - According to CVM Circular Letter No. 1/2005, represent earnings before financial items, income taxes and social contribution, minority interest, depreciation and amortization. EBITDA is not a measure as defined by Brazilian GAAP. It does not represent cash flow for the periods represented and should not be considered a substitute for net income or cash flow as an indicator of the company's liquidity. EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable with used by other companies.

EBITDA-A or EBITDA Added -corresponds to EBITDA plus the residual accounting cost from the sale of fixed assets, which is non-cash, since it represents merely an accounting entry at the time of demobilization of the assets. Thus, the Company's management believes that EBITDA-A is a better measure of the financial performance of the business, representing a proxy for operating cash flow.

General Cargo or Transportation of General Cargo – Services for the transportation of products from "point A" to "point B", by vehicles assuming Full Truck Load.

Management and Outsourcing or Management and Outsourcing of Fleets / Equipment – Management and outsourcing services provided by JSL through fleets of both light and heavy vehicles, including aggregated services for the fleet, as well as machinery and equipment.

Passenger Transportation – Charter services for companies, public transportation for municipalities and intercity transportation of passengers.

REFIS – Tax Recovery Program. Instituted by the federal government, it provides for an extension of federal tax obligations resulting in lower interest costs, fines and charges.

RSC or Revenue from Same Contracts – comprised of revenue from contracts in existence for both periods under comparison.

Sale of Assets with Management – Sale of vehicles associated with fleet management contracts.

IV. EXHIBITS

I. Income Statements

Income Statement (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11x1H10
Gross Revenue	**478.8**	**555.3**	**654.5**	**36.7%**	**17.9%**	**909.7**	**1,209.9**	**33.0%**
Gross Revenue from services	452.3	495.1	547.4	21.0%	10.6%	858.9	1,042.4	21.4%
Revenue from Sales os Assets	26.5	60.3	107.2	304.2%	77.8%	50.8	167.4	229.6%
(-) Deductions from Revenue	**(51.9)**	**(56.7)**	**(68.9)**	**32.7%**	**21.4%**	**(101.9)**	**(125.6)**	**23.3%**
(=) Net Revenue	426.9	498.6	585.6	37.2%	17.5%	807.8	1,084.2	34.2%
Net Revenue from services	400.4	438.3	484.5	21.0%	10.5%	757.0	922.8	21.9%
Net Revenue from Sales of Assets	26.5	60.3	101.2	281.6%	67.8%	50.8	161.4	217.8%
(-) Total Costs	**(364.9)**	**(414.9)**	**(507.0)**	**38.9%**	**22.2%**	**(690.6)**	**(921.9)**	**33.5%**
Cost of services	(336.4)	(354.1)	(401.0)	19.2%	13.3%	(638.8)	(755.1)	18.2%
Cost of assets of sales	(28.5)	(60.8)	(106.0)	271.8%	74.4%	(51.9)	(166.8)	221.4%
(=) Gross Profit	**62.0**	**83.7**	**78.6**	**26.8%**	**-6.1%**	**117.2**	**162.3**	**38.5%**
(-) Operating expenses before financial results	**(27.7)**	**(32.4)**	**(26.5)**	**-4.3%**	**-18.1%**	**(50.1)**	**(58.8)**	**17.4%**
Administrative and Sales Expenses	(26.5)	(31.6)	(36.5)	37.4%	15.3%	(53.9)	(68.1)	26.4%
Tax Expenses	(0.7)	(0.5)	(0.6)	-14.4%	3.0%	(1.1)	(1.1)	-2.2%
Other Operating Revenues (Expenses)	(0.5)	(0.2)	10.5	-2228.8%	-6064.1%	4.9	10.4	111.8%
(+-) Financial Results	**(17.6)**	**(29.1)**	**(38.2)**	**117.9%**	**31.4%**	**(41.5)**	**(67.3)**	**62.4%**
Income from financial investments	8.6	9.9	11.5	33.3%	15.3%	11.4	21.4	88.1%
Loans and Financing interest	(28.7)	(40.5)	(45.9)	60.0%	13.3%	(58.0)	(86.4)	48.9%
Others financial items	**2.5**	**1.4**	**(3.8)**	**-251.9%**	**-364.7%**	**5.1**	**(2.4)**	**-146.4%**
(=) Income before tax	16.8	22.3	13.9	-17.2%	-37.7%	25.6	36.1	41.3%
Provision for income tax and social contribution	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
(=) Net Income	**6.7**	**15.3**	**9.1**	**35.0%**	**-40.7%**	**8.9**	**24.4**	**172.6%**
Net Margin	1.6%	3.1%	1.6%	0.0 p.p.	-1.5 p.p.	1.1%	2.2%	+1.1 p.p.

Income Statement from Services (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Gross Revenue from Services	**452.3**	**495.1**	**547.4**	**21.0%**	**10.6%**	**858.9**	**1,042.4**	**21.4%**
(-)Deductions from Revenue from Services	(51.9)	(56.7)	(62.9)	21.2%	10.9%	(101.9)	(119.6)	17.5%
(=)Net Revenue from Services	**400.4**	**438.3**	**484.5**	**21.0%**	**10.5%**	**757.0**	**922.8**	**21.9%**
(-)Cost of services	(336.4)	(354.1)	(401.0)	19.2%	13.3%	(638.8)	(755.1)	18.2%
(=)Gross Profit from Services	**64.0**	**84.2**	**83.4**	**30.4%**	**-0.9%**	**118.3**	**167.7**	**41.8%**
Gross Margin from Services	16.0%	19.2%	17.2%	1.2 p.p.	-2.0 p.p.	15.6%	18.2%	2.5 p.p.
(-)Operating Expenses before Financial Results	(27.7)	(32.4)	(26.5)	-4.3%	-18.1%	(50.1)	(58.8)	17.4%
(+-) Financial Results	(17.6)	(29.1)	(38.2)	117.9%	31.4%	(41.5)	(67.3)	62.4%
(=)Income from Services before tax	**18.8**	**22.8**	**18.7**	**-0.3%**	**-17.9%**	**26.7**	**41.5**	**55.5%**
(-)Provision for income tax and social contribution	(10.0)	(7.0)	(4.8)	-52.3%	-31.2%	(16.6)	(11.7)	-29.4%
(=)Net Income from Services	**8.7**	**15.8**	**13.9**	**59.3%**	**-12.0%**	**10.0**	**29.7**	**195.8%**
Net Margin from Services	2.2%	3.6%	2.9%	+0.7 p.p.	-0.7 p.p.	1.3%	3.2%	+1.9 p.p.

Income Statement from Sale of Assets (R$ million)	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
Gross Revenue from Sale of Assets	**26.5**	**60.3**	**107.2**	**304.2%**	**77.8%**	**50.8**	**167.4**	**229.6%**
(-)Deductions from Revenue from Sale of Assets	-	-	(6.0)	n.a.	n.a.	-	(6.0)	n.a.
(=) Net Revenue from Sale of Assets	**26.5**	**60.3**	**101.2**	**281.6%**	**67.8%**	**50.8**	**161.4**	**217.8%**
(-) Costs of Sale of Assets	(28.5)	(60.8)	(106.0)	271.8%	74.4%	(51.9)	(166.8)	221.4%
(=) Gross Profit from Sale of Assets	**(2.0)**	**(0.5)**	**(4.8)**	**141.1%**	**868.9%**	**(1.1)**	**(5.3)**	**390.3%**
Gross Margin from Sale of Assets	-7.6%	-0.8%	-4.8%	+2.8 p.p.	-3.9 p.p.	-2.1%	-3.3%	-1.2 p.p.
(=) Net Income from Sale of Assets	**(2.0)**	**(0.5)**	**(4.8)**	**141.1%**	**868.9%**	**(1.1)**	**(5.3)**	**390.3%**
Net Margin from Sale of Assets	-7.6%	-0.8%	-4.8%	+2.8 p.p.	-3.9 p.p.	-2.1%	-3.3%	-1.2 p.p.

II. Balance Sheets

Assets	06/30/2010	03/31/2011	06/30/2011
R$ million			
Current Assets			
Cash and cash equivalents	356.1	378.5	411.7
Accounts receivables	259.9	361.0	389.8
Inventory	15.7	34.6	16.0
Recoverable taxes	50.3	49.9	70.4
Other credits	31.4	47.8	40.1
Prepaid Expenses	18.6	18.6	16.0
Current Assets - Total	**731.8**	**890.4**	**944.1**
Assets availablle for sales (fleet renewal)	44.6	86.6	94.4
Noncurrent Assets			
Long-term Assets			
Securities	29.2	11.5	11.0
Accounts receivables	6.1	151.8	154.4
Recoverable taxes	13.2	28.4	35.1
Deposit in court	12.2	28.8	34.4
Deferred Income tax and Social Contribution	56.3	55.6	-
Related parties	0.0	-	-
Other credits	9.6	8.8	3.1
Long-term Assets - Total	***126.6***	**285.0**	**238.0**
Investments	0.0	1.6	1.6
Property, plant and equipment	1,394.8	1,634.7	1,771.9
Intangible	125.5	125.3	127.9
	1,520.3	**1,761.6**	**1,901.5**
Noncurrent Assets - Total	**1,646.9**	**2,046.6**	**2,139.5**
Total Assets	**2,423.3**	**3,023.5**	**3,178.0**

Liabilities	03/31/2010	03/31/2011	06/30/2011
Current liabilities			
Loans and financing	262.0	177,1	184.9
Debentures	8.6	27.9	20.5
Leasing payable	95.5	123.4	131.7
Suppliers	32.4	42.2	57.2
Salaries and charges payable	74.0	75.8	91.6
Taxes payable	26.6	32.2	27.4
Accounts payable and advances from customers	**61.7**	**114.5**	**95.1**
Related parties	0.7	0.8	0.8
Income tax and Social Contribution payable	5.3	13.7	22.5
Current liabilities - total	567.0	607.5	631.8
Discontinued Operations Liabilities	-	-	-
Noncurrent liabilities			
Loans and financing	662.0	800.7	971.7
Debentures	111.7	342.6	337.0
Leasing payable	64.8	177.3	185.6
Taxes payable	45.3	42.1	48.7
Provision for contingencies	-	-	-
Provision for litigation and administrative demands	25.6	35.0	36.7
Deferred Income tax and Social Contribution	176.5	190.8	130.9
Accounts payable and advances from customers	16.9	19.7	19.8
Noncurrent liabilities - total	***1,102.8***	**1,608.3**	**1,730.4**
Shareholders' equity	-	-	-
Capital stock	603.5	600.9	600.9
Tresuary Shares	-	(20.5)	(21.6)
Equity Appraisal	122.7	96.8	78.2
Reserves	***27.3***	**130.4**	**158.2**
	753.5	**807.7**	**815.7**
Non-controlling interest	**-**	0.1	0.1
	753.5	**807.8**	**815.7**
Total Liabilities and Shareholders' Equity	**2,423.3**	**3,023.5**	**3,178.0**

III. Cash Flow

Cash Flow Statement R$ million	2Q10	1Q11	2Q11	Chg. 2Q11x2Q10	Chg. 2Q11x1Q11	1H10	1H11	Chg. 1H11X1H10
From operating activities								
Net Income	6.7	15.3	9.1	35.0%	-40.7%	8.9	24.4	172.5%
Adjustments for conciliating profit with cash generated by operating activities	**87.2**	**127.1**	**168.8**	**93.7%**	**32.8%**	**164.2**	**296.0**	**80.3%**
Depreciation/amortization	19.1	33.5	49.3	157.5%	47.3%	37.4	82.7	121.1%
Cost of sale of assets used in service rendering - property, plant and equipment	28.5	60.8	78.2	174.4%	28.7%	51.9	139.0	167.9%
(Recording)/reversal of deferred Income Tax and Social Contribution	6.6	(6.9)	(4.4)	-165.8%	-36.4%	11.0	(11.2)	-201.9%
Provision/reversal for litigation and administrative demands	2.5	1.7	1.7	-32.4%	-2.9%	4.0	3.4	-13.6%
Provision for doubtful accounts	0.9	0.4	(2.6)	-400.2%	-784.7%	0.9	(2.3)	-340.5%
Non-controlling interest	0.0	0.0	0.0	-25.0%	-25.0%	0.0	0.0	-12.5%
Provisioned interest	29.5	37.6	46.6	58.1%	23.9%	58.9	84.2	43.0%
Changes in Current and Noncurrent Assets and Liabilities	**(72.6)**	**(124.6)**	**(28.1)**	**-61.3%**	**-77.5%**	**(61.9)**	**(152.7)**	**146.8%**
Decrease (Increase) in Assets								
Securities	(0.6)	0.5	0.5	-188.5%	1.6%	(2.2)	1.0	-145.5%
Accounts receivable	(14.4)	(23.0)	(28.7)	99.3%	25.1%	(26.0)	(51.7)	98.5%
Inventory	(3.2)	(22.0)	18.6	-688.8%	-184.5%	(2.9)	(3.4)	17.1%
Recoverable taxes	(3.6)	(1.6)	(27.1)	659.8%	1591.8%	(7.8)	(28.7)	266.4%
Related parties	0.0	(0.0)	(0.0)	-102.4%	-96.0%	59.3	(0.0)	-100.0%
Deposit in court	(1.4)	(9.9)	(5.6)	314.5%	-43.6%	(1.4)	(15.5)	1003.5%
Other credits	39.4	(22.5)	13.4	-66.0%	-159.5%	17.6	(9.1)	-151.6%
Forward Expenses	18.1	(11.8)	2.5	-86.0%	-121.6%	(8.4)	(9.3)	10.6%
(Decrease) Increase in Liabilities								
Suppliers	(20.1)	(12.2)	15.0	-174.7%	-222.8%	(18.3)	2.8	-115.2%
Tax and labor liabilities	14.9	0.9	17.7	18.4%	1781.2%	22.3	18.6	-16.6%
Accounts payable	(73.0)	19.1	2.8	-103.8%	-85.5%	(38.5)	21.9	-156.8%
Related parties	(2.1)	0.0	0.0	-100.0%	-95.2%	(0.1)	0.0	-139.3%
Tax provisions	3.1	1.0	8.9	184.9%	818.7%	3.4	9.8	189.1%
Paid interest	(30.1)	(43.1)	(46.0)	53.0%	6.6%	(58.9)	(89.1)	51.3%
Net cash generated in operating activities	**21.3**	**17.8**	**149.8**	**604.9%**	**742.1%**	**111.2**	**167.6**	**50.7%**
Cash flow from investment activities								
Fixed asset	(6.5)	(18.3)	(24.1)	268.9%	31.7%	(13.3)	(42.5)	219.4%
Intangible asset	(0.0)	0.3	(2.9)	10477.8%	-1202.7%	(0.1)	(2.6)	3957.8%
Net cash generated (used) in investment activities	**(6.6)**	**(18.1)**	**(27.0)**	**310.8%**	**49.4%**	**(13.4)**	**(45.1)**	**237.3%**
Cash flow from financing activities								
Increase of capital	457.4	(0.4)	-	n.a.	n.a.	457.4	(0.4)	-100.1%
Tresuary Shares	-	(20.5)	(1.1)	n.a.	-94.8%	-	(21.6)	n.a.
Dividends paid	(30.8)	-	(22.1)	-28.3%	n.a.	(105.4)	(22.1)	-79.0%
Reduction in loans and financing, net	(236.3)	(76.5)	(66.4)	-71.9%	-13.2%	(204.7)	(142.9)	-30.2%
Net cash generated (used) in financing activities	**190.3**	**(97.5)**	**(89.6)**	**-147.1%**	**-8.1%**	**147.3**	**(187.0)**	**-227.0%**
Net increase (reduction) in cash and cash equivalents	**205.0**	**(97.8)**	**33.3**	**-83.8%**	**-134.0%**	**245.2**	**(64.5)**	**-126.3%**
Cash and cash equivalents (including securities)								
Begining of the period	151.1	476.2	378.5	150.5%	-20.5%	110.9	476.2	329.4%
End of the period	356.1	378.5	411.7	15.6%	8.8%	356.1	411.7	15.6%
Net increase (reduction) in cash and cash equivalents	**205.0**	**(97.8)**	**33.3**	**-83.8%**	**-134.0%**	**245.2**	**(64.5)**	**-126.3%**