

Interim Financial Information

March 31, 2014

Localiza Rent a Car S.A.

CNPJ/MF: 16.670.085/0001-55

Localiza

(A free translation of the original in Portuguese)

Localiza Rent a Car S.A.

Interim financial information (ITR) at March 31, 2014 and report on review of interim financial information

(A free translation of the original in Portuguese)

Report on review of interim financial information

To the Board of Directors and Shareholders
Localiza Rent a Car S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim financial information of Localiza Rent a Car S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2014, comprising the balance sheet as of that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of the review

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

Localiza Rent a Car S.A.

Conclusion on the parent company interim information

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

Conclusion on the consolidated interim information

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

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim financial information taken as a whole.

Belo Horizonte, April 15, 2014

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

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1 "S" MG

Localiza Rent a Car S.A.

(A free translation of the original in Portuguese)

Contents

Company information
Capital structure 1
Cash dividends 2
Individual financial information
Balance sheet - assets 3
Balance sheet - liabilities and equity 4
Statement of income 5
Statement of comprehensive income 6
Statement of cash flows - indirect method 7
Statement of changes in equity
1/1/2014 to 3/31/2014 8
1/1/2013 to 3/31/2013 9
Statement of value added 10
Consolidated financial information
Balance sheet - assets 11
Balance sheet - liabilities and equity 12
Statement of income 13
Statement of comprehensive income 14
Statement of cash flows - indirect method 15
Statement of changes in equity
1/1/2014 to 3/31/2014 16
1/1/2013 to 3/31/2013 17
Statement of value added 18
Comments on company performance 19
Notes to the interim financial information 22
Comments on the behavior of business projections 53
Other information considered relevant by the Company 54

Company information / capital structure

Number of shares (In thousand)	Current quarter 3/31/2014
Paid-up capital	
Common shares	211,793
Preferred shares	0
Total	211,793
Treasury shares	
Common shares	3,519
Preferred shares	0
Total	211,793

Company information/cash dividends

Event	Approval	Description	Initial date of payment	Type of share	Class of share	Earnings per share (Real/share)
Board of Directors' Meeting	3/19/2014	Interest on capital	5/14/2014	Common		0.06690
Board of Directors' Meeting	12/18/2013	Interest on capital	2/10/2013	Common		0.08077

(A free translation of the original in Portuguese)

Individual financial statements / balance sheet - assets

(In thousand of Brazilian Real)

Code	Description	Current period 3/31/2014	Prior period 12/31/2013
1	Total assets	4,143,959	4,123,317
1.01	Current assets	1,067,876	1,054,049
1.01.01	Cash and cash equivalents	612,321	621,518
1.01.03	Accounts receivable	334,838	333,231
1.01.03.01	Trade receivables	334,838	333,231
1.01.06	Recoverable taxes	4,118	6,372
1.01.06.01	Current recoverable taxes	4,118	6,372
1.01.07	Prepaid expenses	18,977	244
1.01.08	Other current assets	97,622	92,684
1.01.08.01	Non-current assets for sale	2,608	119
1.01.08.03	Other	95,014	92,565
1.01.08.03.01	Dividends receivable	54,496	54,496
1.01.08.03.02	Other	40,518	38,069
1.02	Non-current assets	3,076,083	3,069,268
1.02.01	Long-term assets	55,271	52,695
1.02.01.06	Deferred taxes	30,456	28,033
1.02.01.06.01	Deferred income tax and social contribution	30,456	28,033
1.02.01.08	Receivables from related parties	502	487
1.02.01.08.02	Receivables from subsidiaries	502	487
1.02.01.09	Other non-current assets	24,313	24,175
1.02.01.09.03	Escrow deposits	24,230	24,092
1.02.01.09.04	Other	83	83
1.02.02	Investments	1,113,485	948,849
1.02.02.01	Equity interests	1,113,485	948,849
1.02.02.01.02	Interests in subsidiaries	1,113,485	948,849
1.02.03	Property and equipment	1,861,877	2,023,369
1.02.03.01	Property and equipment in service	1,853,539	2,013,663
1.02.03.02	Property and equipment leased	7,266	7,663
1.02.03.03	Property and equipment in progress	1,072	2,043
1.02.04	Intangible assets	45,450	44,355
1.02.04.01	Intangible assets	45,450	44,355
1.02.04.01.02	Software	45,450	44,355

(A free translation of the original in Portuguese)

Individual financial statements / balance sheet - liabilities and equity

(In thousand of Brazilian Real)

Code	Description	Current period 3/31/2014	Prior period 12/31/2013
2	Total liabilities and equity	4,143,959	4,123,317
2.01	Current liabilities	662,723	749,233
2.01.01	Social and labor obligations	66,105	53,559
2.01.01.01	Social obligations	7,134	6,779
2.01.01.02	Labor obligations	58,971	46,780
2.01.02	Trade payables	286,153	386,954
2.01.02.01	Domestic trade payables	286,153	386,954
2.01.03	Tax obligations	29,049	26,389
2.01.03.01	Federal tax obligations	28,441	25,380
2.01.03.01.01	Income tax and social contribution payable	21,434	16,630
2.01.03.01.02	Other federal taxes	7,007	8,750
2.01.03.03	Municipal tax obligations	608	1,009
2.01.04	Loans and financing	192,520	172,514
2.01.04.01	Loans and financing	58,488	54,502
2.01.04.01.01	In local currency	57,132	53,112
2.01.04.01.02	In foreign currency	1,356	1,390
2.01.04.02	Debentures	132,108	116,149
2.01.04.03	Finance leases	1,924	1,863
2.01.05	Other obligations	88,896	109,817
2.01.05.01	Payables to related parties	3,543	772
2.01.05.01.02	Payables to subsidiaries	3,543	772
2.01.05.02	Other	85,353	109,045
2.01.05.02.01	Dividends and interest on capital payable	50,486	53,076
2.01.05.02.04	Other current liabilities	34,867	55,969
2.02	Non-current liabilities	2,041,680	2,032,876
2.02.01	Loans and financing	1,931,496	1,924,357
2.02.01.01	Loans and financing	468,288	461,289
2.02.01.01.01	In local currency	93,324	93,083
2.02.01.01.02	In foreign currency	374,964	368,206
2.02.01.02	Debentures	1,462,085	1,461,681
2.02.01.03	Finance leases	1,123	1,387
2.02.02	Other obligations	10,373	10,171
2.02.02.02	Other	10,373	10,171
2.02.02.02.03	Other non-current liabilities	10,373	10,171
2.02.03	Deferred taxes	57,590	58,655
2.02.03.01	Deferred income tax and social contribution	57,590	58,655
2.02.04	Provisions	42,163	39,611
2.02.04.01	Tax, social security, labor and civil provisions	42,163	39,611
2.02.04.01.01	Tax provisions	3,526	3,526
2.02.04.01.02	Social security and labor provisions	31,135	28,146
2.02.04.01.04	Civil provisions	7,502	7,939
2.02.06	Deferred revenues	58	82
2.02.06.02	Deferred revenues	58	82
2.03	Equity	1,439,556	1,341,208
2.03.01	Share capital	976,708	976,708
2.03.02	Capital reserves	36,655	30,180
2.03.02.01	Share premium	82,089	77,636
2.03.02.04	Options granted	14,979	15,428
2.03.02.05	Treasury shares	-60,413	-62,884
2.03.04	Revenue reserves	334,320	334,320
2.03.04.01	Legal reserve	59,508	59,508
2.03.04.02	Statutory reserve	274,812	274,812
2.03.05	Retained earnings	91,873	0

Individual financial statements / statement of income

(In thousand of Brazilian Real, unless otherwise indicated)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
3.01	Revenue from sale of goods and/or services	700,975	571,377
3.02	Cost of goods and/or services sold	-517,717	-421,934
3.03	Gross profit	183,258	149,443
3.04	Operating income/expenses	-21,598	-25,368
3.04.01	Sales expenses	-57,453	-52,504
3.04.02	General and administrative expenses	-20,954	-21,641
3.04.05	Other operating expenses	-176	-65
3.04.06	Equity in results of investees	56,985	48,842
3.05	Result from operations before finance result and taxes	161,660	124,075
3.06	Finance result	-37,527	-21,402
3.06.01	Financial income	19,834	11,821
3.06.02	Financial costs	-57,361	-33,223
3.07	Profit before taxes on income	124,133	102,673
3.08	Income tax and social contribution	-18,326	-13,860
3.08.01	Current	-21,814	-7,457
3.08.02	Deferred	3,488	-6,403
3.09	Net income from continuing operations	105,807	88,813
3.11	Net income for the period	105,807	88,813
3.99	Earnings per share - (Real /share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.50857	0.44735
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.50680	0.44517

Individual financial statements / statement of comprehensive income

(In thousand of Brazilian Real, unless otherwise stated)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
4.01	Profit for the period	105,807	88,813
4.03	Comprehensive income for the period	105,807	88,813

Individual financial statements / statement of cash flows - indirect method

(In thousand of Brazilian Real)

Code	Description	Accumulated - current period 1/1/2014 to 3/31/2014	Accumulated - prior period 1/1/2013 to 3/31/2013
6.01	Net cash provided by operating activities	114,833	15,857
6.01.01	Cash flows provided by operating activities	443,242	347,848
6.01.01.01	Net income	105,807	88,813
6.01.01.02	Depreciation and amortization	29,046	26,890
6.01.01.03	Residual value of property and equipment disposals	363,613	268,172
6.01.01.04	Deferred income tax and social contribution	-3,488	6,403
6.01.01.05	Equity in results of investees	-56,985	-48,842
6.01.01.06	Other	5,249	6,412
6.01.02	Variation in assets and liabilities	-286,435	-324,146
6.01.02.01	Trade receivables	-2,334	-15,481
6.01.02.02	Acquisition of cars, net of changes in balances with car makers	-315,401	-322,647
6.01.02.03	Escrow deposits	-138	-872
6.01.02.04	Recoverable taxes	-2,011	-985
6.01.02.05	Other assets	-17,022	-20,658
6.01.02.06	Trade payables - other	-14,274	-1,547
6.01.02.07	Social and labor obligations	12,546	15,915
6.01.02.08	Taxes payable	21,814	7,458
6.01.02.09	Interest on loans, financing, debentures and other payables	56,568	32,033
6.01.02.10	Insurance premiums	-6,573	-4,080
6.01.02.11	Other liabilities	-19,610	-13,282
6.01.03	Other	-41,974	-7,845
6.01.03.01	Income tax and social contribution paid	-12,754	-5,444
6.01.03.02	Interest on loans, financing and debentures paid	-29,220	-2,401
6.02	Net cash used in investing activities	-112,028	-7,302
6.02.01	Payment of capital in subsidiaries	-109,078	0
6.02.03	Purchase of other property and equipment	-429	-5,221
6.02.04	Purchase of intangible assets	-2,521	-2,081
6.03	Net cash used in financing activities	-12,002	-8,936
6.03.01	Loans and financing - proceeds	109	600
6.03.02	Loans and financing - repayments	-439	-699
6.03.03	Debentures - proceeds	127	0
6.03.06	Interest on capital	-16,803	-15,852
6.03.08	Exercise of share options with treasury shares	5,004	7,015
6.05	Decrease in cash and cash equivalents	-9,197	-381
6.05.01	Cash and cash equivalents at the beginning of the period	621,518	713,017
6.05.02	Cash and cash equivalents at the end of the period	612,321	712,636

Individual financial statements / statement of changes in equity - 1/1/2014 to 3/31/2014

(In thousand of Brazilian Real)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	976,708	30,180	334,320	0	0	1,341,208
5.03	Adjusted opening balances	976,708	30,180	334,320	0	0	1,341,208
5.04	Capital transactions with shareholders	0	6,475	0	-13,934	0	-7,459
5.04.03	Options granted recognized	0	1,471	0	0	0	1,471
5.04.05	Treasury shares sold	0	5,004	0	0	0	5,004
5.04.07	Interest on capital	0	0	0	-13,934	0	-13,934
5.05	Total comprehensive income	0	0	0	105,807	0	105,807
5.05.01	Net income	0	0	0	105,807	0	105,807
5.07	Closing balances	976,708	36,655	334,320	91,873	0	1,439,556

Individual financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013

(In thousand of Brazilian Real)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	601,708	48,067	674,978	0	0	1,324,753
5.03	Adjusted opening balances	601,708	48,067	674,978	0	0	1,324,753
5.04	Capital transactions with shareholders	0	8,653	0	-14,567	0	-5,914
5.04.03	Options granted recognized	0	1,638	0	0	0	1,638
5.04.05	Treasury shares sold	0	7,015	0	0	0	7,015
5.04.07	Interest on capital	0	0	0	-14,567	0	-14,567
5.05	Total comprehensive income	0	0	0	88,813	0	88,813
5.05.01	Net income	0	0	0	88,813	0	88,813
5.07	Closing balances	601,708	56,720	674,978	74,246	0	1,407,652

Individual financial statements / statement of value added

(In thousand of Brazilian Real)

Code	Description	Accumulated - current period 1/1/2014 to 3/31/2014	Accumulated - prior period 1/1/2013 to 3/31/2013
7.01	Revenue	715,973	583,035
7.01.01	Sale of goods and services	716,520	580,911
7.01.03	Revenues related to the construction of own assets	180	2,760
7.01.04	Recognition/Reversal of allowance for doubtful accounts	-727	-636
7.02	Inputs acquired from third parties	-439,248	-350,723
7.02.01	Cost of products, goods and services sold	-412,534	-324,232
7.02.02	Materials, energy, third-party services and other	-26,714	-26,491
7.03	Gross value added	276,725	232,312
7.04	Retentions	-29,046	-26,890
7.04.01	Depreciation, amortization and depletion	-29,046	-26,890
7.05	Net value added	247,679	205,422
7.06	Value added received through transfer	76,819	60,663
7.06.01	Equity in investees	56,985	48,842
7.06.02	Financial income	19,834	11,821
7.07	Total net value added for distribution	324,498	266,085
7.08	Distribution of value added	324,498	266,085
7.08.01	Personnel	70,434	65,332
7.08.01.01	Salaries and wages	56,058	50,225
7.08.01.02	Benefits	9,032	10,188
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	3,873	3,281
7.08.01.04	Other	1,471	1,638
7.08.02	Taxes, charges and contributions	59,484	49,883
7.08.02.01	Federal	45,125	34,026
7.08.02.02	State	12,738	13,877
7.08.02.03	Municipal	1,621	1,980
7.08.03	Remuneration of third parties' capital	88,773	62,057
7.08.03.01	Interest	57,361	33,223
7.08.03.02	Rentals	31,412	28,834
7.08.04	Remuneration of own capital	105,807	88,813
7.08.04.01	Interest on capital	13,934	14,567
7.08.04.03	Retained earnings	91,873	74,246

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - assets

(In thousand of Brazilian Real)

Code	Description	Current period 3/31/2014	Prior period 12/31/2013
1	Total assets	4,620,516	4,578,200
1.01	Current assets	1,705,577	1,493,420
1.01.01	Cash and cash equivalents	1,193,686	1,010,740
1.01.03	Accounts receivables	406,192	408,262
1.01.03.01	Trade receivables	406,192	408,262
1.01.06	Recoverable taxes	8,278	9,544
1.01.06.01	Current recoverable taxes	8,278	9,544
1.01.07	Prepaid expenses	28,220	244
1.01.08	Other current assets	69,201	64,630
1.01.08.01	Non-current assets for sale	14,762	16,520
1.01.08.03	Other	54,439	48,110
1.02	Non-current assets	2,914,939	3,084,780
1.02.01	Long-term assets	80,079	77,661
1.02.01.03	Accounts receivable	5,566	7,143
1.02.01.03.01	Trade receivables	5,566	7,143
1.02.01.06	Deferred taxes	35,813	32,359
1.02.01.06.01	Deferred income tax and social contribution	35,813	32,359
1.02.01.09	Other non-current assets	38,700	38,159
1.02.01.09.03	Escrow deposits	38,617	38,076
1.02.01.09.04	Other	83	83
1.02.03	Property and equipment	2,774,002	2,947,474
1.02.03.01	Property and equipment in service	2,512,267	2,722,060
1.02.03.02	Property and equipment leased	260,663	223,131
1.02.03.03	Property and equipment in progress	1,072	2,283
1.02.04	Intangible assets	60,858	59,645
1.02.04.01	Intangible assets	60,858	59,645
1.02.04.01.02	Goodwill on acquisition of investments	12,354	12,354
1.02.04.01.03	Software	48,504	47,291

Consolidated financial statements / balance sheet - liabilities and equity

(In thousand of Brazilian Real)

Code	Description	Current period 3/31/2014	Prior period 12/31/2013
2	Total liabilities and equity	4,620,516	4,578,200
2.01	Current liabilities	891,648	976,658
2.01.01	Social and labor obligations	89,181	73,904
2.01.01.01	Social obligations	9,685	9,400
2.01.01.02	Labor obligations	79,496	64,504
2.01.02	Trade payables	342,014	460,482
2.01.02.01	Domestic trade payables	342,014	460,482
2.01.03	Tax obligations	55,398	48,761
2.01.03.01	Federal tax obligations	53,786	46,882
2.01.03.01.01	Income tax and social contribution payable	43,040	35,238
2.01.03.01.02	Other federal taxes	10,746	11,644
2.01.03.03	Municipal tax obligations	1,612	1,879
2.01.04	Loans and financing	309,774	275,394
2.01.04.01	Loans and financing	72,628	65,665
2.01.04.01.01	In local currency	71,272	64,275
2.01.04.01.02	In foreign currency	1,356	1,390
2.01.04.02	Debentures	132,108	116,149
2.01.04.03	Finance leases	105,038	93,580
2.01.05	Other obligations	95,281	118,117
2.01.05.02	Other	95,281	118,117
2.01.05.02.01	Dividends and interest on capital payable	50,486	53,076
2.01.05.02.04	Other current liabilities	44,795	65,041
2.02	Non-current liabilities	2,289,312	2,260,334
2.02.01	Loans and financing	2,091,777	2,068,145
2.02.01.01	Loans and financing	582,564	575,448
2.02.01.01.01	In local currency	207,600	207,242
2.02.01.01.02	In foreign currency	374,964	368,206
2.02.01.02	Debentures	1,462,085	1,461,681
2.02.01.03	Finance leases	47,128	31,016
2.02.02	Other obligations	14,109	14,115
2.02.02.02	Other	14,109	14,115
2.02.02.02.03	Other non-current liabilities	14,109	14,115
2.02.03	Deferred taxes	115,904	111,795
2.02.03.01	Deferred income tax and social contribution	115,904	111,795
2.02.04	Provisions	54,120	50,933
2.02.04.01	Tax, social security, labor and civil provisions	54,120	50,933
2.02.04.01.01	Tax provisions	5,770	5,675
2.02.04.01.02	Social security and labor provisions	38,613	34,742
2.02.04.01.04	Civil provisions	9,737	10,516
2.02.06	Deferred revenues	13,402	15,346
2.02.06.02	Deferred revenues	13,402	15,346
2.03	Equity	1,439,556	1,341,208
2.03.01	Share capital	976,708	976,708
2.03.02	Capital reserves	36,655	30,180
2.03.02.01	Share premium	82,089	77,636
2.03.02.04	Options granted	14,979	15,428
2.03.02.05	Treasury shares	-60,413	-62,884
2.03.04	Revenue reserves	334,320	334,320
2.03.04.01	Legal reserve	59,508	59,508
2.03.04.02	Statutory reserve	274,812	274,812
2.03.05	Retained earnings	91,873	0

Consolidated financial statements / statement of income

(In thousand of Brazilian Real, unless otherwise stated)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
3.01	Revenue from sale of goods and/or services	945,053	793,304
3.02	Cost of goods and/or services sold	-661,061	-551,633
3.03	Gross profit	283,992	241,671
3.04	Operating income (expenses)	-99,094	-93,590
3.04.01	Sales expenses	-72,964	-67,003
3.04.02	General and administrative expenses	-25,858	-26,435
3.04.05	Other operating expenses	-272	-152
3.05	Results from operations before finance result and taxes	184,898	148,081
3.06	Finance result	-34,306	-23,000
3.06.01	Financial income	30,111	14,200
3.06.02	Financial costs	-64,417	-37,200
3.07	Profit before taxes on income	150,592	125,081
3.08	Income tax and social contribution	-44,785	-36,268
3.08.01	Current	-44,130	-27,016
3.08.02	Deferred	-655	-9,252
3.09	Net income from continuing operations	105,807	88,813
3.11	Net income for the period	105,807	88,813
3.11.01	Attributable to the Company's owners	105,807	88,813
3.99	Earnings per share - (Real / share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.50857	0.44735
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.50680	0.44517

Consolidated financial statements / statement of comprehensive income

(In thousand of Brazilian Real, unless otherwise stated)

Code	Description	Accumulated - current year 1/1/2014 to 3/31/2014	Accumulated - prior year 1/1/2013 to 3/31/2013
4.01	Consolidated profit for the period	105,807	88,813
4.03	Consolidated comprehensive income for the period	105,807	88,813
4.03.01	Attributable to shareholders of the parent company	105,807	88,813

(A free translation of the original in Portuguese)

Consolidated financial statements / statement of cash flows - indirect method

(In thousand of Brazilian Real)

1 - Code	2 - Description	Accumulated - current period 1/1/2014 to 3/31/2014	Accumulated - prior period 1/1/2013 to 3/31/2013
6.01	Net cash provided by operating activities	176,253	85,160
6.01.01	Cash flows provided by operating activities	609,909	496,202
6.01.01.01	Net income	105,807	88,813
6.01.01.02	Depreciation and amortization	64,151	69,107
6.01.01.03	Residual value of property and equipment disposals	432,002	320,941
6.01.01.04	Deferred income tax and social contribution	655	9,252
6.01.01.05	Other	7,294	8,089
6.01.02	Variation in assets and liabilities	-368,354	-383,557
6.01.02.01	Trade receivables	1,512	-28,288
6.01.02.02	Acquisition of cars, net of changes in balances with car makers	-419,247	-398,217
6.01.02.03	Escrow deposits	-541	-1,227
6.01.02.04	Recoverable taxes	-5,898	-4,275
6.01.02.05	Other assets	-17,348	-32,252
6.01.02.06	Trade payables (except for car makers)	-16,334	3,528
6.01.02.07	Social and labor obligations	15,277	20,828
6.01.02.08	Taxes payable	44,128	27,016
6.01.02.09	Interest on loans, financing and debentures	63,320	35,364
6.01.02.10	Insurance premiums	-6,573	-4,080
6.01.02.11	Other liabilities	-26,650	-1,954
6.01.03	Other	-65,302	-27,485
6.01.03.01	Income tax and social contribution paid	-31,720	-23,042
6.01.03.02	Interest on loans, financing and debentures paid	-33,582	-4,443
6.02	Net cash used in investing activities	-9,782	-7,707
6.02.01	Purchases of other property and equipment	-6,997	-5,436
6.02.02	Purchases of intangible assets	-2,785	-2,271
6.03	Net cash provided by (used in) financing activities	16,475	-3,863
6.03.01	Loans and financing - proceeds	56,841	22,812
6.03.02	Loans and financing - repayments	-28,694	-17,838
6.03.03	Debentures - proceeds	127	0
6.03.06	Interest on capital	-16,803	-15,852
6.03.07	Exercise of share options with treasury shares, net	5,004	7,015
6.05	Increase in cash and cash equivalents	182,946	73,590
6.05.01	Cash and cash equivalents at the beginning of the period	1,010,740	823,866
6.05.02	Cash and cash equivalents at the end of the period	1,193,686	897,456

Consolidated financial statements / statement of changes in equity - 1/1/2014 to 3/31/2014

(In thousand of Brazilian Real)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	976,708	30,180	334,320	0	0	1,341,208	0	1,341,208
5.03	Adjusted opening balances	976,708	30,180	334,320	0	0	1,341,208	0	1,341,208
5.04	Capital transactions with shareholders	0	6,475	0	-13,934	0	-7,459	0	-7,459
5.04.03	Options granted	0	1,471	0	0	0	1,471	0	1,471
5.04.05	Treasury shares sold	0	5,004	0	0	0	5,004	0	5,004
5.04.07	Interest on capital	0	0	0	-13,934	0	-13,934	0	-13,934
5.05	Total comprehensive income	0	0	0	105,807	0	105,807	0	105,807
5.05.01	Net income	0	0	0	105,807	0	105,807	0	105,807
5.07	Closing balances	976,708	36,655	334,320	91,873	0	1,439,556	0	1,439,556

Consolidated financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013

(In thousand of Brazilian Real)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	601,708	48,067	674,978	0	0	1,324,753	0	1,324,753
5.03	Adjusted opening balances	601,708	48,067	674,978	0	0	1,324,753	0	1,324,753
5.04	Capital transactions with shareholders	0	8,653	0	-14,567	0	-5,914	0	-5,914
5.04.03	Options granted	0	1,638	0	0	0	1,638	0	1,638
5.04.05	Treasury shares sold	0	7,015	0	0	0	7,015	0	7,015
5.04.07	Interest on capital	0	0	0	-14,567	0	-14,567	0	-14,567
5.05	Total comprehensive income	0	0	0	88,813	0	88,813	0	88,813
5.05.01	Net income	0	0	0	88,813	0	88,813	0	88,813
5.07	Closing balances	601,708	56,720	674,978	74,246	0	1,407,652	0	1,407,652

Consolidated financial statements / statement of value added

(In thousand of Brazilian Real)

Code	Description	Accumulated - current period 1/1/2014 to 3/31/2014	Accumulated - prior period 1/1/2013 to 3/31/2013
7.01	Revenue	967,034	811,880
7.01.01	Sale of goods and services	968,993	810,239
7.01.03	Revenues related to the construction of own assets	176	2,760
7.01.04	Recognition/Reversal of allowance for doubtful accounts	-2,135	-1,119
7.02	Inputs acquired from third parties	-533,716	-427,423
7.02.01	Cost of products, goods and services sold	-505,163	-397,623
7.02.02	Materials, energy, third-party services and other	-28,553	-29,800
7.03	Gross value added	433,318	384,457
7.04	Retentions	-64,151	-69,107
7.04.01	Depreciation, amortization and depletion	-64,151	-69,107
7.05	Net value added	369,167	315,350
7.06	Value added received through transfer	30,111	14,200
7.06.02	Financial income	30,111	14,200
7.07	Total value added to be distributed	399,278	329,550
7.08	Distribution of value added	399,278	329,550
7.08.01	Personnel	91,798	85,455
7.08.01.01	Salaries and wages	74,091	66,791
7.08.01.02	Benefits	10,870	12,717
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	5,366	4,309
7.08.01.04	Other	1,471	1,638
7.08.02	Taxes, charges and contributions	105,392	88,961
7.08.02.01	Federal	82,669	66,562
7.08.02.02	State	19,992	19,547
7.08.02.03	Municipal	2,731	2,852
7.08.03	Remuneration of third parties' capital	96,281	66,321
7.08.03.01	Interest	64,417	37,200
7.08.03.02	Rentals	31,864	29,121
7.08.04	Remuneration of own capital	105,807	88,813
7.08.04.01	Interest on capital	13,934	14,567
7.08.04.03	Retained earnings	91,873	74,246

Comments on company performance

R$ million

1 - Car rental	1Q13	% of Net Revenue	1Q14	% of Net Revenue	Var. %
Net revenue	587.2	100.0%	716.6	100.0%	**22.0%**
Costs	(417.7)	-71.1%	(513.8)	-71.7%	**23.0%**
Operating expenses (SG&A):					
Selling	(58.3)	-9.9%	(62.1)	-8.7%	**6.5%**
General, administrative and other expenses	(22.0)	-3.7%	(21.9)	-3.1%	**-0.5%**
Earnings Before Interest and Taxes (EBIT)	**89.2**	15.2%	**118.8**	16.6%	**33.2%**

2 - Fleet management	1Q13	% of Net Revenue	1Q14	% of Net Revenue	Var. %
Net revenue	201.6	100.0%	223.6	100.0%	**10.9%**
Costs	(130.6)	-64.8%	(143.9)	-64.4%	**10.2%**
Operating expenses (SG&A):					
Selling	(9.3)	-4.6%	(11.5)	-5.1%	**23.7%**
General, administrative and other expenses	(5.3)	-2.6%	(5.2)	-2.3%	**-1.9%**
Earnings Before Interest and Taxes (EBIT)	**56.4**	28.0%	**63.0**	28.2%	**11.7%**

3 - Franchising	1Q13	% of Net Revenue	1Q14	% of Net Revenue	Var. %
Net revenue	4.5	100.0%	4.9	100.0%	**8.9%**
Costs	(2.0)	-44.4%	(1.8)	-36.7%	**-10.0%**
Operating expenses (SG&A):					
Selling	-	-	-	-	**-**
General, administrative and other expenses	-	-	-	-	**-**
Earnings Before Interest and Taxes (EBIT)	**2.5**	**55.6%**	**3.1**	**63.3%**	**24.0%**

4 - Consolidated	1Q13	% of Net Revenue	1Q14	% of Net Revenue	Var. %
Net revenue	793.3	100.0%	945.1	100.0%	**19.1%**
Costs (*)	(551.6)	-69.5%	(661.1)	-70.0%	**19.9%**
Operating expenses (SG&A) (*):					
Selling	(67.0)	-8.4%	(73.0)	-7.7%	**9.0%**
General, administrative and other expenses	(26.6)	-3.4%	(26.1)	-2.8%	**-1.9%**
EBIT (CR + FO + FR)	**148.1**	18.7%	**184.9**	19.6%	**24.8%**
Financial expenses, net	(23.0)	-2.9%	(34.3)	-3.6%	**49.1%**
Operating Income	**125.1**	15.8%	**150.6**	15.9%	**20.4%**
Income tax and social contribution	(36.3)	-4.6%	(44.8)	-4.7%	**23.4%**
Net income	**88.8**	11.2%	**105.8**	11.2%	**19.1%**

(*) The consolidated balance includes reclassifications of R$ 1.6 million between the captions of costs and operating expenses in 1Q14 and R$ 1.3 million in 1Q13.

Comments on company performance

Net revenue

The Company's consolidated net revenues in 1Q14 increased 19.1%, basically due to:

- Increase of 22.0% in the net revenue from the Car Rental Division (includes revenue from the sale of decommissioned cars for the fleet renewal), reflecting the growth of 9.9% in revenues from car rentals, due to: (i) increase of 10.1% in the volume of daily car rentals and 1.3% in the average daily rate when compared with the 1Q13. Revenues from sales of decommissioned cars for the renewal of the fleet of this division increased 33.3% due to the increase of 33.3% in the number of cars sold.

- Increase of 10.9% in the net revenue from fleet rental (includes revenue from the sale of decommissioned cars for the fleet renewal) due to the increase of 5.7% in the daily average rental rate, offset by the decrease of 4.3% in the daily rental volume. Revenues from sales of decommissioned cars for the renewal of the fleet of this division increased 34.6% due to the increase of 42.8% in the amount of cars sold and decrease of 5.7% in the average price of the cars sold.

Revenues from franchising increased 8.9%, or R$ 0.4 million.

Costs

Consolidated costs increased 19.9%, basically due to: (i) increase of 34.9% in the costs of cars sold due to the increase of 34.9% in the amount of decommissioned cars for the renewal of the fleet; (ii) 4.9% in the costs of salaries, social charges and profit-sharing; and (iii) 13.6% in the Real estate rental costs, affected by the inflation and market. This increase was partially offset by the decrease of 4.7% in the car maintenance cost and 8.9% in the depreciation of cars of the fleet.

As a percentage of consolidated net revenues, consolidated costs remained almost unchanged, at around 70.0% in the two quarters under analysis.

Operating expenses

The consolidated operating expenses increased 5.9% in 1Q14. This increase was mainly caused by the growth in Real estate rental expenses, salaries, charges and third-party services, mainly due to inflation. As a percentage of net revenues, operating expenses decreased 1.3 p.p., from 11.8% in 1Q13 to 10.5% in 1Q14. The Company has been adopting the policy not to increase the car rental rate in order to consolidate the market and increase car rental penetration, mainly in the market of individuals, transferring part of the gains of scale to the rental price.

Comments on company performance

Finance costs, net

Net finance costs increased 49.1% in 1Q14 basically due to the increase of the average interest basic rate SELIC, which increased from 7.25% in 1Q13 to 10.75% in 1Q14, partially offset by the finance income of R$ 1.5 million referring to the prepayment of balances payable to suppliers in the quarter when compared with the same quarter of the previous year.

Income tax and social contribution

The income tax and social contribution expenses increased 23.4% in 1Q14 and R$ 8.5 million due to the increase in the profit generated in the period. The effective income tax and social contribution rate did not present significant variation, increasing 0.7% in 1Q14 in relation to 1Q13.

LOCALIZA RENT A CAR S.A. AND SUBSIDIARIES

Notes to the interim financial information
for the period ended March 31, 2014
All amounts in thousand of Reais unless otherwise stated

1. OPERATION

Localiza Rent a Car S.A. ("Localiza"), headquartered at Avenida Bernardo Monteiro, 1.563, Belo Horizonte, Minas Gerais State, has, since May 2005, been a Brazilian publicly-held company listed on the BM&FBovespa (Sao Paulo Securities, Commodities and Futures Exchange) Novo Mercado, which characterizes the highest Corporate Governance level in the Brazilian capital market. Localiza's shares are traded under the ticker symbol RENT3.

The main activities of Localiza and its subsidiaries ("Company") comprise car rental, fleet rental and franchising. As part of its fleet renewal program, Localiza and its subsidiary Localiza Fleet S.A. ("Localiza Fleet") sell their decommissioned cars for the renewal of the rental fleet.

On March 31, 2014, the Localiza System, including franchisees in Brazil and abroad, were comprised of 540 car rental branches, of which: i) 477 branches in 342 cities in Brazil, being 301 operated by Localiza and the remaining by franchisees, and ii) 63 branches in 37 cities in 8 South American countries, all operated by franchisees.

The fleet of the Localiza System was comprised of 109,926 cars, on March 31, 2014, being: i) 96,651 belonging to the Company, including 32,009 of the Fleet Rental Division; ii) 9,882 belonging to franchisees in Brazil; and iii) 3,393 belonging to franchisees abroad. After being used in rental activities, cars are sold in order to generate cash for fleet renewal. Decommissioned cars are substantially sold to final consumers through 74 sales points, located in 44 cities throughout Brazil, thereby avoiding intermediation costs.

Localiza's direct and indirect subsidiaries are summarized in Note 7(a).

2. BASIS OF PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial information includes:

- The individual interim financial information prepared and presented in accordance with the Accounting Standard CPC 21 (R1) - Interim Financial Reporting and the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), identified as "Parent company - BR GAAP "; and

- The consolidated interim financial information prepared and presented in accordance with the Accounting Standard CPC 21 (R1) - Interim Financial Reporting and the International Accounting Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and consistent with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), identified as "Consolidated - IFRS and BR GAAP".

The accounting practices adopted in Brazil include those established in the Corporate Law as well as the new Technical Pronouncements, Instructions, and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM).

The individual interim financial information discloses investments in subsidiaries under the equity method of accounting, in accordance with prevailing Brazilian legislation. The accounting practices adopted in Brazil applied to the individual interim financial information differ from IFRS applicable to the interim financial information only with respect to the measurement of investments in subsidiaries under the equity method, whereas, for IFRS purposes, these investments would be measured at cost or fair value.

The Company did not have other comprehensive income in current and prior quarters.

The other information on the basis of preparation and presentation of the interim financial information and the summary of significant accounting policies is the same as that disclosed in Note 2 to the annual financial statements for the year ended December 31, 2013 (hereinafter referred to as "Financial Statements for the year ended December 31, 2013"), published on March 21, 2014 in the newspapers "Diário Oficial de Minas Gerais" (Minas Gerais Official Gazette), "Diário do Comércio Minas Gerais", "Valor Econômico" (condensed form), and available through the following websites: www.cvm.gov.br, www.bmfbovespa.com.br e www.localiza.com/ri.

3. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting standards and Interpretations that were in effect on December 31, 2013, as disclosed in Note 3 to the financial statements for December 31, 2013, were not significantly different from those in effect for this financial information.

The accounting standards and Interpretations that became effective as from January 1, 2014, as disclosed in Note 3 to the financial statements of December 31, 2013, do not significantly affect the Company and subsidiaries.

4. CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Cash and banks	3,933	7,511	20,274	22,307
Bank Deposit Certificates (CDB)	204,469	164,957	302,181	240,479
Financial investments with guarantee of repurchase	403,919	449,050	871,231	747,954
Total	**612,321**	**621,518**	**1,193,686**	**1,010,740**

As of March 31, 2014, investments in Bank Deposit Certificates (CDB) and financial investments yield 101.8% of the CDI (101.9% as of December 31, 2013) and have immediate liquidity (repurchase guarantee).

5. TRADE RECEIVABLES

The breakdown of trade accounts receivable is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Car rentals	265,304	259,732	260,614	258,720
Fleet management	-	-	56,700	53,938
Sale of decommissioned cars	81,790	85,123	103,674	107,538
Franchising	1,469	1,374	12,653	14,957
	348,563	**346,229**	**433,641**	**435,153**
Provision for impairment of trade receivables	(13,725)	(12,998)	(21,883)	(19,748)
Total	**334,838**	**333,231**	**411,758**	**415,405**
Current	**334,838**	**333,231**	**406,192**	**408,262**
Non-current	**-**	**-**	**5,566**	**7,143**

The other information on trade receivables (parent company and consolidated) was not significantly altered compared with that disclosed in Note 5 to the financial statements for the year ended December 31, 2013.

6. OTHER CURRENT AND NON-CURRENT ASSETS

The composition of other current and non-current assets is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Balances stated separately in current assets				
Prepayments (*)	18,977	244	28,220	244
Recoverable taxes	4,118	6,372	8,278	9,544
	23,095	6,616	36,498	9,788
Other current assets:				
Amounts receivable from insurance company (**)	31,246	29,819	44,474	42,915
Other receivables - subsidiaries (Note 7(b))	1,467	4,933	-	-
Other	7,805	3,317	9,965	5,195
	40,518	38,069	54,439	48,110
Total in current assets	63,613	44,685	90,937	57,898
Balances stated separately in non-current assets:				
Other receivables - subsidiaries (Note 7(b))	502	487	-	-
Other non-current assets	83	83	83	83
	585	570	83	83
Total in current and non-current assets	**64,198**	**45,255**	**91,020**	**57,981**

(*) Basically refers to prepaid expenses with the renewal of the Car Tax (IPVA), which are amortized based on the useful life of the vehicles.
(**) Expenses incurred on claims, cost of stolen cars and amounts receivable from the insurance company due to insurance intermediation services (Note 2.7.11 to the financial statements for the year ended December 31, 2013).

7. INVESTMENTS AND RELATED-PARTY TRANSACTIONS

(a) Information on subsidiaries

The businesses of car rental, fleet rental and franchises in Brazil and abroad are conducted by Localiza or one of its subsidiaries.

The operations of the main subsidiaries are as follows:

Localiza Fleet S.A.: privately-held corporation engaged in the fleet outsourcing business.

Localiza Franchising *Brasil S.A.*: privately-held corporation operating in the franchise business of "Localiza" brand in Brazil.

Localiza Serviços Prime S.A. ("Prime"): privately-owned corporation operating in the intermediation of sales of decommissioned cars, previously used by Localiza and Localiza Fleet and its corporate purpose are: (i) intermediation business and services in general; (ii) preparation of projects, technical support, consultancy and development of systems; (iii) outsourced labor; and (iv) rendering of services and negotiation with repair shops and other suppliers, regulation of claims, approval of budgets and services carried out, management of information and claims evidencing documents.

Rental Brasil Administração e Participação S.A.: privately-held corporation, whose corporate purpose is the management and participation as quota or shareholder in other companies.

The other subsidiaries of the Company, Localiza Car Rental S.A., Localiza JF Aluguel de Carros Ltda., Rental International LLC, Car Assistance Serviços de Administração de Sinistros S.A., Localiza Franchising International SRL and FR Assistance Serviços de Administração de Sinistros S.A. are wholly-owned subsidiaries and limited liability corporations.

The meeting of the Board of Directors held on March 19, 2014 approved the merger of the companies Localiza Car Rental S.A. and Localiza JF Aluguel de Carros Ltda., wholly-owned subsidiaries of the Company, justified by the fact of meeting the strategic guidelines of Localiza for the administrative and financial simplification and streamlining, as well as developing directly all the car rental activities in one sole company. These mergers depend on the approval of the shareholders, and will be evaluated at a Shareholders' Extraordinary General Meeting, which will be held on April 29, 2014.

LOCALIZA RENT A CAR S.A. AND SUBSIDIARIES

Notes to the interim financial information
for the period ended March 31, 2014
All amounts in thousand of Reais unless otherwise stated

The Company's participation in the capital, equity and results of direct and indirect subsidiaries was as follows:

			Participation					
	Number of shares		Capital (%)		In shareholders'		In results	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	1Q14	1Q13
Direct subsidiaries:								
Localiza Fleet	103,280,354	103,280,354	100.0	100.0	839,114	793,564	45,550	40,242
Rental Brasil	15,000,000	15,000,000	100.0	100.0	150,000	40,922	-	-
Localiza Serviços Prime	15,000	15,000	100.0	100.0	92,230	89,742	2,488	(493)
Localiza Car Rental	1,339,961	1,339,961	100.0	100.0	5,976	4,165	1,811	1,749
Localiza JF	4,709,202	4,709,202	100.0	100.0	4,607	4,711	(104)	-
Localiza Franchising Brasil	399,069	399,069	100.0	100.0	4,274	604	3,670	3,209
Car Assistance	200,000	200,000	100.0	100.0	3,842	240	3,602	4,196
LFI SRL	23,750	23,750	95.0	95.0	51	68	(17)	(5)
Rental International (*)	1,000	1,000	100.0	100.0	-	-	(15)	(56)
					1,100,094	**934,016**	**56,985**	**48,842**
Goodwill and surplus in the acquisition of investments:								
Appreciation of property and equipment items					1,037	2,479	-	-
Goodwill					12,354	12,354	-	-
Total					**1,113,485**	**948,849**	**56,985**	**48,842**
Indirect subsidiary:								
FR Assistance	150,000	150,000	100.0	100.0	150	150	-	-
Indirect holding:								
LFI SRL	1,250	1,250	5.0	5.0	4	4	-	-

(*) In 1Q14, Localiza recognized in its liabilities a provision for deficiency in net assets related to the subsidiary Rental International.

The changes in investments in subsidiaries, including goodwill, were as follows:

On December 31, 2013	**948,849**
Capital contribution in subsidiary (*)	109,078
Appreciation of property and equipment items	(1,442)
Equity in the results of investees	56,985
Provision for negative equity (**)	15
On March 31, 2014	**1,113,485**

(*) On March 7, 2014, a capital increase of R$ 109,078 was paid up in kind, to the wholly-owned subsidiary Rental Brasil Administração e Participação S.A., as approved at the meeting of the Board of Directors on August 24, 2012. The amount of R$ 40,922 had been previously paid up, in assets and kind, totaling the share capital of R$ 150,000.
(**) Rental International.

A summary of the financial information of the main groups of the balance sheet and income statement of the direct and indirect subsidiaries is as follows:

LOCALIZA RENT A CAR S.A. AND SUBSIDIARIES

Notes to the interim financial information for the period ended March 31, 2014

All amounts in thousand of Reais unless otherwise stated

(i) Balance sheets

3/31/2014	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza JF
Assets									
Current assets	435,010	23,816	116,109	11,223	15	8,961	115,357	91	3,172
Non-current assets									
Long-term receivables	14,990	2,220	2,522	12	-	-	-	-	-
Investment	4	-	-	-	-	-	-	-	-
Property and equipment	873,150	112	-	-	-	-	(*)34,982	-	2,844
Intangible assets	1,853	1,201	-	-	-	-	-	-	-
Total	**1,325,007**	**27,349**	**118,631**	**11,235**	**15**	**8,961**	**150,339**	**91**	**6,016**
Liabilities and equity									
Current liabilities	263,217	9,851	16,003	5,259	-	5,119	339	-	111
Non-current liabilities	222,676	13,224	10,398	-	502	-	-	36	1,298
Equity	839,114	4,274	92,230	5,976	(487)	3,842	150,000	55	4,607
Total	**1,325,007**	**27,349**	**118,631**	**11,235**	**15**	**8,961**	**150,339**	**91**	**6,016**

12/31/2013	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	Rental Brasil	LFI SRL	Localiza JF
Assets									
Current assets	351,831	22,193	110,209	15,301	15	5,357	12,709	116	538
Non-current assets									
Long-term receivables	13,718	2,123	2,453	16	-	-		-	-
Investment	4	-	-	-	-	-	-		
Property and equipment	884,046	124	-	-	-	-	(*)28,612	-	8,844
Intangible assets	1,764	1,172	-	-	-	-		-	-
Total	**1,251,363**	**25,612**	**112,662**	**15,317**	**15**	**5,357**	**41,321**	**116**	**9,382**
Liabilities and equity									
Current liabilities	256,347	10,346	12,888	11,152	-	5,117	399	-	3,402
Non-current liabilities	201,452	14,662	10,032	-	487	-	-	44	1,269
Equity	793,564	604	89,742	4,165	(472)	240	40,922	72	4,711
Total	**1,251,363**	**25,612**	**112,662**	**15,317**	**15**	**5,357**	**41,321**	**116**	**9,382**

(ii) Income Statements

1Q14	Localiza Fleet	Localiza Franchising Brazil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	LFI SRL	Localiza JF
Statement of income								
Net revenue	223,065	4,539	16,122	7,277	-	4,072	-	480
Gross result	79,253	3,885	14,495	2,667	-	3,986	-	(77)
Profit before income tax and social contribution	68,936	4,347	3,496	2,674	(15)	4,129	(17)	(104)
Profit (loss) for the period	**45,550**	**3,670**	**2,488**	**1,811**	**(15)**	**3,602**	**(17)**	**(104)**

1Q13	Localiza Fleet	Localiza Franchising Brasil	Localiza Serviços Prime	Localiza Car Rental	Rental International	Car Assistance	LFI SRL
Statement of income							
Net revenue	200,960	4,384	12,755	4,626	-	4,778	-
Gross result	70,829	3,552	10,839	2,316	-	4,692	-
Loss before income tax and social contribution	60,894	3,792	- 457	2,289	- 56	4,795	- 5
Profit (loss) for the period	**40,242**	**3,209**	**- 493**	**1,749**	**- 56**	**4,196**	**- 5**

(b) Balances and transactions with related parties

(i) Balances and transactions with subsidiaries

	Localiza Fleet		Other		Total	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Balances:						
Trade receivables	3,540	2,966	5,485	7,882	9,025	10,848
Dividends receivable from subsidiaries	43,912	43,912	10,584	10,584	54,496	54,496
Other receivables					-	
(current and non-current) (Note 6)	1,327	1,213	642	4,207	1,969	5,420
Net capital deficiency in subsidiaries (Note 13)	-	-	487	472	487	472
Payables to subsidiaries (Note 13)	-	-	3,056	300	3,056	300

	Localiza Fleet		Other		Total	
	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13
Transactions:						
Expenses and costs	-	-	(3,286)	-	(3,286)	-
Recovery of charges and expenses	4,375	2,401	1,019	1,260	5,394	3,661
Revenues from car rentals	4,270	3,379	2,986	1,953	7,256	5,332

As of March 31, 2014, there were collateral signatures related to guarantees for loans and financing, amounting to R$ 665,419 (R$ 651,322 on December 31, 2013), between Localiza and Localiza Fleet. There were also collateral signatures between companies when bank guarantees and guarantee insurances were contracted for lawsuits totaling R$ 13,294 (R$ 11,443 on December 31, 2013).

The Company optimizes cash through a centralized administration and the concept of sole cash funds.

Intercompany receivables and payables do not have defined maturity and settlement dates and depend on the companies' cash flows. Transactions are conducted based on conditions agreed upon between Localiza and its wholly-owned subsidiaries.

(ii) Transactions with other related parties

- Key management compensation

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13
Compensation of Board of Directors	2,516 (*)	897	2,516 (*)	897
Management and Executive Board:				
Fees and remuneration	1,252	3,203	1,654	5,572
Social charges	553	824	783	1,331
Options granted recognized	1,144	1,142	1,144	1,142
Pension plan (Note 25)	393	846	694	1,263
Total	**5,858**	**6,912**	**6,791**	**10,205**

(*) In the first quarter of 2013, the President of the Board of Directors accumulated the role of chief executive officer of the Company, therefore, there was no remuneration as President of the Board of Directors. As of April 2013, the President of the Board of Directors no longer accumulated the role of chief executive officer of the Company, starting to receive fees as President of the Board of Directors, which explains the increase in the remuneration of the Board of Directors in the first quarter of 2014 in relation to the first quarter of 2013.

The Company offers a Pension Plan for management (see details in Note 25 to the financial statements for the year ended December 31, 2013). Except for this Plan, the Company does not have other programs for the granting of severance benefits to Management.

8. PROPERTY AND EQUIPMENT

The gross book value, accumulated depreciation and residual value of property and equipment in each of the periods are as follows:

	Parent company (BR GAAP)			Consolidated (IFRS and BR GAAP)		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
Cost:						
On December 31, 2013	**1,952,104**	**229,044**	**2,181,148**	**3,152,469**	**260,313**	**3,412,782**
Additions	228,874	429	229,303	317,113	6,997	324,110
Write offs/transfers (*)	(384,169)	-	(384,169)	(491,936)	(437)	(492,373)
On March 31, 2014	**1,796,809**	**229,473**	**2,026,282**	**2,977,646**	**266,873**	**3,244,519**
Accumulated depreciation:						
On December 31, 2013	**(64,863)**	**(92,916)**	**(157,779)**	**(371,078)**	**(94,230)**	**(465,308)**
Additions	(20,218)	(7,402)	(27,620)	(55,100)	(7,479)	(62,579)
Write offs/transf.	20,994	-	20,994	57,370	-	57,370
On March 31, 2014	**(64,087)**	**(100,318)**	**(164,405)**	**(368,808)**	**(101,709)**	**(470,517)**

(*) Include write-offs due to car sales, robbery, damage and transfer of decommissioned cars for fleet renewal to non-current assets for sale.

Residual value:						
On December 31, 2013	**1,887,241**	**136,128**	**2,023,369**	**2,781,391**	**166,083**	**2,947,474**
On March 31, 2014	**1,732,722**	**129,155**	**1,861,877**	**2,608,838**	**165,164**	**2,774,002**

The composition of the main classes of assets under "Other property and equipment", as well as their residual values, is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Leasehold improvements (*)	81,755	86,538	81,773	86,574
Furniture and fittings	20,763	21,666	21,435	22,380
IT equipment	10,717	10,660	10,847	10,800
Property and equipment in progress	1,072	2,043	20,232	15,074
Land	681	681	16,503	16,503
Other	14,167	14,540	14,374	14,752
Total	**129,155**	**136,128**	**165,164**	**166,083**

(*) The period of leasehold improvements amortization, considering the expectation of renewal of property rental contracts, was revised in 2013, in accordance with the terms of the contract.

As of March 31, 2014, the captions "Cars" and "Other property and equipment" include the net book values of property and equipment items accounted for as finance leases in the amount of R$ 260,663 (R$ 223,131 as of

December 31, 2013). See Note 23 to the financial statements for the year ended December 31, 2013.

Decommissioned cars for fleet renewal are presented in "Non-current assets for sale".

Effect of the IPI for new cars

The depreciation of the cars is calculated based on the difference between the price of acquisition of the car and its Realization residual value estimated for the end of its useful life, less the estimated selling expenses.

The extension of the IPI reduction until the end of 2013 does not cause new impacts on depreciation, since the additional depreciation announced by the Company in 2Q12 included the adjustment for the entire fleet and was based on the assumption that the prices would not return to the levels they were before the IPI reduction.

The additional depreciation balance due to decrease in IPI is already insignificant in both Divisions.

By the end of 2013, the Government announced the continuity of the gradual increase in IPI for new cars as from January 2014. The estimate is that the rate will return to its previous level in July 2014.

The Company believes that the increase in the IPI rate will not significantly affect the prices charged for new and used cars and the depreciation per car due to the increase in the installed capacity of automakers above the increase in the estimated demand estimated by the market (low occupation of installed capacity) and the import restrictions established by Argentina (decrease of exports).

Decommissioned cars for fleet renewal

Are presented at the lower of fair value less estimated cost to sell and residual value, which includes acquisition cost net of accumulated depreciation through the date in which cars are classified as "decommissioning cars for fleet renewal". The balances in each year are as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Cost	2,734	135	22,357	25,636
Accumulated depreciation	(126)	(16)	(7,595)	(9,116)
Residual value	**2,608**	**119**	**14,762**	**16,520**

Construction of the new headquarters of the Company

In June, 2013, the Board of Directors approved the construction of the new headquarters of the Company. This investment will permit: (i) the reduction of expenses from property rentals in the future; (ii) a productivity gain with the centralization of administration and support, which are currently located in five buildings; and (iii) support of the growth of the Company permitting the integration and same location of the central management.

The land of 30 thousand m² was purchased 5.5 years ago and is currently owned by Rental Brasil Administração e Participação S.A., a fully-owned subsidiary of Localiza, with expenditures of R$ 22,087 on the land, projects and approvals from municipal authorities. This amount is not included in the amount approved for the construction. Of the total investment approved, R$ 6,370 was expended in the first quarter of 2014 (R$ 6,525 up to December 31, 2013). All of the current furniture and equipment will be used in the new facilities.

9. INTANGIBLE ASSETS

(a) *Software*

The gross book value, the accumulated amortization and the net book value are as follows:

	Parent company (BR GAAP)	Consolidated (IFRS and BR GAAP)
Cost		
On December 31, 2013	**57,941**	**61,824**
Additions	2,521	2,785
On March 31, 2014	**60,462**	**64,609**
Accumulated amortization		
On December 31, 2013	**(13,586)**	**(14,533)**
Additions	(1,426)	(1,572)
On March 31, 2014	**(15,012)**	**(16,105)**
Residual value of software		
On December 31, 2013	**44,355**	**47,291**
On March 31, 2014	**45,450**	**48,504**

The other information on intangible assets - software (individual and consolidated) was not significantly changed compared with that disclosed in Note 9 to the financial statements for the year ended December 31, 2013.

(b) Goodwill on the acquisition of investments

The gross book value, the accumulated amortization and the net book value of goodwill are as follows:

	Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013
Goodwill on acquisition of non-controlling interest in subsidiaries	4,918	4,918
Goodwill on acquisition of investments in franchisee (Note 7 b(ii))	7,846	7,846
Accumulated amortization	(410)	(410)
Residual value	**12,354**	**12,354**

Under CVM Resolution 565/08, goodwill on the acquisition of a noncontrolling interest in subsidiaries, allocated to the Car Rental Division, is no longer amortized beginning on January 1, 2009 but it is tested for impairment at least yearly.

Goodwill of R$ 7,846 on the acquisition of a franchisee, allocated to the Car Rental Division, will not be amortized and will be tested for impairment at least annually.

10. TRADE PAYABLES

Trade accounts payable are comprised as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Car manufacturers	231,705	318,232	275,968	378,102
Maintenance services and parts	9,244	22,897	24,420	35,949
Rentals	6,732	6,727	6,732	6,727
Insurance policies	16,316	12,561	16,677	12,540
Other	22,156	26,537	18,217	27,164
Total	**286,153**	**386,954**	**342,014**	**460,482**

Balances payable to car makers refer to cars purchased at the end of each period bearing no financial charges and maturing in up to 60 days after the purchase.

11. SOCIAL AND LABOR OBLIGATIONS

Payroll and related taxes are comprised as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Provision for vacation pay	19,382	19,066	25,346	24,994
Provision for 13th month salary (*)	3,579	-	4,740	-
Provision for employee profit sharing	36,010	26,142	49,410	36,366
Social security contribution (INSS)	4,447	4,393	5,872	5,992
Government Severance Indemnity Fund for Employees (FGTS)	946	918	1,241	1,249
Other	1,741	1,468	2,572	2,159
Total	**66,105**	**53,559**	**89,181**	**73,904**

(*) Provision for employees' 13th month salary accumulated during the year, which is usually paid by the Company in November of each year.

Localiza makes semiannual profit sharing payments for employees, based on their categories and performance evaluation, classified as "Cost", "Selling expenses" and "General, administrative and other expenses", in the income statement, according to the functional allocation of the respective employees.

12. BORROWINGS AND DEBENTURES

Borrowings and debentures are broken down as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)			
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	Maturity	Effective interest rate
In local currency (R$)						
Debentures - 2nd issuance (a)	68,415	66,707	68,415	66,707	7/2/2014	CDI + 0.6% p.a.
Debentures - 4th issuance (a)	199,819	194,432	199,819	194,432	5/5/2014 to 5/5/2017	114.2% of CDI
Debentures - 5th issuance (a)	515,691	501,859	515,691	501,859	5/30/2016 to 5/30/2017	114.5% of CDI
Debentures - 6th issuance (a)	313,684	305,583	313,684	305,583	10/15/2016 to 10/15/2019	CDI + 1.07% p.a.
Debentures - 7th issuance (a)	496,584	509,249	496,584	509,249	3/30/2016 to 9/30/2021	113.6% of CDI
Working capital and other (b)	156,505	152,529	(*) 436,867	401,563	4/1/2014 to 12/15/2019	Equivalent to CDI + 0.64% p.a.
Swap Fixed (c)	(3,002)	(3,084)	(5,829)	(5,450)	-	swap - CDI for Fixed rate
In foreign currency (US$)						
Foreign currency loans – U.S. dollars (d)	376,320	369,596	376,320	369,596	8/17/2015 to 8/16/2017	108.4% and 114.7% of the CDI
Total	**2,124,016**	**2,096,871**	**2,401,551**	**2,343,539**		
Current liabilities	**192,520**	**172,514**	**309,774**	**275,394**		
Non-current liabilities	**1,931,496**	**1,924,357**	**2,091,777**	**2,068,145**		

(*) R$ 149,120 of the total of R$ 436,867 thousand was contracted as debt by Localiza Fleet, with an average fixed rate of 12.20% p.a. (R$ 93,712, at the average rate of 10.28% p.a., on December 31, 2013).

The changes in borrowings and debentures are as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Opening balance	**2,096,871**	**1,822,574**	**2,343,539**	**2,055,091**
Proceeds	236	498,530	56,968	608,842
Interest and financial	56,486	166,192	63,699	187,044
Repayment of principal	(439)	(258,218)	(28,694)	(349,941)
Interest amortization	(29,220)	(129,123)	(33,582)	(152,047)
Swap fixed	82	(3,084)	(379)	(5,450)
Closing balance	**2,124,016**	**2,096,871**	**2,401,551**	**2,343,539**

As of March 31, 2014, Localiza had five outstanding debenture issues, all non-convertible into shares. Localiza's debentures are subject to certain covenants, as described below: **(i)** request or declaration of bankruptcy by the issuer or third parties that is not duly resolved within the legal term; **(ii)** default of individual or aggregate amount equal to or higher than R$ 25,000; **(iii)** Localiza capital decrease and/or repurchase of its own shares for cancellation, except if previously authorized by the debenture holders; **(iv)** amalgamation, merger or spin-off of Localiza, except if under the terms of Article 231 of the Brazilian Corporate Law or if the spun-off portion or the company resulting from the amalgamation or merger remain in the current Controlling Group of the issuer;

(v) non-maintenance of quarterly financial ratios, based on the Company's consolidated financial statements and decrease of the Company's rating, as follows:

Issue	Adjusted net debt/ EBITDA (*) (maximum limit)	Adjusted EBITDA (*)/ Net Financial Costs (maximum limit)	Downgrading of the rating, in the national scale (***)
2nd issue	3.25	2.00	In two notes or more in relation to the *rating* brAA- (BR, double A, negative) by Standard & Poor´s (**)
4th issue	4.00	1.50	In two notes or more in relation to the *rating* brAA- (BR, double A, negative) by Standard & Poor´s (**)
5th issue	4.00	1.50	In two notes or more in relation to the *rating* brAA (BR, double A) by Standard & Poor´s (**)
6th issue	4.00	1.50	If *rating* is downgraded to brA+ (BR,A,positive) by Standard & Poor´s (**)
7th issue	4.00	1.50	corporate granted by *Moody´s*, *Standard&Poor´s* or *Fitch Ratings* to the Issuer for the following levels of classification of risks or less, in national scale: Aa3, AA- e AA- respectively.

(*) EBITDA corresponds to the issuer's net income or loss, on a consolidated basis, for the last 12-month period, before (i) financial expense (income), net; (ii) income tax and social contribution; (iii) depreciation and amortization expenses, for the fourth issue. For the 2nd issue, EBITDA is also adjusted for (i) non-operating expenses (income), net; and (ii) non-controlling interests. For the 5th issue, EBITDA is also adjusted for (i) stock option costs; and (ii) non-recurring expenses. For the 6th and 7th issue, EBITDA is also adjusted by impairment.

(**) Due to any change in shareholding structure that results in the loss, transfer or disposal of the Company's controlling power by the current controlling shareholders, and the fourth issue includes the direct downgrading.

(***) Ratings of corporate credit in national scale in force on March 31, 2014: *Standard &Poor's* (br.AAA/stable); *Moody's* (Aa1.br/stable); *Fitch Ratings* (AAA(bra)/stable).

Additionally, the Company has loans and financing that include certain accelerated maturity events under conditions similar to those applicable to debentures. The Company's management understands that the restrictive clauses applicable to borrowings and debentures were being complied with on March 31, 2014.

The other information on borrowings and debentures (parent company and consolidated) was not significantly changed compared with that disclosed in Note 12 to the financial statements for the year ended December 31, 2013.

13. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities are comprised as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Amounts stated separately in current liabilities:				
Accounts payable and net capital deficiency of subsidiaries (Note 7(b))	3,543	772	-	-
Other federal taxes	7,007	8,750	10,746	11,644
Municipal tax obligations	608	1,009	1,612	1,879
	11,158	10,531	12,358	13,523
Other current liabilities:				
Advances from car rental customers	5,342	19,601	8,228	21,540
Insurance premiums for transfer (*)	27,593	34,166	27,719	34,344
Deferred revenues (**)	34	36	6,343	6,840
Other	1,898	2,166	2,505	2,317
	34,867	55,969	44,795	65,041
Total other current liabilities	46,025	66,500	57,153	78,564
Other non-current liabilities				
Deferred revenues (**)	58	82	13,402	15,346
Other	10,373	10,171	14,109	14,115
	10,431	10,253	27,511	29,461
Total current and non-current liabilities	**56,456**	**76,753**	**84,664**	**108,025**

(*) Premiums received from customers that contracted insurance for rented cars and that were transferred by Localiza to the insurance company (Note 2.7.11 to the financial statements for the year ended December 31, 2013).

(**) Basically refers to flat fee revenue billed to franchisees for the granting of the right to use Localiza's brand. This revenue is recognized in the statement of income during the contract terms (usually 60 months).

14. PROVISIONS AND ESCROW DEPOSITS

(a) Recognized provisions

The composition of provisions for contingencies is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Tax	3,526	3,526	5,770	5,675
Social security and labor	31,135	28,146	38,613	34,742
Civil	7,502	7,939	9,737	10,516
Total	**42,163**	**39,611**	**54,120**	**50,933**

(b) Judicial deposits

Escrow deposits are comprised as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Tax	15,339	15,180	27,016	26,500
Social security and labor	6,540	6,487	9,135	9,014
Civil	2,351	2,425	2,466	2,562
Total	**24,230**	**24,092**	**38,617**	**38,076**

The other information on Provisions and Escrow Deposits (individual and consolidated) has not significantly changed compared with that disclosed in Note 14 to the financial statements for the year ended December 31, 2013.

15. TAXES ON INCOME - INCOME TAX AND SOCIAL CONTRIBUTION

(a) Deferred income tax and social contribution assets and liabilities

The breakdown of deferred income tax and social contribution is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Temporary differences in the deductibility of provisions:				
Provision for payables to suppliers and others	2,659	1,776	6,122	2,198
Provisions for contingencies	14,256	12,893	15,216	13,974
Provision for impairment of trade receivables	1,902	2,688	2,807	5,482
Swap transaction with payment on a cash basis	11,639	10,676	11,639	10,676
Income tax and social contribution losses	-	-	29	29
Total deferred income tax and social contribution assets - non-current	**30,456**	**28,033**	**35,813**	**32,359**
Car depreciation (*)	56,166	57,232	84,479	86,969
Leasing of the purchase of property and equipment	1,424	1,423	30,464	24,826
Swap transaction with payment on a cash basis	-	-	961	-
Total deferred income tax and social contribution liabilities - non-current				
current	**57,590**	**58,655**	**115,904**	**111,795**

(*) Refers to the temporary difference in the calculation of depreciation and residual value, introduced by the new accounting practices (adoption of IFRS). Localiza and its subsidiary Localiza Fleet continue to calculate, for tax purposes, car depreciation expenses using the depreciation criteria used on December 31, 2007. Temporary differences are made at the end of the useful lives of cars, when they are derecognized.

Income tax and social contribution deferral credits, referring to temporary differences, depend on future events that will make the provision that gave rise to them deductible, as provided for by prevailing tax legislation.

Provisional Measure 627/13 was issued in November 2013. It changes the federal tax legislation regarding the Corporate Income Tax (IRPJ), the Social Contribution on Net Income (CSLL), the contribution to the Social Integration Program/ Public Services Employee Savings Program (PIS/PASEP) and the Social Contribution on Revenues (COFINS). This MP revokes the Transition Tax Regime (RTT), introduced by Law 11,941, of May 27, 2009;

discuss the taxation of subsidiaries and associates abroad, based on the universal system. If the MP is converted into Law, it will be effective as from January 1, 2015. The taxpayer may opt to accelerate its effects to January 1, 2014. As of March 31, 2014, the Company assessed the effects and application of this Provisional Measure with its legal advisors, and does not estimate significant effects on its financial statements. Concerning the application of the effects of the Provisional Measure, based on its original text, the Company's option is to recognize it as from January 1, 2014.

Up to the publication of this balance sheet, the Provisional Measure had not yet been converted into Law, therefore, it is possible that other changes, inclusions and/or exclusions will be made to the original text proposed, which will require in a new review by the Company's management.

(b) Income tax and social contribution - reconciliation of expenses at statutory and effective rates

The reconciliation between nominal and effective rates for the quarters ended March 31, 2014 and 2013 is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13
Profit before taxes	124,133	102,673	150,592	125,081
Standard rate	34%	34%	34%	34%
Expense at statutory rate	**(42,205)**	**(34,909)**	**(51,201)**	**(42,528)**
Adjustments to expense at statutory rate:				
Equity in results of subsidiaries	19,375	16,606	-	-
Effect of deduction of interest on capital	4,737	4,953	4,737	4,953
Other, net	(233)	(510)	1,679	1,307
Expense at effective rate	**(18,326)**	**(13,860)**	**(44,785)**	**(36,268)**

Franchising Brasil, Car Rental and Car Assistance calculated, through 1Q14, income tax and social contribution under the deemed income regime in the amounts of R$ 677 (R$ 583 in 1Q13), R$ 863 (R$ 540 in 1Q13) and R$ 527 (R$ 599 in 1Q13), respectively. For this reason, these companies do not record deferred taxes.

(c) Income tax and social contribution payable

Localiza and its subsidiaries calculate income tax and social contribution under the quarterly taxation regime. The outstanding balance relating to the computation period of the last quarter of each year is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Income tax and social contribution payable	21,434	16,630	43,040	35,238

Income tax returns are open to review by the tax authorities for a period of five years. Other taxes, rates and contributions are also subject to review, according to applicable legislation.

16. EQUITY

(a) Share capital

The shareholdings as of March 31, 2014 and December 31, 2013, and the related reconciliation of the number of outstanding shares after the approved capital increase were as follows:

	Management				
	Founding partners	Board of Directors and Board of Executive Officers	Treasury shares	Outstanding shares	Number of shares - ON
On December 31, 2013	**61,874,593**	**243,070**	**3,758,577**	**145,917,160**	**211,793,400**
Acquisition (disposal) of shares, net	(3,000,000)	(12,574)	-	3,012,574	-
Exercise of stock options with treasury shares	-	43,963	(239,388)	195,425	-
On March 31, 2014	**58,874,593**	**274,459**	**3,519,189**	**149,125,159**	**211,793,400**

In a meeting held on December 15, 2011, the Board of Directors approved the launching of the Company's Level I American Depositary Receipts (ADRs) ("ADR Program"). This program did not result in an increase in the Company's share capital or the issuance of new shares. Its purpose is to broaden the ways foreign investors can reach the Company, as well as to increase the liquidity of the Company's shares. The Program was approved by CVM - Brazilian Securities Commission - on May 22, 2012 and trading began on June 5, 2012. As of March 31, 2014, the Company's position was 4,942,911 ADRs issued in the United States.

(b) Interest on capital and dividends

The Company periodically pays interest on capital to shareholders. The Board of Directors' meetings approved the payment of interest on capital as follows:

2013				
Approval date	Total amount paid	Amount per share (in R$)	Ownership interest date	Payment date
3/8/2013	14,567	0.073362	3/20/2013	5/3/2013
Total 2013	**14,567**			

2014				
Approval date	Total amount paid	Amount per share (in R$)	Ownership interest date	Payment date
3/19/2014	(*) 13,934	0.066900	3/31/2014	5/14/2014
Total 2014	**13,934**			

(*) This interest on capital had not been paid to shareholders as of March 31, 2014.

On February 10, 2014, the Company paid interest on capital approved by the Board of Directors at the meeting held on December 18, 2013, totaling R$ 16,803, with amount per share of R$ 0.080766.

The balance of dividends and interest on capital payable is as follows:

	Parent company (BR GAAP) and Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013
Dividends on net income for the year ended 12/31/2013	38,612	38,612
Interest on capital	13,934	16,803
Withholding income tax on interest on capital	(2,060)	(2,339)
Total dividends and interest on capital payable	**50,486**	**53,076**

(c) Capital reserve

(i) Options exercised in the 1st quarter of 2014

In 1Q14, 239,388 stock options related to the Stock Option Programs from 2007 to 2011 were exercised, using treasury shares. The weighted average exercise prices of options, as well as the weighted average fair value of Localiza's shares on the exercise date, were as follows:

Program	Number of options exercised	Cost on the grant date	Realization amount at cost	Weighted average exercise price	Weighted average market price
2007 Program	95,835	R$ 7.09	714	R$ 25.24	R$ 31.57
2008 Program	46,998	R$ 0.88	56	R$ 24.14	R$ 31.75
2009 Program	54,782	R$ 12.21	677	R$ 8.81	R$ 31.86
2010 Program	41,653	R$ 12.10	472	R$ 23.12	R$ 31.80
2011 Program	120	R$ 11.12	1	R$ 32.62	R$ 31.60
Total	**239,388**		**1,920**		

All options were exercised using treasury shares, and therefore there was no issuance of new Localiza's shares.

(iii) Treasury shares

The number of treasury shares on March 31, 2014 was 3,519,189 shares (3,758,577 on December 31, 2013), acquired in accordance with the 1st and 4th repurchase programs approved at the Board of Directors' meetings held on December 18, 2007 and July 19, 2012, respectively.

The cost of acquisition of the treasury shares, including related costs, on March 31, 2014, was as follows:

1st Share Buy-Back Plan: R$ 23,631, net of Realizations of R$ 2,471 and an average unit cost of R$ 10.32 (minimum R$ 5.15 and maximum R$ 16.55).

4th Share Buy-Back Plan: Under this program, 1,072,200 shares (1,093,310 shares comprising the volume bonus effects) were acquired, totaling an acquisition cost of R$ 36,782, and the average unit cost is R$ 33.64 (minimum of R$ 33.52 and maximum of R$ 33.78).

5th Share Buy-Back Plan: Up to March 31, 2014, no shares were acquired under this program, with maturity up to July 24, 2014.

The market value of the 3,519,189 shares was R$ 116,837 on March 31, 2014, (quotation of R$ 33.20 per share on March 31, 2014).

(d) Statutory reserve and profit retention

The proposal of the management for the Ordinary and Extraordinary General Meeting which will be held on April 29, 2014 is the appropriation of a statutory reserve named investment reserve of R$ 265,127.

17. EARNINGS PER SHARE

The methods of calculating basic and diluted earnings per share are the same as those disclosed in Note 17 to the financial statements for the year ended December 31, 2013.

The table below shows net income information and the number of shares used in the calculation of basic and diluted earnings per share for each of the reporting periods of the income statement:

	Parent company (BR GAAP) and Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13
Profit for the quarter	**105,807**	**88,813**
Basic earnings per share (*):		
Weighted average outstanding shares (in units)	208,047,976	198,529,725
Basic earnings per share (in R$)	**0.50857**	**0.44735**
Diluted earnings per share (*):		
Weighted average outstanding shares (in units)	208,047,976	198,529,725
Dilutive effect of stock options (in units)	725,581	976,073
Shares applicable to dilution (in units)	208,773,557	199,505,798
Earnings per share (in R$) - diluted	**0.50680**	**0.44517**

(*) According to CPC 41 - Earnings per share, all shares (except treasury shares) are considered for the calculation of the weighted average of the outstanding shares.

18. SEGMENT REPORTING

Operating segments are defined as business areas: (i) which can earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the chief operating decision maker on funds to be allocated to the segment and for the evaluation of its performance; and (iii) for which individual financial information is available.

Management has defined the operating segments based on the reports used by the Board of Directors to make strategic decisions. Three operating segments subject to information disclosure were identified, which are separately managed through reports that support the decision-making. The accounting policies of these operating segments are the same as those described in Note 2 to the financial statements for the year ended December 31, 2013.

- Car rental: division responsible for car rentals in branches located inside and outside airports. Cars are rented to individuals for business or leisure travel and to corporations, including insurance companies and car makers. As part of its fleet renewal program, the Car Rental Division decommissions its cars after 12 months of use in rental. The major portion of decommissioned cars is sold directly to the final consumer, by means of a proprietary network of points for sale, since this is the less expensive alternative in relation to the discounts requested by other sales intermediation channels.

- Fleet rental: division responsible for managing fleet rental for legal entities for long periods, usually 24 to 36 months. As part of its fleet renewal program, the Fleet Rental Division decommissions its cars at the end of the contract entered into with the customer. Decommissioned cars are sold to the final consumers by means of a proprietary network of points of sale and car dealers.

- Franchising*:* division responsible for the management and granting the right of using Localiza brand's, including the transfer of the knowledge required to operate the business.

(a) Operating segment financial information

(i) Consolidated assets and liabilities by operating segment are as follows:

	Car rentals		Fleet rental		Franchising		Unallocated balances		Eliminations/ Reclassifications		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Assets												
Cash and cash equivalents	-	-	-	-	-	-	1,193,686	1,010,740	-	-	1,193,686	1,010,740
Trade receivables	345,568	346,312	66,018	65,661	11,759	13,644	-	-	(11,587)	(10,212)	411,758	415,405
Decommissioning cars for fleet renewal	2,608	119	12,154	16,401	-	-	-	-	-	-	14,762	16,520
Property and equipment	1,900,740	2,063,304	873,150	884,046	112	124	-	-	-	-	2,774,002	2,947,474
Other assets	248,246	224,781	33,635	21,242	3,827	4,069	-	-	(59,400)	(62,031)	226,308	188,061
Total assets	**2,497,162**	**2,634,516**	**984,957**	**987,350**	**15,698**	**17,837**	**1,193,686**	**1,010,740**	**(70,987)**	**(72,243)**	**4,620,516**	**4,578,200**
Liabilities												
Trade payables	288,345	392,268	65,046	77,712	89	415	-	-	(11,466)	(9,913)	342,014	460,482
Loans, financing and debentures	-	-	-	-	-	-	2,401,551	2,343,539	-	-	2,401,551	2,343,539
Other liabilities	326,406	334,099	147,977	137,036	23,022	24,636	-	-	(60,010)	(62,800)	437,395	432,971
Total liabilities	**614,751**	**726,367**	**213,023**	**214,748**	**23,111**	**25,051**	**2,401,551**	**2,343,539**	**(71,476)**	**(72,713)**	**3,180,960**	**3,236,992**
Equity	**-**	**-**	**-**	**-**	**-**	**-**	**1,439,556**	**1,341,208**	**-**	**-**	**1,439,556**	**1,341,208**
Total liabilities and equity	**614,751**	**726,367**	**213,023**	**214,748**	**23,111**	**25,051**	**3,841,107**	**3,684,747**	**(71,476)**	**(72,713)**	**4,620,516**	**4,578,200**

(ii) Consolidated statements of income by operating segment are as follows:

	Car rental		Fleet rental		Franchising		Eliminations/ Reclassifications		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13
Net revenue	716,633	587,217	223,599	201,548	4,821	4,539	-	-	945,053	793,304
Costs	(513,763)	(417,666)	(143,925)	(130,592)	(1,790)	(2,074)	(1,583)	(1,301)	(661,061)	(551,633)
Gross profit	**202,870**	**169,551**	**79,674**	**70,956**	**3,031**	**2,465**	**(1,583)**	**(1,301)**	**283,992**	**241,671**
Operating expenses:										
Selling	(62,136)	(58,270)	(11,547)	(9,357)	(4)	(17)	723	641	(72,964)	(67,003)
General, administrative and other expenses	(21,882)	(22,064)	(5,107)	(5,183)	(1)	-	860	660	(26,130)	(26,587)
Result before financial expenses, net	**118,852**	**89,217**	**63,020**	**56,416**	**3,026**	**2,448**	**-**	**-**	**184,898**	**148,081**
Financial expenses, net									(34,306)	(23,000)
Earnings before taxes									**150,592**	**125,081**
Income tax and social contribution									(44,785)	(36,268)
Net income for the period									**105,807**	**88,813**

The Company operates in Brazil and in other eight South American countries; its revenues derive mainly from its operations in the Brazilian market. The composition of consolidated net revenues, in Brazil and abroad, is as follows:

	Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13
Brazilian operations	941,305	790,540
Export revenue (*)	3,471	2,609
Operations abroad	277	155
Net revenue	**945,053**	**793,304**

(*) Revenue from car rental arising as a result of rental from clients resident and domiciled abroad.

Consolidated depreciation and amortization expenses by operating segment are as follows:

	Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13
Car rental:		
Car depreciation	20,541	18,405
Depreciation of other property and equipment and amortization of intangible assets	8,639	8,261
Fleet rental:		
Car depreciation	34,559	42,067
Depreciation of other property and equipment and amortization of intangible assets	286	264
Franchising:		
Depreciation of other property and equipment and amortization of intangible assets	126	110
Total depreciation and amortization expenses	**64,151**	**69,107**

19. REVENUES

The reconciliation between gross revenue and net revenue in the income statement is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13
Gross revenue	719,345	583,895	973,691	815,524
Deductions				
Discounts	(2,825)	(2,984)	(4,698)	(5,285)
Taxes on revenues (*)	(15,545)	(9,534)	(23,940)	(16,935)
Net revenue	**700,975**	**571,377**	**945,053**	**793,304**

(*) Taxes levied on revenues: Services Tax (ISSQN), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS).

The composition of net revenue recognized in each significant category is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13
Revenues from car rentals	299,484	271,081	311,361	283,206
Revenues from fleet rentalrental	-	-	143,123	141,762
Franchising	277	155	4,821	4,539
Cars disposed for fleet renewal	401,214	300,141	485,748	363,797
Net revenue	**700,975**	**571,377**	**945,053**	**793,304**

20. INFORMATION ON THE NATURE OF COSTS, OPERATING EXPENSES, DEPRECIATION AND AMORTIZATION RECOGNIZED IN THE STATEMENT OF INCOME

The information on the nature of costs, operating expenses, depreciation and amortization recognized in the statement of income is as follows:

	Costs				Selling, general and administrative and other			
	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)		Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13	1Q14	1Q13
Cost of cars sold	(348,289)	(257,722)	(413,190)	(306,305)	-	-	-	-
Car depreciation	(20,218)	(18,405)	(55,100)	(60,472)	-	-	-	-
Car maintenance, car tax (IPVA) and other	(48,137)	(54,496)	(75,294)	(79,015)	-	-	-	-
Depreciation and amortization of other property and equipment and intangible assets	(4,417)	(4,084)	(4,640)	(4,234)	(4,411)	(4,401)	(4,411)	(4,401)
Salaries and social charges	(41,400)	(39,041)	(48,114)	(45,665)	(30,215)	(27,100)	(44,847)	(40,470)
Profit sharing	(5,290)	(5,221)	(6,539)	(6,449)	(4,698)	(4,566)	(6,922)	(6,662)
Third-party services	(4,328)	(4,975)	(4,973)	(5,650)	(11,179)	(7,761)	(12,430)	(10,032)
Property rental	(21,690)	(19,404)	(22,455)	(19,763)	(11,481)	(10,360)	(11,481)	(10,360)
Commissions	-	-	-	-	(6,832)	(7,615)	(7,016)	(7,811)
Publicity	-	-	-	-	(5,672)	(5,115)	(5,680)	(5,115)
Other	(23,948)	(18,586)	(30,756) (*)	(24,080)	(4,095)	(7,292)	(6,307)	(8,739)
	(517,717)	**(421,934)**	**(661,061)**	**(551,633)**	**(78,583)**	**(74,210)**	**(99,094)**	**(93,590)**

(*) Includes non-recurring cost of R$ 6,248 related with acquisition of franchisees.

21. FINANCIAL INCOME (EXPENSES)

Financial income (expenses) in the statement of income are as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1Q14	1Q13	1Q14	1Q13
Financial income				
Interest income from financial investments	16,785	10,886	26,603	12,984
Other interest income, net of reversals	3,049	935	3,508	1,216
	19,834	**11,821**	**30,111**	**14,200**
Financial expenses				
Interest expense on loans, financing and debentures	(56,568)	(31,826)	(63,320)	(35,774)
Other interest expenses	(793)	(1,397)	(1,097)	(1,426)
	(57,361)	**(33,223)**	**(64,417)**	**(37,200)**
Financial expenses, net	**(37,527)**	**(21,402)**	**(34,306)**	**(23,000)**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying amounts of financial assets and liabilities segregated by category are as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Financial assets:				
Loans and receivables measured at amortized cost:				
Cash and cash equivalents (Note 4)	612,321	621,518	1,193,686	1,010,740
Trade receivables (Note 5)	334,838	333,231	411,758	415,405
Escrow deposits (Note 14(b))	24,230	24,092	38,617	38,076
Financial liabilities:				
Other financial liabilities measured at amortized cost:				
Trade payables (Note 10)	286,153	386,954	342,014	460,482
Loans, financing and debentures (Note 12)	2,124,016	2,096,871	2,401,551	2,343,539

(a) Risk management

In the normal course of its operations, the Company is exposed to the following risks related to its financial instruments: (i) market risk, (ii) credit risk and (iii) liquidity risk.

The Company's risk follow-up is carried out by the Audit and Risk Management Committee, a body created in 2007 by the Board of Directors, which is responsible for identifying and monitoring the Company's main risk

factors. Additionally, the process of identification, analysis and monitoring of risks is performed by the Board of Directors, which has powers to make decisions on the strategies to be adopted by the Company.

i) Market risk

The market risk is the risk that the fair value or future cash flows of a certain financial instrument fluctuates due to variations in interest rates, as defined in CPC 40. The market risk management is carried out in order to ensure that the Company is exposed only to risk levels considered acceptable in the context of its operations.

The Company's financial instruments that are affected by the market risk include: i) cash and cash equivalents and ii) loans, financing and debentures.

- **Interest rate risk** - interest rate risk is the risk that the fair value or future cash flows of a certain financial instrument fluctuate due to market interest rate variations.

  The Company uses cash from operations to conduct its daily business activities, and finance its fleet renewal and at least part of its growth. To complement its cash requirements for growth, or to settle debts and improve the debt profile, the Company obtains financing from major financial institutions in Brazil, and issues debt securities (debentures and promissory notes), that are mostly indexed to the CDI fluctuation or have fixed rate. The inherent risk arises from the possibility of significant increases in the CDI.

  Management continuously monitors CDI in order to, if necessary, adjust car rental fees to mitigate such fluctuations. For the fleet rental, the wholly-owned subsidiary Localiza Fleet contracts interest rate swaps to exchange the floating rate risk for the fixed rate, thus eliminating the risk of fluctuation in the basic interest rate and the risk of its impact in the long-term contracts' profitability. In addition, almost the totality of the Company's cash and cash equivalents balance is also indexed to CDI variation, which is the same index adopted for debts related to car rental.

  As required by CVM 475/08, the Company made sensitivity tests for adverse scenarios (deterioration of the CDI rate by 25% or 50% higher than the probable scenario), considering the following assumptions:

  - On March 31, 2014, the Company's net debt totaled R$ 1,207,865, of which R$ 400,710, with fixed cost at an average rate of 10.13% per annum, is excluded, as it refers to the transactions contracted at a fixed rate and the amounts corresponding to the hedge Realized in the contracting of swap transactions, changing the rates indexed to the CDI for fixed rates. The net debt subject to the CDI rate variation therefore totaling R$ 807,155 on March 31, 2014.

  - Market expectation for the base date of March 28, 2014, according to data from the Focus Bulletin issued by the Brazilian Central Bank, is an estimated effective average CDI rate of 11.06%, against the effective rate of 10.33% in the quarter ended March 31, 2014.

Description	Consolidated(IFRS and BR GAAP)		
	Probable scenario (*)	Scenario I - 25% deterioration	Scenario II - 50% deterioration
Net debt on March 31, 2014 (letter (b) item (i))	**1,207,865**	**1,207,865**	**1,207,865**
(-) Debt at a fixed rate and amounts hedged with swap to a fixed rate (Note 12 and Note 22 item (d))	(400,710)	(400,710)	(400,710)
Net debt subject to the CDI variation	**807,155**	**807,155**	**807,155**
Effective CDI rate for the quarter ended 3/31/14	10.33%	10.33%	10.33%
Estimated annual CDI rate, according to stress scenarios	11.06%	13.83%	16.59%
Effect on financial costssubject to CDI variations:			
- according to effective rates	(83,379)	(83,379)	(83,379)
- according to scenarios	(89,271)	(111,629)	(133,907)
Annual (increase) in financial costs	**(5,892)**	**(28,250)**	**(50,528)**

(*) As required by IFRS 7, Management understands that the 11.06% rate is the fairly possible scenario for 2014, according to Focus Bulletin of the Brazilian Central Bank, issued on March 28, 2014.

- **Currency risk** - as stated in Note 22(d), the Company is not exposed to currency risk since it enters into swap transactions tied to foreign currency denominated loans.

- **Credit risk -** the credit risk is the risk that a counterparty does not comply with its contractual obligations, thereby causing the Company to incur financial losses. The Company's credit risk basically arises from the trade accounts receivable and cash and cash equivalents deposited/applied in banks and other financial institutions.

  The maximum exposure to the Company's credit risk, based on the residual value of the underlying financial assets, is as follows:

	Parent company (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Loans and receivables				
Cash and cash equivalents:				
Short-term investments				
Aaa.br (Moody´s scale)	608,388	614,007	1,173,412	988,433
Cash and banks	3,933	7,511	20,274	22,307
Total cash and cash equivalents	**612,321**	**621,518**	**1,193,686**	**1,010,740**
Trade receivables - customers	185,284	196,904	257,131	271,831
Trade receivables - credit card				
- A3 in the Moody´s scale	63,347	56,458	65,375	59,724
- Baa2 in the Moody´s scale	74,941	69,229	77,352	72,467
- Sundry	11,266	10,640	11,900	11,383
Total trade receivables	**334,838**	**333,231**	**411,758**	**415,405**
	947,159	**954,749**	**1,605,444**	**1,426,145**

Cash and cash equivalents - the credit risk in balances with banks and other financial institutions is managed by the Company's Finance Department, according to policies defined by the Board of Directors, which purpose is to minimize risk concentration and, therefore, minimize a possible financial loss in the case of bankruptcy of one counterparty.

According to the limits established by the Board of Directors, financial investments exceeding 20% of the available funds can be made only with financial institutions with equity higher than R$ 10 billion, and the maximum investment limit by bank is 40% of the total funds available for investment.

Trade receivables - the management of the credit risk related to trade receivables is permanently monitored by the Company, which has established control policies.

The Company reduces its credit risk by operating significantly with credit cards on car rental, mainly in transactions with individuals. As on March 31, 2014, two of the largest credit card administrators represented 18.8% and 15.9%, individually, of the Company's trade receivables balance. The credit risk in transactions with legal entities for car rentals and fleet rental (fleet rental) is reduced by regulations for the concession of credit limits, based on the analysis of the financial position of the customer and on past experience. Customers' financial position is continuously monitored in order to evaluate and adjust, if necessary, the credit limit previously granted. The credit risk in the sale of decommissioned cars is reduced through the utilization of financing companies with well-known financial and liquidity capacities.

Additionally, the management of credit risk includes the periodic analysis of the recoverability of trade receivables, in which the need to constitute an allowance for doubtful accounts is analyzed in order to adjust the receivables to their probable Realizable values. This analysis, which purpose is to assign a risk classification to the customer according to internal criteria defined by Management, takes into consideration the current financial position of the customer, past experience and the position of overdue bills and guarantees received. Therefore, according to customer risk, credits are adjusted to their likely execution of amounts through the recognition of an allowance for doubtful accounts, and may be applied both to overdue bills and current bills. More information about the allowance for doubtful accounts and receivables is shown in Note 5.

Credit risk concentration is limited because the customer basis is broad. All operations and customers are located in Brazil, and there is no customer that individually represents more than 10% of the Company's revenues.

iii) Liquidity risk

The liquidity risk is the risk of the Company not having sufficient funds to settle its obligations as they fall due. The management of the liquidity risk is carried out to ensure that the Company has the necessary funds to settle its financial liabilities at the maturity dates.

The management of the liquidity risk is carried out by the Finance Department and monitored by the Board of Directors. Liquidity risk management is conducted considering funding requirements and liquidity management in the short, medium and long terms. The Company manages the liquidity risk by maintaining adequate financial resources available in cash and cash equivalents and by means of credit facilities used to borrow, based on the monitoring of estimated and Realized cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Also, management considers that the access to third party credit is facilitated, considering the corporate credit rating of Localiza according to the main market rating agencies, as follows:

Rating agency	National scale (Brazil)	Global scale
Standard & Poors	brAAA / Stable	BBB- / Stable
Fitch Ratings	AAA(bra) / Stable	BBB / Stable
Moody's	Aa1.br / Stable	Baa3 / Stable

Localiza is assigned an investment grade by the three rating agencies mentioned.

The analysis of the undiscounted contractual cash flows of loans, financing and debentures, in accordance with the table below, considers the interest rate contracted for each transaction and the maintenance of the CDI of 10.55% as on March 31, 2014.

	Parent company (BRGAAP)								
	2014	2015	2016	2017	2018	2019	2020	2021	Total
Debentures - 2nd issuance	70,263	-	-	-	-	-	-	-	**70,263**
Debentures - 4th issue	44,680	42,102	62,009	101,484	-	-	-	-	**250,275**
Debentures - 5th issue	57,287	57,479	292,973	264,245	-	-	-	-	**671,984**
Debentures - 6th issue	33,029	33,597	63,703	60,085	146,633	133,482	-	-	**470,529**
Debentures - 7th issue	55,325	57,020	129,764	121,058	112,225	103,914	119,910	108,450	**807,666**
- Commercial Credit Note	71,005	84,611	21,088	-	-	-	-	-	**176,704**
Swap Localiza	(3,136)	-	-	-	-	-	-	-	**(3,136)**
Leases	1,834	1,318	359	-	-	-	-	-	**3,511**
Foreign currency - loans/with swap	2,408	61,038	359,479	58,601	-	-	-	-	**481,526**
Total	**332,695**	**337,165**	**929,375**	**605,473**	**258,858**	**237,396**	**119,910**	**108,450**	**2,929,322**

	Consolidated (IFRS and BRGAAP)								
	2014	2015	2016	2017	2018	2019	2020	2021	Total
Debentures - 2nd issuance	70,263	-	-	-	-	-	-	-	**70,263**
Debentures - 4th issue	44,680	42,102	62,009	101,484	-	-	-	-	**250,275**
Debentures - 5th issue	57,287	57,479	292,973	264,245	-	-	-	-	**671,984**
Debentures - 6th issue	33,029	33,597	63,703	60,085	146,633	133,482	-	-	**470,529**
Debentures - 7th issue	55,325	57,020	129,764	121,058	112,225	103,914	119,910	108,450	**807,666**
- Commercial Credit Note	98,581	110,679	39,749	29,876	34,710	57,830	-	-	**371,425**
Swap Localiza Fleet	(2,425)	-	-	-	-	-	-	-	**(2,425)**
Swap Localiza	(3,136)	-	-	-	-	-	-	-	**(3,136)**
Leases	102,122	66,694	6,387	-	-	-	-	-	**175,203**
Foreign currency - loans/with s*wap*	2,408	61,038	359,479	58,601	-	-	-	-	**481,526**
Total	**458,134**	**428,609**	**954,064**	**635,349**	**293,568**	**295,226**	**119,910**	**108,450**	**3,293,310**

(b) Capital management

The Company's businesses require intensive long-term capital to finance the fleet, in order to implement its expansion strategy. The main objectives of capital management are to:

- ensure that the operational continuity of Company;
- ensure a strong credit rating;
- maximize the return to shareholders; and
- guarantee the Company's competitive edge in the fund raising.

The Company's Management continuously monitors capital management, adjusting its capital structure to the economic conditions.

The Company is subject to external capital requirements, according to the accelerated maturity relating to its debenture issuances that require the maintenance of certain financial ratios. See Note 12(a) to the financial statements for the year ended December 31, 2013.

(i) Debt ratio

Capital is monitored based on the Company's indebtedness level, which corresponds to the ratio of net debt to equity. Net debt, in turn, is defined by the Company as short- and long-term debts less cash and cash equivalents.

The table below provides the Company's debt ratios:

	Consolidated (IFRS and BR GAAP)	
	3/31/2014	**12/31/2013**
Short- and long-term debts (Note 12)	2,401,551	2,343,539
Cash and cash equivalents (Note 4)	(1,193,686)	(1,010,740)
Net debt	**1,207,865**	**1,332,799**
Equity	1,439,556	1,341,208
Debt ratio	**0.84**	**0.99**
Value of the fleet	**2,623,600**	**2,797,911**
Net debt x value of the fleet	**0.46**	**0.48**

(c) Fair value of financial instruments:

In transactions involving financial instruments, differences were identified between the carrying amounts and the fair values of loans, financing and debentures, as these instruments have extended payment terms and differentiated costs in relation to the rates practiced for similar contracts at the reporting dates.

The summary of the fair values of the swap transactions is as follows.

	Level 2 (*)
Swap Fixed (classified in loans and financing)	5,829
Swap U.S. dollar (classified in loans and financing)	75,413
Total swap at fair value	**81,242**

(*) The fair values were calculated based on models that use observable input and future assumptions about interest rates, among other applicable variables, by counterparty financial institutions in the respective transactions. The Company makes a reasonableness analysis of the calculations presented by these financial institutions by comparing them with similar calculations made by other parties for the same applicable period. There are no financial instruments measured at fair value in Levels 1 and 3.

The table below shows the financial liabilities measured at fair value in the Company's balance sheet as of March 31, 2014 and the categories of the data related to the respective liabilities.

The estimated carrying amounts and fair values of borrowings, financing, and debentures are calculated based on models that use observable inputs and future assumptions about interest rates, among other applicable variables. The rates used are obtained from financial institutions for transactions with similar conditions or based on market information, when available. Fair values are calculated by projecting the future flows of transactions based on the projection of the interest rate curves, discounted to present value using indicative data on prices and benchmark rates available in the market or based on premium payment conditions upon the early optional redemption established in the debenture deed of each issue. Estimated fair values are as follows:

	Parent company (BR GAAP)				Consolidated (IFRS and BR GAAP)			
	Carrying amount		Fair value		Carrying amount		Fair value	
	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013	3/31/2014	12/31/2013
Financial liabilities - other financial liabilities:								
Borrowings and debentures	2,124,016	2,096,871	2,125,921	2,112,509	2,401,551	2,343,539	2,400,629	2,361,215
Swap transactions	65,899	81,485	78,415	93,263	68,726	86,935	81,242	93,263

Management understands that the carrying amounts of other financial instruments, such as cash and cash equivalents, trade receivables and trade payables, which are recognized in the parent company and consolidated financial statements, do not differ significantly from their fair values, as the maturity dates of a substantial portion of the balances are close to the reporting date.

(d) Derivatives

As of March 31, 2014, the Company was party to two swap transactions (plain vanilla) only for purposes of protection against the respective foreign currency-denominated loans. Both transactions were entered into with major financial institutions.

The specific characteristics of each swap transaction, as well as their respective notional amounts, are as follows:

						Parent company (BR GAAP) and Consolidated (IFRS and BR GAAP)		
						3/31/2014		
				Rates		Notional amount		(Payables)/ receivables
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	US$ thousand	R$ thousand
U.S. dollar x Reais	6/29/2010	5/25/2016	*Itaú BBA S.A.*	Dollar exchange variation + coupon of 6.44% p.a.	114.7% of the CDI variation	170,000	95,506	17,173
U.S. dollar x Reais	11/16/2011	8/16/2017	*Bank of America*	Dollar exchange variation + coupon of 1.60% p.a. + LIBOR 3M	102.5% of the CDI variation	123,000	75,000	45,724

The amounts payable/receivable are presented together with the balances of the respective loans (see Note 12).

CDI X Fixed Rate

Fleet rental contracts vary from 24 to 36 months and include an annual adjustment clause based on the inflation rate. As the rental contracts cannot be adjusted based on the basic interest rate variation, Localiza Fleet (formerly Total Fleet) contracted swap operations exchanging the CDI variation for a fixed rate in order to protect itself from the risk of losing profitability on rental contracts and maintain its competitiveness.

						Parent company (BR GAAP) and Consolidated (IFRS and BR GAAP)	
						3/31/2014	
				Rates		Reference value	(Payables)/ receivables
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ thousand	R$ thousand
CDI x Fixed rate	6/15/2012 and 11/5/2012	7/31/2013 to 12/15/2014	Various Banks	109.7% and 113.8% of the variation of CDI	8.1% p.a. to 9.7% p.a.	268,047 (*)	5,829

(*) The swaps short-position (fixed rate) corresponds to R$ 268,047 on March 31, 2014.

23. FINANCE LEASES

The information on finance leases (individual and consolidated) has not significantly changed compared with that disclosed in Note 23 to the financial statements for the year ended December 31, 2013.

24. RENTAL COMMITMENTS

The information on rental commitments (parent company and consolidated) has not significantly changed compared with that disclosed in Note 24 to the financial statements for the year ended December 31, 2013.

25. PENSION PLAN

The Pension Plan was established as a defined contribution plan and, therefore, there are no actuarial and investment risks to be assumed by the Company as its sponsor. Consequently, no actuarial valuation is required and there is no possibility of recognizing actuarial gains or losses. Under this plan's regulations, the cost is shared between the employer and the employees, where the Company matches the employee's contribution, which was 5%, up to December 2013, and started to be 3% as from January 2014, of the monthly remuneration (base salary and additional remuneration per length of service). This change in the percentage was validated by the Committee of Personnel Management at a meeting held on March 19, 2014 and approved by the Board of Directors on the same date.

The other information on pension plan (individual and consolidated) has not significantly changed compared with that disclosed in Note 25 to the financial statements for the year ended December 31, 2013.

26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This parent company and consolidated interim financial information was approved and authorized for disclosure by the Executive Officer on April 15, 2014.

* * *

Comments on the behavior of business projections

The Company did not disclose projections.

Other information considered relevant by the Company

1. SOCIAL REPORT

The Company's Consolidated Social Report for the three-month periods ended March 31, 2014 and 2013 is as follows:

	Consolidated					
1. Calculation basis for social indicators	**1Q14**			**1Q13**		
Net revenue (NR)	945,053			793,304		
Earnings before taxes (EBT)	150,592			125,081		
Gross payroll (GP)	95,756			85,460		
2. Internal Social Indicators	**1Q14**			**1Q13**		
	Amount	**% on GP**	**% on NR**	**Amount**	**% on GP**	**% on NR**
Meals	3,366	4%	0%	4,933	6%	1%
Compulsory social charges	19,987	21%	2%	18,111	21%	2%
Health care	5,330	6%	1%	4,542	5%	1%
Training and professional development	3,304	3%	0%	3,822	4%	0%
Day care center or child care allowance	64	0%	0%	93	0%	0%
Profit sharing	13,461	14%	2%	13,111	15%	2%
Other	1,732	1%	0%	4,381	6%	1%
Total - Internal social indicators	**47,244**	**49%**	**5%**	**48,993**	**57%**	**7%**
3. External Social Indicators	**1Q14**			**1Q13**		
	Amount	**% on EBT**	**% on NR**	**Amount**	**% on EBT**	**% on NR**
Education	108	0%	0%	80	0%	0%
Culture	430	0%	0%	400	0%	0%
Other	108	0%	0%	-	0%	0%
Total contributions to society	646	0%	0%	480	0%	0%
Taxes (excluding social charges)	89,788	60%	10%	74,811	60%	9%
Total - External social indicators	**90,434**	**60%**	**10%**	**75,291**	**60%**	**9%**

4. Personnel indicators	**3/31/2014**	**3/31/2013**
Headcount at the end of the period	5,722	5,862
Number of employees hired during the period	357	369
Number of outsourced employees	213	227
Number of interns	11	37
Number of employees above age 45	531	456
Number of women working in the company	2,698	2,737
% of supervisory positions held by women	47.09%	47.68%
Number of blacks working in the company	4,349	4,222
% of supervisory positions held by blacks	52.00%	47.10%
Number of people with disability or special needs	108	26

Other information considered relevant by the Company

	3/31/2014			Goals 2014		
5. Relevant information regarding corporate citizenship						
Highest/lowest remuneration ratio			74.06(*)			80.00(*)
Total number of occupational accidents during the period			6			-
- The social and environmental projects developed by the Company were established by	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
- The safety and health standards in the workplace were established by	( ) directors and managers	( ) all employees employees	(x) all + Cipa	( ) directors and managers	( ) all employees	(x) all + Cipa
- Regarding union freedom, right to collective bargaining and internal workers representation, the company	( ) is not involved	(x) follows the standards of the International Labor Organization (ILO)	( ) encourages and follows the standards of the ILO	( ) will not be involved	(x) will follow the standards of the ILO	( ) will encourage and follow the standards of the ILO
- The profit sharing plan covers	( )directors	( ) directors and managers	(x) all employees	( )directors	( ) directors and managers	(X) all employees
- In selecting suppliers, the same ethical, social responsibility and environmental standards adopted by the Company	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
- As to the participation of employees in volunteer work programs, the company	( ) is not involved	( ) supports	(x) organizes and encourages	( ) will not be involved	( ) supports	(x) will organize and encourage
- Total number of complaints and criticisms from consumers	In the company (**)	In Procon 37	In court 580	In the company(**)	In Procon NA	In court NA
- % of complaints and criticisms from customers handled or solved	In the company(**)	In Procon 18.92%	In court 62.76%	In the company(**)	In Procon NA	In court NA

(*) To calculate the ratio between the highest and lowest remuneration paid by the Company, the head office salaries were utilized (Belo Horizonte).

(**) The customer assistance are attends calls referring to mechanical problems, accidents, doubts about billings, as well as praises and complaints. The Company does not have a record of the number of calls concerning complaints only.

