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Localiza Rent a Car S.A.

Quarterly information (ITR) at June 30, 2012 and report on review of quarterly information

(A free translation of the original in Portuguese)

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1. General Information

Corporate name	LOCALIZA RENT A CAR S.A.
Date of adoption of the corporate name	10/2/1995
Type	Publicly-held Corporation
Previous corporate name	LOCALIZA RENT A CAR LTDA.
Date of establishment	9/28/1973
Federal Corporate Taxpayers' Registration Number (CNPJ)	16.670.085/0001-55
Brazilian Securities Commission (CVM) code	1973-9
CVM registration date	5/6/2005
CVM registration status	Active
Date of effectiveness of status	5/6/2005
Home country	Brazil
Country in which the securities are held in custody	Brazil

Other countries in which the securities can be traded

Country	Date of admission

Activity sector	Transportation and Logistics Services
Description of activities	Car and fleet rental
Issuer category	Category A
Date of registration in the current category	1/1/2010
Issuer status	Operating
Date of effectiveness of status	5/6/2005
Type of ownership control	Private
Date of last change in ownership control	
Date of last change of the fiscal year	
Month/day of the end of the fiscal year	12/31
Issuer's website on the Internet	www.localiza.com

Newspapers in which the issuer discloses its information

Name of newspapers in which the issuer discloses its information	State
Diário Oficial de Minas Gerais	MG
Jornal Diário do Comércio	MG
Valor Econômico	SP

2. Address

Mail address	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477040, Fax (31) 32477755, E-mail controladoria@localiza.com
Headquarters' address	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477040, Fax (31) 32477755, E-mail controladoria@localiza.com

3. Securities

Shares

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Trading segment**	**Beginning**	**End**
Stock exchange	BM&FBOVESPA	5/6/2005		New Market	5/23/2005	

Debentures

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Trading segment**	**Beginning**	**End**
Stock exchange	BM&FBOVESPA	7/2/2007		Traditional	7/10/2007	
Organized OTC market	CETIP	5/5/2010		Traditional	5/10/2010	

Commercial note

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Trading segment**	**Beginning**	**End**
Organized OTC market	CETIP	12/29/2010		Traditional	12/29/2010	

4. Auditor

Does the Issuer have an auditor?	YES
CVM code	385-9
Type of auditor	Brazilian Firm
Name/Corporate name	Deloitte Touche Tohmatsu Auditores Independentes
Individual Taxpayers' Registration Number (CPF)/ Federal Corporate Taxpayers' Registration Number (CNPJ)	49.928.567/0006-26
Period of services	9/30/2002 to 3/7/2012

Partner responsible	Period of services	CPF
Délio Rocha Leite	9/30/2002 to 3/7/2012	094.062.268-80

Does the Issuer have an auditor?	YES
CVM code	287-9
Type of auditor	Brazilian Firm
Name/Corporate name	PricewaterhouseCoopers Auditores Independentes
Individual Taxpayers' Registration Number (CPF)/ Federal Corporate Taxpayers' Registration Number (CNPJ)	61.562.112/0005-54
Period of services	3/26/2012

Partner responsible	Period of services	CPF
Guilherme Campos e Silva	3/26/2012	714.114.966-04

5. Share Registrar

Does the Company have a service provider?	YES
Corporate name	Banco Bradesco S.A.
CNPJ	60.746.948/0001-12
Period of services	5/6/2005
Service address	Av. Yara, Prédio Amarelo, s/n, Cidade de Deus, São Paulo, SP, Brasil, CEP 06029-900, Telephone (31) 36849441, Fax (31) 36842094, E-mail 4010.acoes@bradesco.com.br

6. Investor Relations Officer or Equivalent

Name	Roberto Antônio Mendes
	Investor Relations Officer
CPF/CNPJ	137.768.946-87
Mail address	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477040, Fax (31) 32477755, E-mail ri@localiza.com
Date when the person assumed the position	1/3/2005
Date when the person left the position	

7. Shareholders' Department

CONTACT	**Sílvio Neto Bezerra Guerra**
Date when the person assumed the position	**05/23/2005**
Date when the person left the position	
Mail address	Av Bernardo Monteiro, 1563, Funcionários, Belo Horizonte, MG, Brasil, CEP 30150-902, Telephone (31) 32477040, Fax (31) 32477755, E-mail ri@localiza.com

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Company information / capital structure

Number of shares (In thousands)	Current quarter 6/30/2012
Paid-up capital	
Common shares	201,708
Preferred shares	0
Total	201,708
Treasury shares	
Common shares	3,371
Preferred shares	0
Total	3,371

Company information/cash dividends

Event	Approval	Description	Initial date of payment	Type of share	Class of share	Earnings per share (Reais/share)
Board of Directors' Meeting	6/21/2012	Interest on capital	8/17/2012	Common		0.07783
Board of Directors' Meeting	3/7/2012	Interest on capital	5/3/2012	Common		0.07298
Board of Directors' Meeting	12/15/2011	Interest on capital	2/10/2012	Common		0.07122
Annual General Meeting	4/13/2012	Dividend	6/6/2012	Common		0.13266

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Individual financial statements / balance sheet - assets

(In thousand of Brazilian Reais)

Code	Description	Current period 6/30/2012	Prior period 12/31/2011
1	Total assets	3,206,090	3,431,374
1.01	Current assets	960,937	981,469
1.01.01	Cash and cash equivalents	583,532	597,741
1.01.03	Accounts receivable	282,758	278,913
1.01.03.01	Trade receivables	282,758	278,913
1.01.06	Recoverable taxes	12,250	13,158
1.01.06.01	Current recoverable taxes	12,250	13,158
1.01.07	Prepaid expenses	14,019	703
1.01.08	Other current assets	68,378	90,954
1.01.08.01	Non-current assets for sale	793	36
1.01.08.03	Other	67,585	90,918
1.01.08.03.01	Dividends receivable	40,427	32,435
1.01.08.03.02	Other	27,158	58,483
1.02	Non-current assets	2,245,153	2,449,905
1.02.01	Long-term assets	38,913	39,725
1.02.01.06	Deferred taxes	20,201	16,680
1.02.01.06.01	Deferred income tax and social contribution	20,201	16,680
1.02.01.08	Receivables from related parties	391	337
1.02.01.08.02	Receivables from subsidiaries	391	337
1.02.01.09	Other non-current assets	18,321	22,708
1.02.01.09.03	Escrow deposits	18,238	22,625
1.02.01.09.04	Other	83	83
1.02.02	Investments	515,428	474,142
1.02.02.01	Equity interests	515,428	474,142
1.02.02.01.02	Interests in subsidiaries	515,428	474,142
1.02.03	Property and equipment	1,670,277	1,918,312
1.02.03.01	Property and equipment in use	1,632,947	1,891,576
1.02.03.02	Property and equipment leased	6,957	5,114
1.02.03.03	Property and equipment in progress	30,373	21,622
1.02.04	Intangible assets	20,535	17,726
1.02.04.01	Intangible assets	20,535	17,726
1.02.04.01.02	Software	20,535	17,726

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Individual financial statements / balance sheet - liabilities and equity

(In thousand of Brazilian Reais)

Code	Description	Current period 6/30/2012	Prior period 12/31/2011
2	Total liabilities and equity	3,206,090	3,431,374
2.01	Current liabilities	503,361	697,538
2.01.01	Social and labor obligations	42,749	45,491
2.01.01.01	Social obligations	4,864	5,572
2.01.01.02	Labor obligations	37,885	39,919
2.01.02	Trade payables	283,644	415,612
2.01.02.01	Domestic trade payables	283,644	415,612
2.01.03	Tax obligations	14,801	26,156
2.01.03.01	Federal tax obligations	13,452	24,756
2.01.03.01.01	Income tax and social contribution payable	7,712	19,706
2.01.03.01.02	Other federal taxes	5,740	5,050
2.01.03.03	Municipal tax obligations	1,349	1,400
2.01.04	Loans and financing	109,269	119,511
2.01.04.01	Loans and financing	7,790	4,101
2.01.04.01.01	In local currency	6,519	2,413
2.01.04.01.02	In foreign currency	1,271	1,688
2.01.04.02	Debentures	98,200	113,220
2.01.04.03	Finance leases	3,279	2,190
2.01.05	Other obligations	52,898	90,768
2.01.05.01	Payables to related parties	10,274	23,291
2.01.05.01.02	Payables to subsidiaries	10,274	23,291
2.01.05.02	Other	42,624	67,477
2.01.05.02.01	Dividends and interest on capital payable	13,328	38,294
2.01.05.02.04	Other current liabilities	29,296	29,183
2.02	Non-current liabilities	1,508,303	1,613,253
2.02.01	Loans and financing	1,431,322	1,514,330
2.02.01.01	Loans and financing	544,345	537,946
2.02.01.01.01	In local currency	206,008	210,438
2.02.01.01.02	In foreign currency	338,337	327,508
2.02.01.02	Debentures	885,296	975,399
2.02.01.03	Finance leases	1,681	985
2.02.02	Other obligations	15,130	15,130
2.02.02.02	Other	15,130	15,130
2.02.02.02.03	Other non-current liabilities	15,130	15,130
2.02.03	Deferred taxes	36,247	58,525
2.02.03.01	Deferred income tax and social contribution	36,247	58,525
2.02.04	Provisions	25,282	24,939
2.02.04.01	Tax, social security, labor and civil provisions	25,282	24,939
2.02.04.01.01	Tax provisions	3,705	5,532
2.02.04.01.02	Social security and labor provisions	16,259	14,182
2.02.04.01.04	Civil provisions	5,318	5,225
2.02.06	Deferred revenues	322	329
2.02.06.02	Deferred revenues	322	329
2.03	Equity	1,194,426	1,120,583
2.03.01	Share capital	601,708	601,708
2.03.02	Capital reserves	39,307	19,029
2.03.02.01	Share premium	61,564	48,615
2.03.02.04	Options granted	12,713	13,595
2.03.02.05	Treasury shares	-34,970	-43,181
2.03.04	Profit reserves	499,730	499,730
2.03.04.01	Legal reserve	28,246	28,246
2.03.04.02	Statutory reserve	471,484	471,484
2.03.05	Retained earnings (accumulated losses)	53,565	0
2.03.06	Equity assessment adjustments	116	116

Version: 1

Individual financial statements / statement of income

(In thousand of Brazilian Reais)

Code	Description	Current quarter 4/1/2012 to 6/30/2012	Accumulated - current year 1/1/2012 to 6/30/2012	Same quarter of prior year 4/1/2011 to 6/30/2011	Accumulated - prior year 1/1/2011 to 6/30/2011
3.01	Revenue from sale of goods and/or services	575,181	1,129,226	532,482	1,047,087
3.02	Cost of goods and/or services sold	-511,189	-927,423	-383,671	-760,853
3.03	Gross profit	63,992	201,803	148,811	286,234
3.04	Operating income/expenses	-44,567	-68,856	-28,074	-58,198
3.04.01	Sales expenses	-51,026	-99,538	-41,416	-79,948
3.04.02	General and administrative expenses	-25,706	-46,617	-19,044	-36,557
3.04.04	Other operating income	0	149	0	0
3.04.05	Other operating expenses	-62	0	-70	-777
3.04.06	Equity in subsidiaries	32,227	77,150	32,456	59,084
3.05	Result from operations before financial result and taxes	19,425	132,947	120,737	228,036
3.06	Finance result	-25,231	-59,529	-30,781	-60,959
3.06.01	Finance income	13,989	25,222	10,343	14,846
3.06.02	Finance expenses	-39,220	-84,751	-41,124	-75,805
3.07	Income before taxes	-5,806	73,418	89,956	167,077
3.08	Income tax and social contribution	16,529	10,001	-15,926	-29,450
3.08.01	Current	-8,370	-15,798	-6,638	-17,375
3.08.02	Deferred	24,899	25,799	-9,288	-12,075
3.09	Net income from continuing operations	10,723	83,419	74,030	137,627
3.11	Net income for the period	10,723	83,419	74,030	137,627
3.99	Earnings per share - (reais /share)	0	0	0	0
3.99.01	Basic earnings per share	0	0	0	0
3.99.01.01	Common shares	0.05408	0.42148	0.37487	0.69691
3.99.02	Diluted earnings per share	0	0	0	0
3.99.02.01	Common shares	0.05383	0.41942	0.37331	0.69426

Individual financial statements / statement of comprehensive income

Justification for not completing the table

The company has no statement of comprehensive income in the current period and previous.

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Individual financial statements / statement of cash flows - indirect method

(In thousand of Brazilian Reais)

Code	Description	Accumulated - current period 1/1/2012 to 6/30/2012	Accumulated - prior period 1/1/2011 to 6/30/2011
6.01	Net cash provided by (used in) operating activities	140,065	-42,368
6.01.01	Cash flows provided by operating activities	703,830	665,295
6.01.01.01	Net income	83,419	137,627
6.01.01.02	Depreciation and amortization	157,547	46,897
6.01.01.03	Residual value of property and equipment disposals	559,323	529,339
6.01.01.04	Deferred income tax and social contribution	-25,799	12,075
6.01.01.05	Equity in subsidiaries	-77,150	-59,084
6.01.01.06	Other	6,490	-1,559
6.01.02	Variation in assets and liabilities	-453,441	-634,101
6.01.02.01	Trade receivables	-4,145	-15,746
6.01.02.02	Acquisition of cars, net of changes in car makers	-556,583	-685,805
6.01.02.03	Escrow deposits	3,072	-869
6.01.02.04	Recoverable taxes	-3,936	-4,121
6.01.02.05	Other assets	28,860	-2,620
6.01.02.06	Trade payables - other	-20,048	-16,535
6.01.02.07	Social and labor obligations	-2,742	-3,731
6.01.02.08	Taxes payable	16,256	17,938
6.01.02.09	Interest on loans, financing and debentures	83,633	71,509
6.01.02.10	Insurance premiums	9,885	9,483
6.01.02.11	Other liabilities	-7,693	-3,604
6.01.03	Other	-110,324	-73,562
6.01.03.01	Income tax and social contribution paid	-22,658	-17,715
6.01.03.02	Interest on loans, financing and debentures paid	-87,666	-55,847
6.02	Net cash provided by (used in) investing activities	-10,127	-56,234
6.02.01	Purchases of other property and equipment	-31,029	-21,956
6.02.02	Purchases of intangible assets	-4,687	-591
6.02.03	Capital increase in subsidiary	0	-100,000
6.02.04	Dividends from subsidiaries	25,625	66,313
6.02.05	Other	-36	0
6.03	Net cash provided by (used in) financing activities	-144,147	244,204
6.03.01	Loans and financing - proceeds	3,038	0
6.03.02	Loans and financing – repayments	-92,255	-201,276
6.03.03	Debentures – proceeds	0	500,000
6.03.05	Dividends	-26,302	-23,337
6.03.06	Interest on capital	-28,628	-31,183
6.05	Increase (decrease) in cash and cash equivalents	-14,209	145,602
6.05.01	Cash and cash equivalents at the beginning of the period	597,741	276,923
6.05.02	Cash and cash equivalents at the end of the period	583,532	422,525

Individual financial statements / statement of changes in equity - 1/1/2012 to 6/30/2012

(In thousand of Brazilian Reais)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	601,708	19,145	499,730	0	0	1,120,583
5.03	Adjusted opening balances	601,708	19,145	499,730	0	0	1,120,583
5.04	Capital transactions with shareholders	0	20,278	0	-29,854	0	-9,576
5.04.03	Options granted recognized	0	3,745	0	0	0	3,745
5.04.05	Treasury shares sold	0	16,533	0	0	0	16,533
5.04.07	Interest on capital	0	0	0	-29,854	0	-29,854
5.05	Total comprehensive income	0	0	0	83,419	0	83,419
5.05.01	Net income	0	0	0	83,419	0	83,419
5.07	Closing balances	601,708	39,423	499,730	53,565	0	1,194,426

Individual financial statements / statement of changes in equity - 1/1/2011 to 6/30/2011

(In thousand of Brazilian Reais)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	601,708	23,095	273,939	0	0	898,742
5.03	Adjusted opening balances	601,708	23,095	273,939	0	0	898,742
5.04	Capital transactions with shareholders	0	2,862	0	-23,471	0	-20,609
5.04.03	Options granted recognized	0	2,862	0	0	0	2,862
5.04.07	Interest on capital	0	0	0	-23,471	0	-23,471
5.05	Total comprehensive income	0	0	0	137,627	0	137,627
5.05.01	Net income	0	0	0	137,627	0	137,627
5.06	Internal changes in equity	0	-5,918	0	5,918	0	0
5.06.04	Realization of equity assessment adjustment	0	-5,918	0	5,918	0	0
5.07	Closing balances	601,708	20,039	273,939	120,074	0	1,015,760

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Individual financial statements / statement of value added

(In thousand of Brazilian Reais)

Code	Description	Accumulated - current period 1/1/2012 to 6/30/2012	Accumulated - prior period 1/1/2011 to 6/30/2011
7.01	Revenue	1,168,363	1,082,510
7.01.01	Sale of goods and services	1,143,397	1,066,596
7.01.02	Other income	1,989	1,543
7.01.03	Revenues related to the construction of own assets	23,277	15,337
7.01.04	Recognition/Reversal of allowance for doubtful accounts	-300	-966
7.02	Inputs acquired from third parties	-737,856	-679,455
7.02.01	Cost of products, goods and services sold	-675,766	-628,095
7.02.02	Materials, energy, third parties services and other	-62,090	-51,360
7.03	Gross value added	430,507	403,055
7.04	Retentions	-157,547	-46,897
7.04.01	Depreciation, amortization and depletion	-157,547	-46,897
7.05	Net value added	272,960	356,158
7.06	Value added received through transfer	102,372	73,930
7.06.01	Equity in subsidiaries	77,150	59,084
7.06.02	Financial income	25,222	14,846
7.07	Total net value added for distribution	375,332	430,088
7.08	Distribution of value added	375,332	430,088
7.08.01	Personnel	112,918	91,976
7.08.01.01	Salaries and wages	87,135	71,884
7.08.01.02	Benefits	16,325	12,469
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	5,711	4,761
7.08.01.04	Other	3,747	2,862
7.08.02	Taxes, tributes and contributions	44,831	87,602
7.08.02.01	Federal	24,167	66,199
7.08.02.02	State	18,125	19,167
7.08.02.03	Municipal	2,539	2,236
7.08.03	Remuneration of third parties' capital	134,164	112,883
7.08.03.01	Interest	84,751	75,805
7.08.03.02	Rentals	49,413	37,078
7.08.04	Remuneration of own capital	83,419	137,627
7.08.04.01	Interest on capital	29,854	23,471
7.08.04.03	Retained earnings	53,565	114,156

(A free translation of the original in Portuguese)

Consolidated financial statements / balance sheet - assets

(In thousand of Brazilian Reais)

Code	Description	Current period 6/30/2012	Prior period 12/31/2011
1	Total assets	3,728,080	4,009,554
1.01	Current assets	1,127,062	1,147,636
1.01.01	Cash and cash equivalents	673,921	711,002
1.01.03	Accounts receivables	363,650	353,440
1.01.03.01	Trade receivables	363,650	353,440
1.01.06	Recoverable taxes	14,721	15,164
1.01.06.01	Current taxes recoverable	14,721	15,164
1.01.07	Prepaid expenses	19,827	703
1.01.08	Other current assets	54,943	67,327
1.01.08.01	Non-current assets for sale	18,714	28,992
1.01.08.03	Other	36,229	38,335
1.02	Non-current assets	2,601,018	2,861,918
1.02.01	Long-term assets	43,733	44,885
1.02.01.06	Deferred taxes	22,585	19,782
1.02.01.06.01	Deferred income tax and social contribution	22,585	19,782
1.02.01.09	Other non-current assets	21,148	25,103
1.02.01.09.03	Escrow deposits	21,065	25,020
1.02.01.09.04	Other	83	83
1.02.03	Property and equipment	2,531,101	2,794,236
1.02.03.01	Property and equipment in use	2,476,551	2,762,790
1.02.03.02	Property and equipment leased	24,093	9,279
1.02.03.03	Property and equipment in progress	30,457	22,167
1.02.04	Intangible assets	26,184	22,797
1.02.04.01	Intangible assets	26,184	22,797
1.02.04.01.02	Goodwill on acquisition of investments	4,508	4,508
1.02.04.01.03	Software	21,676	18,289

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Consolidated financial statements / balance sheet - liabilities and equity

(In thousand of Brazilian Reais)

Code	Description	Current period 6/30/2012	Prior period 12/31/2011
2	Total liabilities and equity	3,728,080	4,009,554
2.01	Current liabilities	624,221	793,778
2.01.01	Social and labor obligations	58,795	58,682
2.01.01.01	Social obligations	6,774	7,217
2.01.01.02	Labor obligations	52,021	51,465
2.01.02	Trade payables	336,677	488,655
2.01.02.01	Domestic trade payables	336,677	488,655
2.01.03	Tax obligations	35,679	41,868
2.01.03.01	Federal tax obligations	33,777	40,308
2.01.03.01.01	Income tax and social contribution payable	25,016	32,543
2.01.03.01.02	Other federal taxes	8,761	7,765
2.01.03.03	Municipal tax obligations	1,902	1,560
2.01.04	Loans and financing	145,798	130,945
2.01.04.01	Loans and financing	8,269	4,159
2.01.04.01.01	In local currency	6,998	2,471
2.01.04.01.02	In foreign currency	1,271	1,688
2.01.04.02	Debentures	103,133	122,482
2.01.04.03	Finance leases	34,396	4,304
2.01.05	Other obligations	47,272	73,628
2.01.05.02	Other	47,272	73,628
2.01.05.02.01	Dividends and interest on capital payable	13,328	38,294
2.01.05.02.04	Other current liabilities	33,944	35,334
2.02	Non-current liabilities	1,909,433	2,095,193
2.02.01	Loans and financing	1,783,000	1,943,480
2.02.01.01	Loans and financing	670,837	665,507
2.02.01.01.01	In local currency	332,500	337,999
2.02.01.01.02	In foreign currency	338,337	327,508
2.02.01.02	Debentures	1,084,807	1,274,801
2.02.01.03	Finance leases	27,356	3,172
2.02.02	Other obligations	19,921	20,378
2.02.02.02	Other	19,921	20,378
2.02.02.02.03	Other non-current liabilities	19,921	20,378
2.02.03	Deferred taxes	66,074	92,373
2.02.03.01	Deferred income tax and social contribution	66,074	92,373
2.02.04	Provisions	30,949	30,080
2.02.04.01	Tax, social security, labor and civil provisions	30,949	30,080
2.02.04.01.01	Tax provisions	5,266	7,948
2.02.04.01.02	Social security and labor provisions	19,022	16,353
2.02.04.01.04	Civil provisions	6,661	5,779
2.02.06	Deferred revenues	9,489	8,882
2.02.06.02	Deferred revenues	9,489	8,882
2.03	Equity	1,194,426	1,120,583
2.03.01	Share capital	601,708	601,708
2.03.02	Capital reserves	39,307	19,029
2.03.02.01	Share premium	61,564	48,615
2.03.02.04	Options granted	12,713	13,595
2.03.02.05	Treasury shares	-34,970	-43,181
2.03.04	Profit reserves	499,730	499,730
2.03.04.01	Legal reserve	28,246	28,246
2.03.04.02	Statutory reserve	471,484	471,484
2.03.05	Retained earnings (accumulated losses)	53,565	0
2.03.06	Equity assessment adjustments	116	116

Consolidated financial statements / statement of income

(In thousand of Brazilian Reais)

Code	Description	Current quarter 4/1/2012 to 6/30/2012	Accumulated - current year 1/1/2012 to 6/30/2012	Same quarter of prior year 4/1/2011 to 6/30/2011	Accumulated - prior year 1/1/2011 to 6/30/2011
3.01	Revenue from sale of goods and/or services	789,479	1,564,222	706,353	1,387,905
3.02	Cost of goods and/or services sold	-652,607	-1,197,621	-484,221	-964,000
3.03	Gross profit	136,872	366,601	222,132	423,905
3.04	Operating income (expenses)	-94,597	-179,841	-71,101	-139,054
3.04.01	Sales expenses	-65,074	-127,849	-51,888	-101,339
3.04.02	General and administrative expenses	-29,457	-51,972	-19,132	-36,899
3.04.05	Other operating expenses	-66	-20	-81	-816
3.05	Results from operations before financial result taxes	42,275	186,760	151,031	284,851
3.06	Financial result	-34,099	-77,678	-45,168	-88,025
3.06.01	Financial income	17,674	32,406	13,485	22,020
3.06.02	Financial expenses	-51,773	-110,084	-58,653	-110,045
3.07	Profit before taxes on income	8,176	109,082	105,863	196,826
3.08	Income tax and social contribution	2,547	-25,663	-31,833	-59,199
3.08.01	Current	-25,835	-54,765	-21,134	-44,772
3.08.02	Deferred	28,382	29,102	-10,699	-14,427
3.09	Net income from continuing operations	10,723	83,419	74,030	137,627
3.11	Net income for the period	10,723	83,419	74,030	137,627
3.11.01	Attributable to the Company's owners	10,723	83,419	74,030	137,627
3.99	Earnings per share - (reais /share)				
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.05408	0.42148	0.37487	0.69691
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.05383	0.41942	0.37331	0.69426

Consolidated financial statements / statement of comprehensive income

Justification for not completing the table

The company has no statement of comprehensive income in the current period and previous.

(A free translation of the original in Portuguese)

Consolidated financial statements / statement of cash flows - indirect method

(In thousand of Brazilian Reais)

Code	Description	Accumulated - current period 1/1/2012 to 6/30/2012	Accumulated - prior period 1/1/2011 to 6/30/2011
6.01	Net cash provided by (used in) operating activities	191,928	-66,455
6.01.01	Cash flows provided by operating activities	987,911	882,289
6.01.01.01	Net income	83,419	137,627
6.01.01.02	Depreciation and amortization	238,828	102,029
6.01.01.03	Residual value of property and equipment disposals	687,702	627,675
6.01.01.04	Deferred income tax and social contribution	-29,102	14,427
6.01.01.05	Other	7,064	531
6.01.02	Variation in assets and liabilities	-624,141	-788,745
6.01.02.01	Trade receivables	-10,566	-33,144
6.01.02.02	Acquisition of cars, net of changes in car makers	-761,285	-875,157
6.01.02.03	Escrow deposits	2,640	-1,184
6.01.02.04	Recoverable taxes	-5,535	-5,441
6.01.02.05	Other assets	-6,669	-8,942
6.01.02.06	Trade payables (expect car makers)	-19,157	-16,687
6.01.02.07	Social and labor obligations	113	-4,412
6.01.02.08	Taxes payable	54,577	45,265
6.01.02.09	Interest on loans, financing and debentures	109,389	105,506
6.01.02.10	Insurance premiums	9,885	9,483
6.01.02.11	Other liabilities	2,467	-4,032
6.01.03	Other	-171,842	-159,999
6.01.03.01	Income tax and social contribution paid	-54,886	-40,728
6.01.03.02	Interest on loans, financing and debentures paid	-116,956	-119,271
6.02	Net cash provided by (used in) investing activities	-36,019	-23,227
6.02.01	Purchases of other property and equipment	-31,239	-22,476
6.02.02	Purchases of intangible assets	-4,780	-751
6.03	Net cash provided by (used in) financing activities	-192,990	158,204
6.03.01	Loans and financing – proceeds	58,877	0
6.03.02	Loans and financing – repayments	-196,937	-287,276
6.03.03	Debentures – proceeds	0	500,000
6.03.05	Dividends	-26,302	-23,337
6.03.06	Interest on capital	-28,628	-31,183
6.05	Increase (decrease) in cash and cash equivalents	-37,081	68,522
6.05.01	Cash and cash equivalents at the beginning of the period	711,002	415,681
6.05.02	Cash and cash equivalents at the end of the period	673,921	484,203

Consolidated financial statements / statement of changes in equity - 1/1/2012 to 6/30/2012

(In thousand of Brazilian Reais)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balances	601,708	19,145	499,730	0	0	1,120,583	0	1,120,583
5.03	Adjusted opening balances	601,708	19,145	499,730	0	0	1,120,583	0	1,120,583
5.04	Capital transactions with shareholders	0	20,278	0	-29,854	0	-9,576	0	-9,576
5.04.03	Options granted	0	3,745	0	0	0	3,745	0	3,745
5.04.05	Treasury shares sold	0	16,533	0	0	0	16,533	0	16,533
5.04.07	Interest on capital	0	0	0	-29,854	0	-29,854	0	-29,854
5.05	Total comprehensive income	0	0	0	83,419	0	83,419	0	83,419
5.05.01	Net income	0	0	0	83,419	0	83,419	0	83,419
5.07	Closing balances	601,708	39,423	499,730	53,565	0	1,194,426	0	1,194,426

Consolidated financial statements / statement of changes in equity - 1/1/2011 to 6/30/2011

(In thousand of Brazilian Reais)

Code	Description	Paid-up share capital	Capital reserves, options granted and treasury shares	Profit reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated Equity
5.01	Opening balances	601,708	23,095	273,939	0	0	898,742	0	898,742
5.03	Adjusted opening balances	601,708	23,095	273,939	0	0	898,742	0	898,742
5.04	Capital transactions with shareholders	0	2,862	0	-23,471	0	-20,609	0	-20,609
5.04.03	Options granted	0	2,862	0	0	0	2,862	0	2,862
5.04.07	Interest on capital	0	0	0	-23,471	0	-23,471	0	-23,471
5.05	Total comprehensive income	0	0	0	137,627	0	137,627	0	137,627
5.05.01	Net income	0	0	0	137,627	0	137,627	0	137,627
5.06	Internal changes in equity	0	-5,918	0	5,918	0	0	0	0
5.06.04	Realization of equity assessment adjustment	0	-5,918	0	5,918	0	0	0	0
5.07	Closing balances	601,708	20,039	273,939	120,074	0	1,015,760	0	1,015,760

(A free translation of the original in Portuguese)

Consolidated financial statements / statement of value added

(In thousand of Brazilian Reais)

Code	Description	Accumulated - current period 1/1/2012 to 6/30/2012	Accumulated - prior period 1/1/2011 to 6/30/2011
7.01	Revenue	1,617,220	1,434,983
7.01.01	Sale of goods and services	1,577,724	1,415,577
7.01.02	Other income	16,428	5,260
7.01.03	Revenues related to the construction of own assets	23,424	15,331
7.01.04	Recognition/Reversal of allowance for doubtful accounts	-356	-1,185
7.02	Inputs acquired from third parties	-907,478	-811,635
7.02.01	Cost of products, goods and services sold	-842,808	-758,273
7.02.02	Materials, energy, third parties services and other	-64,670	-53,362
7.03	Gross value added	709,742	623,348
7.04	Retentions	-238,828	-102,029
7.04.01	Depreciation, amortization and depletion	-238,828	-102,029
7.05	Net value added	470,914	521,319
7.06	Value added received through transfer	32,406	22,020
7.06.02	Financial income	32,406	22,020
7.07	Total value added to be distributed	503,320	543,339
7.08	Distribution of value added	503,320	543,339
7.08.01	Personnel	150,142	116,107
7.08.01.01	Salaries and wages	117,644	91,610
7.08.01.02	Benefits	21,055	15,415
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	7,708	6,220
7.08.01.04	Other	3,735	2,862
7.08.02	Taxes, tributes and contributions	109,963	142,066
7.08.02.01	Federal	78,580	111,829
7.08.02.02	State	27,216	27,659
7.08.02.03	Municipal	4,167	2,578
7.08.03	Remuneration of third parties' capital	159,796	147,539
7.08.03.01	Interest	110,084	110,045
7.08.03.02	Rentals	49,712	37,494
7.08.04	Remuneration of own capital	83,419	137,627
7.08.04.01	Interest on capital	29,854	23,471
7.08.04.03	Retained earnings	53,565	114,156

Comments on Company Performance

In R$ million

1 - Car Rental	2Q11	2Q12	Var. %	1H11	1H12	Var. %
Net revenue	539.6	591.2	**9.6%**	1,059.9	1,159.9	**9.4%**
Costs	(381.2)	(507.8)	**33.2%**	(755.6)	(919.0)	**21.6%**
Operating expenses (SG&A):						
Advertising and selling	(48.5)	(57.4)	**18.4%**	(94.3)	(110.9)	**17.6%**
General, administrative and other	(15.1)	(23.5)	**55.6%**	(29.7)	(41.3)	**39.1%**
Financial expenses, net	(30.4)	(23.2)	**-23.7%**	(61.1)	(53.7)	**-12.1%**
Income tax and social contribution	(16.5)	11.1	**-167.3%**	(30.4)	(4.5)	**-85.2%**
Net income from car rental and sales	**47.9**	**(9.6)**	**-120.0%**	**88.8**	**30.5**	**-65.7%**

2 - Fleet Rental	2Q11	2Q12	Var. %	1H11	1H12	Var. %
Net revenue	163.4	194.2	**18.8%**	321.5	396.3	**23.3%**
Costs	(101.6)	(141.6)	**39.4%**	(205.1)	(272.4)	**32.8%**
Operating expenses (SG&A):						
Advertising and selling	(3.3)	(8.1)	**145.5%**	(7.0)	(17.9)	**155.7%**
General, administrative and other	(4.1)	(6.5)	**58.5%**	(8.0)	(11.5)	**43.8%**
Financial expenses, net	(15.1)	(11.0)	**-27.2%**	(27.6)	(24.6)	**-10.9%**
Income tax and social contribution	(14.9)	(8.4)	**-43.6%**	(27.8)	(20.7)	**-25.5%**
Net income from car rental and sales	**24.4**	**18.6**	**-23.8%**	**46.0**	**49.2**	**7.0%**

3 - Franchising	2Q11	2Q12	Var. %	1H11	1H12	Var. %
Net revenue	3.4	4.1	**20.6%**	6.5	8.0	**23.1%**
Costs	(1.5)	(2.4)	**60.0%**	(3.3)	(4.4)	**33.3%**
Operating expenses (SG&A):						
Advertising and selling	-	-	**-**	-	-	**-**
General, administrative and other	-	-	**-**	-	-	**-**
Financial income (expenses), net	0.4	0.2	**-50.0%**	0.6	0.6	**0.0%**
Income tax and social contribution	(0.5)	(0.2)	**-60.0%**	(0.9)	(0.5)	**-44.4%**
Net income for the period	**1.8**	**1.7**	**-5.6%**	**2.9**	**3.7**	**27.6%**

4 - Consolidated	2Q11	2Q12	Var. %	1H11	1H12	Var. %
Net revenue	706.4	789.5	**11.8%**	1,387.9	1,564.2	**12.7%**
Costs (*)	(484.3)	(652.7)	**34.8%**	(964.0)	(1,197.6)	**24.2%**
Operating expenses (SG&A) (*):						
Advertising and selling	(51.8)	(65.0)	**25.5%**	(101.3)	(127.8)	**26.2%**
General, administrative and other	(19.2)	(29.6)	**54.2%**	(37.7)	(52.0)	**37.9%**
	151.1	**42.2**	**-72.1%**	**284.9**	**186.8**	**-34.4%**
Financial expenses, net	(45.1)	(34.0)	**-24.6%**	(88.1)	(77.7)	**-11.8%**
Operating profit	**106.0**	**8.2**	**-92.3%**	**196.8**	**109.1**	**-44.6%**
Income tax and social contribution	(31.9)	2.5	**-107.8%**	(59.1)	(25.7)	**-56.5%**
Net income for the period	**74.1**	**10.7**	**-85.6%**	**137.7**	**83.4**	**-39.4%**
% of net revenues	10.5%	1.4%		9.9%	5.3%	

(*) The consolidated balance includes reclassification of R$ 1.8 million between the captions of operating costs and expenses in 1H12 and R$ 0.9 million in 2Q12.

Comments on Company Performance

Net revenues

The Company's consolidated net revenue in 1H12 increased 12.7%, or R$ 176.3 million, basically due to:

- Increase of 9.4% in net revenues from car rental, or R$ 100 million, representing a growth of 12.7% in revenues from car rentals and 6.8% in revenues from sales of decommissioned cars for fleet renewal. The increase of the car rental revenue was basically due to the increase of 6.8% in the volume of daily car rental and 4.6% in the average daily rate; and

- Increase of 23.3% in net revenues from fleet rental, or R$ 74.8 million, representing a growth of 21.1% in revenues from fleet rentals and 27.7% in revenues from sales of decommissioned cars for fleet renewal. The increase of the fleet rental revenue was basically due to increase of 13.5% in the average rented fleet and 6.1% in the average rate.

Revenues from franchising increased 23.1%, or R$ 1.5 million.

The Company's consolidated net revenue in 2Q12 increased 11.8%, or R$ 83.1 million, basically due to:

- Increase of 9.6% in net revenues from car rental, or R$ 51.6 million, representing a growth of 10.4% in the revenues from car rentals and 8.8% in revenues from sales of decommissioned cars for fleet renewal. This increase was basically due to increase of 4.9% in the volume of daily car rental and 4.5% in the average rate; and

- Increase of 18.8% in net revenues from fleet rental, or R$ 30.8 million, representing a growth of 18.7% in revenues from fleet rentals and 19.3% in revenues from sales of decommissioned cars for fleet renewal. This increase was basically due to the increase of 11.2% in the volume of average rented fleet and 6.1% in the average rate;

Revenues from franchising increased 20.6%, or R$ 0.7 million.

Costs

Consolidated costs increased 24.2%, or R$ 233.6 million, in 1H12 and 34.8%, or R$ 168.4 million, in 2Q12.

This increase in costs was greater than the increase in revenues basically due to the record of R$ 100 million of additional depreciation because of the Tax Exemption (IPI Reduction), in

order to reflect the decrease in the estimated residual value of the cars. The direct costs, without the depreciation costs, remained in line with the revenue.

Operating expenses (SG&A)

The consolidated operating expenses (SG&A) increased 29.4%, or R$ 40.8 million, in 1H12, and 33.2%, or R$ 23.6 million, in 2Q12. As a percentage of net revenue, operating expenses increased 1.5 p.p. in 1H12, from 10.0% to 11.5%, and 1.9 p.p. in 2Q12, from 10.0% to 11.9%. This increase was mainly due to the growth of property rental, salaries, charges and profit sharing expenses.

Financial expenses, net

Net financial expenses decreased 11.7% in 1H12 and 24.6% in 2Q12, mainly due to the decrease in the basic interest rate in the period.

Income tax and social contribution

The income tax and social contribution expense decreased 56.5% in 1H12 and 107.8% in 2Q12, while the effective tax rate decreased 6.4 p.p., from 30.0% in 1H11 to 23.6% in 1H12, mainly due to the greater representativeness of the interest on capital in the relation to profit before income tax and social contribution. It remained stable in the second quarter, increasing from 30.1% in 2Q11 to 30.5% in 2Q12.

LOCALIZA RENT A CAR S.A. AND SUBSIDIARIES

Notes to the interim financial information
For the period ended June 30, 2012
(All amounts in thousands of Brazilian reais – R$, unless otherwise indicated)

1. OPERATION

Localiza Rent a Car S.A. - ("Localiza"), headquartered at Avenida Bernardo Monteiro, 1,563, Belo Horizonte, State of Minas Gerais, is since May 2005 a Brazilian publicly-held company listed on BM&FBOVESPA's Novo Mercado, which corresponds to the highest level of corporate governance in the Brazilian capital market. The Company's shares are negotiated on the code **RENT3**.

Localiza and its subsidiaries ("Company") are mainly engaged in car and fleet rental and franchising. As part of its fleet renewal program, Localiza and its subsidiary Total Fleet S.A. ("Total Fleet") sell the decommissioned cars for renewal of the fleet.

At June 30, 2012, Localiza System, including franchisees in Brazil and abroad, comprised 502 car rental branches, of which: i) 454 branches in 316 cities in Brazil, of which 253 are operated by Localiza and the remaining by franchisees, and ii) 48 branches in 28 cities in 7 South American countries, all operated by franchisees.

At June 30, 2012, Localiza System's fleet comprised 103,237 cars, of which: i) 89,848 owned by the Company, including 31,412 of the Fleet Rental Division; ii) 11,448 owned by franchisees in Brazil; and iii) 1,941 owned by franchisees abroad. After being used in rental activities, cars are sold in order to generate cash for the fleet renewal. Decommissioned cars are substantially sold to final consumers at 71 sales points, located in 39 cities throughout Brazil, thus 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 STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's interim financial information include:

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

- The consolidated interim financial information prepared and presented in accordance with the Accounting Standard CPC 21 - 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 Brazilian Corporate Law, as well as the new standards, guidance 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 Company interim financial information differ from IFRS applicable to the separate 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.

Due to limitations in the program used to complete this interim financial information, the statements of changes in equity for the six-month periods ended June 30, 2012 and 2011 present the balances of equity assessment adjustments in the consolidated net amounts of R$ 116 and R$ 5,193, respectively, together with the column "Capital Reserves, Options Granted and Treasury Stock" and the realization of equity assessment adjustment within the group of "Internal changes in equity", when they should be presented in specific columns and groups.

The Company does not have other comprehensive income for the current and prior periods.

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, 2011 (hereinafter referred "Financial Statements for year ended December 31, 2011"), published on March 13, 2012 in the newspapers "Diário Oficial de Minas Gerais", "Diário do Comércio Minas Gerais", "Valor Econômico" (condensed form), "Estado de Minas" (condensed form) and "O Estado de São Paulo" (condensed form) and available through the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and www.localiza.com/ri.

3. ACCOUNTING STANDARDS AND INTERPRETATIONS RECENTLY ISSUED

The information on accounting standards and interpretations recently issued is not significantly different from that disclosed in Note 3 to the Financial Statements for the year ended December 31, 2011.

4. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Cash and banks	-	15,599	591	16,231
Bank certificates of deposit (CDB)	274,818	181,415	301,601	222,171
Committed operations	308,714	400,727	371,729	472,600
Total	**583,532**	**597,741**	**673,921**	**711,002**

As at June 30, 2012, investments in CDB and committed operations yielded 102.2% of the Interbank Certificate Deposit (CDI) rate (102.1% at December 31, 2011), are highly liquid and redeemable in less than 30 days.

5. TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Car Rental	290,805	286,979	293,566	290,101
Fleet Rental	-	-	75,471	68,224
Franchising	1,292	973	7,311	7,457
	292,097	**287,952**	**376,348**	**365,782**
Allowance for doubtful accounts	(9,339)	(9,039)	(12,698)	(12,342)
Total	**282,758**	**278,913**	**363,650**	**353,440**

Other information on trade receivables (individual and consolidated) was not significantly changed compared to those disclosed in Note 5 to the Financial Statements for the year ended December 31, 2011.

6. OTHER CURRENT AND NON-CURRENT ASSETS

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Balances stated separately in current assets:				
Prepaid expenses	14,019	703	19,827	703
Recoverable taxes	12,250	13,158	14,721	15,164
	26,269	13,861	34,548	15,867
Other current assets:				
Amounts receivable from the insurance company (*)	24,610	36,530	24,610	36,530
Other receivables - subsidiaries (Note 7(b))	184	20,289	-	-
Other	2,364	1,664	11,619	1,805
Total other current assets	27,158	58,483	36,229	38,335
Balances stated separately in non-current assets:				
Other receivables - subsidiaries (Note 7(b))	391	337	-	-
Other non-current assets	83	83	83	83
	474	420	83	83
Total other current and non-current assets	53,901	72,764	70,860	54,285

(*) Expenses incurred by Localiza 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, 2011).

7. INVESTMENTS AND RELATED-PARTY TRANSACTIONS

(a) Information on subsidiaries

The businesses of car and fleet rental, foreign franchises and the management of ownership interests in Brazil and abroad are conducted by Localiza itself or one of its subsidiaries. These subsidiaries' operations are as follows:

Total Fleet S.A.: Privately-held corporation engaged in the fleet rental business.

Localiza Franchising Brasil S.A.: Privately-held corporation engaged in the franchise business in Brazil.

Prime Prestadora de Serviços S.A.: Privately-held corporation engaged in the intermediation of sales of decommissioned cars, previously used by Localiza and Total Fleet in their rental operations, as well as the performance of other rental-related services.

Localiza Car Rental S.A.: Privately-held corporation engaged in car rental activities.

Rental International LLC: Wholly-owned subsidiary of Localiza established to conduct financial activities abroad. The company is currently dormant.

Car Assistance Serviços de Administração de Sinistros S.A.: Privately-held corporation engaged in the management of insurance claims involving Localiza's fleet insured cars.

Localiza Franchising Internacional SRL - "LFI SRL": Limited liability company, headquartered in Argentina, currently dormant.

TF Assistance Serviços de Administração de Sinistros S.A.: Privately-held corporation, currently in the preoperating stage, which will manage insurance claims involving Total Fleet's fleet insured cars.

Interest in capital, equity and results of direct and indirect subsidiaries are as follows:

			Interest					
	Number of shares		In capital (%)		In equity		In results	
	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	6/30/2011
Direct subsidiaries:								
Total Fleet	103,280,354	103,280,354	100.0	100.0	498,565	449,502	62,063	54,137
Franchising Brasil	399,069	399,069	100.0	100.0	3,045	8,757	5,206	4,561
Prime	15,000	15,000	100.0	100.0	-	-	2,296	(3,663)
Car Rental	1,339,961	1,339,961	100.0	100.0	5,208	7,834	1,834	2,344
Rental International (*)	1,000	1,000	100.0	100.0	-	-	(59)	(58)
Car Assistance	200,000	200,000	100.0	100.0	4,014	3,444	5,812	1,765
LFI SRL	25,000	25,000	100.0	100.0	88	97	(2)	(2)
					510,920	**469,634**	**77,150**	**59,084**
Goodwill on acquisition of investment (Note 9(b))					4,508	4,508	-	-
Total					**515,428**	**474,142**	**77,150**	**59,084**
Indirect subsidiary:								
TF Assistance	150,000	150,000	100.0	100.0	150	150	-	-

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

Changes in investments in subsidiaries, including goodwill, were as follows:

Balance at December 31, 2011	**474,142**
Payment of capital in subsidiary	13,650
Equity in subsidiaries	77,150
Dividends from subsidiaries	(33,617)
Reversal of negative equity	(15,897)
Balance at June 30, 2012	**515,428**

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

(i) Balance sheets

6/30/2012	Total Fleet	Franchising Brasil	Prime	Car Rental	Rental International	Car Assistance	LFI SRL
Assets							
Current assets	176,649	12,002	13,316	6,370	14	4,678	138
Non-current assets:							
Long-term assets	2,551	1,505	1,155	-	-	-	-
Property and equipment	860,642	182	-	-	-	-	-
Intangible assets	1,067	74	-	-	-	-	-
Total	**1,040,909**	**13,763**	**14,471**	**6,370**	**14**	**4,678**	**138**
Liabilities and equity							
Current liabilities	157,728	3,943	11,682	1,162	-	664	-
Non-current liabilities	384,616	6,775	9,705	-	391	-	50
Equity	498,565	3,045	(6,916)	5,208	(377)	4,014	88
Total	**1,040,909**	**13,763**	**14,471**	**6,370**	**14**	**4,678**	**138**

12/31/2011	Total Fleet	Franchising Brasil	Prime	Car Rental	Rental International	Car Assistance	LFI SRL
Assets							
Current assets	184,118	19,080	3,531	10,453	21	4,750	146
Non-current assets:							
Long-term assets	2,655	1,384	1,458	-	-	-	-
Property and equipment	875,736	188	-	-	-	-	-
Intangible assets	474	89	-	-	-	-	-
Total	**1,062,983**	**20,741**	**4,989**	**10,453**	**21**	**4,750**	**146**
Liabilities and equity							
Current liabilities	147,626	7,016	16,782	2,619	-	1,306	-
Non-current liabilities	465,855	4,968	11,066	-	338	-	49
Equity	449,502	8,757	(22,859)	7,834	(317)	3,444	97
Total	**1,062,983**	**20,741**	**4,989**	**10,453**	**21**	**4,750**	**146**

(ii) Income statement

1H12	Total Fleet	Franchising Brasil	Prime	Car Rental	Rental International	Car Assistance	LFI SRL
Statement of income							
Net revenues	394,867	7,790	27,326	6,096	-	6,615	-
Gross profit	124,106	5,766	25,768	2,687	-	6,478	(2)
Pretax income	93,810	6,304	3,551	2,566	(59)	6,644	(2)
Net income (loss)	**62,063**	**5,206**	**2,296**	**1,834**	**(59)**	**5,812**	**(2)**

1H11	Total Fleet	Franchising Brasil	Prime	Car Rental	Rental International	Car Assistance	LFI SRL
Statement of income							
Net revenues	320,061	6,358	12,353	5,517	-	2,033	-
Gross profit	115,964	4,888	12,353	2,760	-	1,871	(2)
Pretax income	81,934	5,516	(3,663)	3,048	(58)	2,058	(2)
Net income (loss)	**54,137**	**4,561**	**(3,663)**	**2,344**	**(58)**	**1,765**	**(2)**

(b) Balances and transactions with related parties

(i) Main balances and transactions with subsidiaries

	Total Fleet		Prime		Other		Total	
	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11
Balances:								
Trade receivables	1,463	1,585	-	-	1,114	1,253	2,577	2,838
Dividends	40,427	27,427	-	-	-	5,008	40,427	32,435
Other receivables (Note 6)	-	12,879	38 (a)	7,602	537	145	575	20,626
Other liabilities (Note 13)	2,906	-	6,916	22,859	452	432	10,274	23,291

	Total Fleet		Car Rental		Other		Total	
	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H11
Transactions:								
Revenue from car rental	4,653	2,441	2,763	1,843	24	17	7,440	4,301

(a) At the Extraordinary General Meeting held on May 24, 2012, it was approved the payment of capital by the Company in the amount of R$ 13,650 in the subsidiary Prime, using the balances of accounts receivable. As a result, Prime's share capital increased from R$ 950 to R$ 14,600.

As June 30, 2012 there are collateral signatures related to guarantees for loans and financing amounting to R$ 948,550 (R$ 990,448 at December 31, 2011), between Localiza and Total Fleet. There are also collateral signatures between companies when bank guarantees are contracted for lawsuits totaling R$ 15,668 (R$ 14,828 at December 31, 2011).

At the Extraordinary General Meeting held on April 12, 2012, it was approved the payment of capital by the Company amounting to R$ 80,000 in the subsidiary Total Fleet, using part of the profit reserves. As a result, Total Fleet's share capital increased from R$ 320,000 to R$ 400,000.

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 the parent company and its wholly-owned subsidiaries.

(ii) Transactions with other related parties

- Key management personnel

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	6/30/2011	6/30/12	6/30/2011
Remuneration of the Board of Directors	1,260	962	1,260	962
Management and Executive Board:				
Fees and remuneration (*)	13,874	10,146	22,041	10,962
Payroll taxes	1,868	1,774	3,243	1,949
Options granted recognized	2,767	1,541	3,073	1,722
Pension plan (Note 25)	155	-	206	-
Total	**19,924**	**14,423**	**29,823**	**15,595**

(*) The balance for 2012 includes supplementary bonuses.

The Company does not grant severance benefits to Management, but is currently implementing a retention program for holders of key positions.

8. PROPERTY AND EQUIPMENT

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

	Individual (BR GAAP)			Consolidated (IFRS and BR GAAP)		
	Cars	Other property and equipment	Total	Cars	Other property and equipment	Total
Cost:						
At December 31, 2011	**1,834,725**	**200,496**	**2,035,221**	**2,904,918**	**203,457**	**3,108,375**
Additions	444,663	31,029	475,692	628,466	31,239	659,705
Disposals (*)	(637,266)	(456)	(637,722)	(787,366)	(457)	(787,823)
Transfers	-	-	-	-	(600)	(600)
At June 30, 2012	**1,642,122**	**231,069**	**1,873,191**	**2,746,018**	**233,639**	**2,979,657**
Accumulated depreciation:						
At December 31, 2011	**(56,373)**	**(60,536)**	**(116,909)**	**(252,230)**	**(61,909)**	**(314,139)**
Additions	(142,195)	(13,474)	(155,669)	(223,258)	(13,577)	(236,835)
Disposals (*)	69,168	496	69,664	101,932	486	102,418
At June 30, 2012	**(129,400)**	**(73,514)**	**(202,914)**	**(373,556)**	**(75,000)**	**(448,556)**

(*) Includes disposals due to car sale, robbery, damage and transfers of decommissioned cars for fleet renewal.

Residual value:						
At December 31, 2011	**1,778,352**	**139,960**	**1,918,312**	**2,652,688**	**141,548**	**2,794,236**
At June 30, 2012	**1,512,722**	**157,555**	**1,670,277**	**2,372,462**	**158,639**	**2,531,101**

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Leasehold improvements	63,205	58,447	63,205	58,447
Furniture and fixtures	21,372	19,679	21,649	20,417
IT equipment	10,521	8,627	10,639	8,734
Property and equipment in progress	30,373	21,622	30,457	22,167
Other	32,084	31,585	32,689	31,783
Total	**157,555**	**139,960**	**158,639**	**141,548**

As at June 30, 2012, the consolidated balances of "cars" and "other property and equipment" include the book value of property and equipment items recorded as finance leases (see Note 23) in the amounts of R$ 17,136 and R$ 6,957, respectively (R$ 4,165 and R$ 5,114, respectively, at December 31, 2011).

(a) Effect of the reduction in the IPI

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

On May 21, 2012, the Federal Government announced the IPI reduction for new cars in up to 7 p.p., with an estimated duration until August 31, 2012.

According to paragraph 51 of the Technical Pronouncement CPC 27, applicable to Property and Equipment, the residual value and useful life of an asset are reviewed at least once at the end of each year and, if the expectations be different from the prior estimates, the change must be recorded as a change in accounting estimate, pursuant to Technical Pronouncement CPC 23.

Accordingly, the Company reviewed the residual values and useful lives of its fleet and concluded that the reduction in the IPI for new cars reflected in the decrease of the estimated residual value of the fleet in around R$ 180 million, with approximately R$ 116 million in the Car Rental division and R$ 64 million in the Fleet Rental division.

In this quarter, the Company recognized R$ 100 million as additional depreciation. Throughout the prospective life of the cars will be recognized the balance of the estimated depreciation in the amount as below indicated:

R$ million

Division	Additional depreciation		
	2Q12 - realized	After 2Q12 - estimated	Total
Car Rental	85 73%	(*) 31 27%	116 100%
Fleet Rental	15 23%	(*) 49 77%	64 100%
Consolidated	100	(*) 80	180

Fleet in May, 2012

Cars by maturity year of their useful lives				
2012	2013	2014	2015	Total
45,486 79%	12,187 21%	143 0%	5 0%	57,821 100%
5,340 17%	10,303 33%	11,590 37%	4,055 13%	31,288 100%
50,826	22,490	11,733	4,060	89,109

(*) The estimated additional depreciation of, R$ 80 million will be recorded prospectively as from the second half of 2012, and may be reviewed in the case of future changes in the estimated residual market value, even due to the termination of the IPI reduction for new car.

The new cars purchased after the IPI reduction presented lower depreciation than the average depreciation for 2Q12. As the fleet is renewed, the average depreciation per car should return to the levels prior to the IPI reduction.

9. INTANGIBLE ASSETS

(a) *Software*

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

	Individual (BR GAAP)	Consolidated (IFRS and BR GAAP)
Cost:		
At December 31, 2011	**25,561**	**26,657**
Additions	4,687	4,780
Disposals	-	-
Transfers	-	600
At June 30, 2012	**30,248**	**32,037**
Accumulated amortization:		
At December 31, 2011	**(7,835)**	**(8,368)**
Additions	(1,878)	(1,993)
Disposals	-	-
At June 30, 2012	**(9,713)**	**(10,361)**
Net book value of software:		
At December 31, 2011	**17,726**	**18,289**
At June 30, 2012	**20,535**	**21,676**

Other information related to intangible assets - software (individual and consolidated) was not significantly changed compared to those disclosed in Note 9 to the Financial Statements for the year ended December 31, 2011.

(b) Goodwill on 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)	
	6/30/12	12/31/11
Goodwill on acquisition of non-controlling interests in subsidiaries	4,918	4,918
Accumulated amortization	(410)	(410)
Net book value	**4,508**	**4,508**

In conformity with CVM Resolution 565/08, the goodwill arising on acquisition of non-controlling interests in subsidiaries, allocated to the Car Rental Division, has not been amortized since January 1, 2009 and is tested for impairment at least annually.

10. TRADE PAYABLES

The breakdown of trade payables is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Car makers	233,819	345,739	272,497	405,317
Maintenance services and parts	10,965	23,947	23,643	37,136
Rentals	2,689	4,428	2,740	1,829
Insurance policies	12,245	11,841	12,245	11,841
Other	23,926	29,657	25,552	32,532
Total	**283,644**	**415,612**	**336,677**	**488,655**

Balances payable to car makers refer to cars purchased at the end of each period, bearing no financial charges and maturing on average in up to 30 days.

11. SOCIAL AND LABOR OBLIGATIONS

The breakdown of social and labor obligations is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Management fees	1,648	5,686	6,237	5,686
Accrued vacation	14,596	13,402	19,406	17,686
Provision for 13th month salary	5,621	-	6,228	-
Provision for employee profit sharing	15,936	20,607	20,052	27,871
Social security contribution (INSS)	3,255	3,752	4,503	4,883
Government Severance Indemnity Fund for Employees (FGTS)	735	846	1,003	1,065
Other	958	1,198	1,366	1,491
Total	**42,749**	**45,491**	**58,795**	**58,682**

Localiza makes semiannual profit sharing payments to employees, based on their job categories and performance evaluation. Such payments are classified as operating costs or expenses based on the functional assignment of the respective employees.

12. LOANS, FINANCING AND DEBENTURES

The breakdown of loans, financing and debentures is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)			
	6/30/12	12/31/11	6/30/12	12/31/11	Maturity	Average effective interest rate
In local currency (R$)						
Debentures - 2nd issue	133,064	211,457	133,064	211,457	7/2/2013 to 7/2/2014	CDI + 0.6% p.a.
Debentures - 4th issue	349,999	375,747	349,999	375,747	5/5/2013 to 5/5/2017	114.2% of the CDI
Debentures - 5th issue	500,433	501,415	500,433	501,415	5/30/2016 to 5/30/2017	114.5% of the CDI
Debentures - 1st issue (Total Fleet)	-	-	204,444	308,664	9/30/2014 to 9/30/2015	CDI + 2.0% p.a.
Working capital and others	217,487	216,026	401,234	347,946	4/1/2012 to 12/15/2019	CDI + 1.08% p.a., equivalent to 107.8% of the CDI
Swap - Total Fleet (*)	-	-	16	-	12/15/2014	109.7% of the CDI x 9.6% p.a.
In foreign currency						
Foreign currency loan - U.S. Dollar	339,608	329,196	339,608	329,196	8/17/2015 to 8/16/2017	108.4% and 114.7% of the CDI
	1,540,591	**1,633,841**	**1,928,798**	**2,074,425**		
Current	**109,269**	**119,511**	**145,798**	**130,945**		
Non-current	**1,431,322**	**1,514,330**	**1,783,000**	**1,943,480**		

(*) See Note 22 (d) - ii for more details.

The changes in loans, financing and debentures were as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Opening balance	**1,633,841**	**1,168,879**	**2,074,425**	**1,696,755**
Proceeds	3,038	653,000	58,877	788,051
Interest and finance charges	83,633	169,114	109,389	231,049
Repayment of principal	(92,255)	(217,581)	(196,937)	(404,348)
Repayment of interest	(87,666)	(139,571)	(116,956)	(237,082)
Closing balance	**1,540,591**	**1,633,841**	**1,928,798**	**2,074,425**

As at June 30, 2012, Localiza had three debenture issues outstanding and the subsidiary Total Fleet one debenture issue, all not convertible into shares. Localiza's issues and Total Fleet's issue are subject to certain accelerated maturity events including, among others: **(i)** filing for or declaration of bankruptcy by the issuer or third parties not resolved within the legal term; **(ii)** issues relating to default in individual or aggregate amounts equal to or above R$ 25,000; **(iii)** reduction of capital of Localiza and/or buyback of own shares for cancellation, except if previously authorized by debentureholders; **(iv)** merger, combination or spin-off of Localiza (in the 2nd and 4th issues) or of Total Fleet (in its 1st issue), except if pursuant to article 231 of the Brazilian Corporate Law, or if the spun-off part or the company arising from the merger or combination remains in the current Control Group of the Issuer; **(v)** downgrading of Localiza by Standard & Poor's by two or more grades, in the national scale, compared to the rating granted on the respective issue dates, as follows: a) for the 2nd issue, in relation to the rating brAA- (BR, double A, negative); b) for the 4th issue, in relation to the rating brAA- (BR, double A, negative); and c) for the 5th issue, in relation to the rating brAA (BR, double A), as a result of any change in the shareholding structure resulting in loss, transfer or sale of the "Company's controlling power" by the current controlling shareholders (in the 2nd, 4th and 5th issues); and **(vi)** failure to comply with financial ratios calculated on a quarterly basis, based on the Company's consolidated financial statements, as follows:

Issue	Net debt/ EBITDA[1] (maximum limit)	EBITDA[1]/Net Finance Costs (minimum limit)
2nd issue	3.25	2.00
4th and 5th issues	4.00	1.50
1st issue of Total Fleet	4.00	1.50

On June 29, 2012, Total Fleet settled in advance the 2nd installment of its sole issue of debentures, with original maturity on September 30, 2013, in the principal amount of R$ 100,000.

Additionally, the Company has loans and financing that include certain accelerated maturity events under conditions similar to those applicable to debentures. As at June 30, 2012, the Company's management understands that the restrictive clauses applicable to loans, financing and debentures are being complied with.

Other information on loans, financing and debentures (individual and consolidated) is not significantly changed compared to those disclosed in Note 12 to the Financial Statements for the year ended December 31, 2011.

[1] EBITDA means the Issuer's profit or loss, on a consolidated basis, for the last 12-month period before (i) finance costs (income), net; (ii) income tax and social contribution; (iii) depreciation and amortization expenses.
For the 2nd and 4th issues, 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.

13. OTHER CURRENT AND NON-CURRENT LIABILITIES

The breakdown of other current and non-current liabilities is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Amounts stated separately in current liabilities:				
Other federal taxes	5,740	5,050	8,761	7,765
Municipal tax obligations	1,349	1,400	1,902	1,560
Payables to subsidiaries (Note 7(b))	10,274	23,291	-	-
	17,363	29,741	10,663	9,325
Other current liabilities:				
Advances from rental customers	3,806	13,639	5,186	15,241
Insurance premiums for transfer (*)	24,202	14,317	24,202	14,317
Deferred revenues	270	452	3,988	2,984
Other	1,018	775	568	2,792
Total other current liabilities	29,296	29,183	33,944	35,334
Other non-current liabilities:				
Deferred revenues	322	329	9,489	8,882
Other	15,130	15,130	19,921	20,378
	15,452	15,459	29,410	29,260
Total current and non-current liabilities	62,111	74,383	74,017	73,919

(*) Premiums received from customers that contracted insurance for rented cars and that are transferred by Localiza to the insurance company (Note 2.7.11 to the Financial Statements for the year ended December 31, 2011).

14. PROVISIONS AND ESCROW DEPOSITS

(a) Recognized provisions

The breakdown of provisions for contingencies is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Tax	3,705	5,532	5,266	7,948
Social security	5,625	4,181	6,009	4,229
Labor	10,634	10,001	13,013	12,124
Civil	5,318	5,225	6,661	5,779
Total	**25,282**	**24,939**	**30,949**	**30,080**

(b) Escrow deposits

The breakdown of judicial deposits is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Tax	8,460	13,350	10,156	14,767
Social security	5,048	4,952	5,048	4,967
Labor	2,819	2,565	3,904	3,485
Civil	1,911	1,758	1,957	1,801
Total	**18,238**	**22,625**	**21,065**	**25,020**

Other information on provisions and escrow deposits (individual and consolidated) is not significantly changed compared to those disclosed in Note 14 to the Financial Statements for the year ended December 31, 2011.

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 follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Temporary differences in the deductibility of provisions:				
Allowance for doubtful accounts	1,001	899	1,170	1,015
Accrued liabilities for provisions	8,166	7,613	8,722	8,223
Provisions for payments to suppliers and other	1,287	1,369	2,912	3,395
Swap transaction with payment on a cash basis	9,747	6,799	9,752	6,799
Tax loss carryfowards	-	-	29	350
Total Deferred Income Tax and Social Contribution Assets - Non-current	**20,201**	**16,680**	**22,585**	**19,782**
Depreciation of cars (*)	35,530	58,170	65,246	92,018
Other	717	355	828	355
Total Deferred Income Tax and Social Contribution Liabilities - Non-current	**36,247**	**58,525**	**66,074**	**92,373**

(*) Refer mainly to the temporary difference in the calculation of depreciation, as a result of the effect of adopting the concepts introduced by the new accounting policies (adoption of the IFRS) in the methodology to calculate depreciation and the residual value of cars sold. Localiza and its subsidiary Total Fleet continue to calculate for tax purposes car depreciation expenses using the depreciation criteria adopted through December 31, 2007. Temporary differences are realized at the end of the useful lives of cars, when they are derecognized.

The realization of deferred income tax and social contribution credits, relating to temporary differences, is contingent upon future events that will make the provisions that gave rise to them deductible, as provided for by the prevailing tax legislation.

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

The reconciliation of taxes at statutory and effective rates for the six-month periods ended June 30, 2012 and 2011 is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	**1H11**	**1H12**	**1H11**
Income before taxes	73,418	167,077	109,082	196,826
Statutory rate	34%	34%	34%	34%
Expense at statutory rate	**(24,962)**	**(56,806)**	**(37,088)**	**(66,921)**
Adjustments to expense at statutory rate:				
Equity in subsidiaries	26,231	20,089	-	-
Effect of deduction of interest on capital	10,150	7,980	10,150	7,980
Other, net	(1,418)	(713)	1,275	(258)
Expense at effective rate	**10,001**	**(29,450)**	**(25,663)**	**(59,199)**

The reconciliation of benefit (expense) at statutory and effective rates for the three-month periods ended June 30, 2012 and 2011 is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	2Q12	**2Q11**	**2Q12**	**2Q11**
Profit (loss) before taxes	(5,806)	89,956	8,176	105,863
Statutory rate	34%	34%	34%	34%
Benefit (expense) at statutory rate	**1,974**	**(30,585)**	**(2,779)**	**(35,993)**
Adjustments to the statutory rate:				
Equity in the results of investees	10,957	11,035	-	-
Effect of deduction of interest on capital	5,248	4,121	5,248	4,121
Other, net	(1,650)	(497)	78	39
Benefit (expense) at effective rate	**16,529**	**(15,926)**	**2,547**	**(31,833)**

In 1H12, Franchising Brasil, Car Rental and Car Assistance calculated income tax and social contribution on the presumed profit basis in the amounts of R$ 1,098 (R$ 955 in 1H11), R$ 732 (R$ 704 in 1H11) and R$ 832 (R$ 293 in 1H11), 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 on the quarterly taxation basis. The outstanding balance related to the calculation period of the last quarter of each period is as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Income tax and social contribution payable	7,712	19,706	25,016	32,543

The Company's income tax returns are subject to review by the tax authorities for a five-year period. Other taxes and contributions are also subject to review, pursuant to the applicable legislation.

16. Equity

(a) Share capital

As at June 30, 2012 and December 31, 2011, the ownership of capital and the respective reconciliation of the number of outstanding shares as follows:

	Management				
	Founding partners	Board of Directors and Statutory Directors	Treasury shares	Outstanding shares	Number of shares - common
Balance at 12/31/11	**68,129,621**	**228,825**	**4,183,180**	**129,166,374**	**201,708,000**
Acquisition (disposal) of shares, net	(342,811)	(138,283)	-	481,094	-
Exercise of stock options with treasury shares	285,064	138,295	(812,301)	388,942	-
Balance at 6/30/12	**68,071,874**	**228,837**	**3,370,879**	**130,036,410**	**201,708,000**

At the Board of Directors' Meeting held on December 15, 2011, it was approved the launching of the American Depositary Receipts - ADRs Program - Level I ("ADRs Program"). This program did not result in increased Company's share capital or new shares issued. 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 American Depositary Receipts Program was approved by the CVM on 5/22/2012, and negotiations began on June 5, 2012.

(b) Interest on capital and dividends

(i) Interest on capital and dividends

The Company periodically pays interest on capital to shareholders. Payment of interest on capital was approved by the Board of Directors as follows:

Approval date	Total amount paid	Amount per share (in R$)	Ownership interest date	Payment date
3/7/2012	14,417	0.072981038	3/15/2012	5/3/2012
6/21/2012	15,437 (*)	0.077831454	6/29/2012	8/17/2012
Total 2012	**29,854**			

(*) As June 30, 2012, interest on capital has not yet been paid to shareholders.

At a General Meeting, stockholders approved the payment of dividends as follows:

Approval date	Total amount paid	Amount per share (in R$)	Ownership interest date	Payment date
4/13/2012	26,302	0.132664191	4/30/2012	6/6/2012

(ii) Dividends and interest on capital payable

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

	Individual (BR GAAP) and Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**
Dividends on profit for the year ended December 31, 2011	-	26,302
Interest on capital	15,437	14,068
Withholding income tax on interest on capital	(2,109)	(2,076)
Total dividends and interest on capital payable	**13,328**	**38,294**

(c) Capital Reserve

(i) Options exercised in 1H12

In 1H12, 812,301 stock options were exercised, related to the Stock Option Programs of 2007, 2008, 2009 and 2010. The weighted average exercise price of the options, as well as the weighted average market price of Localiza shares at the exercise date, are as follows:

Program	Number of options exercised	Weighted average exercise price	Weighted average market price
2007 Program	366,598	R$ 25.01	R$ 33.18
2008 Program	260,375	R$ 23.26	R$ 33.05
2009 Program	172,877	R$ 8.38	R$ 33.10
2010* Program	12,451	R$ 24.76	R$ 33.60
Total	**812,301**		

* Even if not vested, options may be exercised in the event of retirement of employees.

All these options were exercised by using treasury shares and, therefore, there was no issue of new shares of Localiza.

Other information on equity (individual and consolidated) is not significantly different from that disclosed in Note 16 to the Financial Statements for the year ended December 31, 2011.

(ii) 3rd Stock Option Plan - Consolidated

At the Extraordinary General Meeting held on April 25, 2011, it was approved the creation of the 3rd Stock Option Plan, consisting of the granting of options for purchase of Company's shares (RENT3) to directors and managers. In order to participate in the Program, they must invest a portion of their annual profit sharing in the purchase of the shares. The Company will define on an annual basis a matching of options in each Program. For 2012 Program, the Company defined the ratio of 4 options granted to each 1 share invested.

The value of the share, which is to be acquired by the beneficiaries when exercising the Option, will be calculated based on the average quotation of the RENT3, weighted by the volume of the negotiation over the last 40 trading sessions of the BM&FBOVESPA before the date of payment of the profit sharing.

The fair value of the options is estimated at the grant date, based on the Black & Scholes option valuation method, applied to the tranches of each of the programs separately.

The vesting period for exercising the options will be as from the third anniversary as from the date of the grant of the Stock Options.

	3rd Plan 2012 Program
Date of the meeting of the approval	4/25/2011
Number of options granted / approved	616,484
Number of eligible participants	27
Year of exercise	2015
Starting date of the options exercise	May/2015

The changes in the 2012 Program of Stock Options up to the base date (June 30, 2012) were as follows:

	Beginning of the period		Granting/Approvals			Terminations		Exercises	Ending of the period	
Year	Eligible	Options	Eligible	Granted/approved options	Exercise price	Leaving eligible	Options returned	Options exercised	Eligible	Outstanding options
2012 Program:										
6/30/12	27	616,484	-	-	33.36	-	-	-	27	616,484

The following weighted average assumptions were used for the calculation of the fair value of the stock purchase options:

	3rd Plan - 2012 Program
	2012
Share price	33.36
Risk-free rate	9.45%
Expected annual volatility (%)	48.49%
Expected dividends	0.39%
Duration of the Program - Years	3.0
Fair value of the option on the grant date (R$/per share)	12.82
Remaining contractual term - Years:	3.0
Remaining remuneration costs (R$/thousand)	3,828

(*) The expected annual volatility was established based on the historical volatility of RENT3 shares in the capital market since Localiza went public in 2005, less dividends paid in each period.

The consolidated cost of this Program at June 30, 2012 amounted to R$ 225,000.

Considering the exercise of these options at June 30, 2012, the interest dilution percentage applicable to the current shareholders would be 0.31%.

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, 2011.

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

	Individual (BR GAAP) and Consolidated (IFRS and BR GAAP)		Individual (BR GAAP) and Consolidated (IFRS and BR GAAP)	
	1H12	1H11	2Q12	2Q11
Net income for the period	**83,419**	**137,627**	**10,723**	**74,030**
Basic earnings per share (*):				
Weighted average outstanding shares (in units)	197,917,003	197,481,700	198,278,505	197,481,700
Basic earnings per share (in R$)	**0.42**	**0.70**	**0.05**	**0.37**
Diluted earnings per share (*):				
Weighted average outstanding common shares (in units)	197,917,003	197,481,700	198,278,505	197,481,700
Dilutive effect of stock options (in units)	974,872	754,225	918,420	824,010
Shares applicable to dilution (in units)	198,891,875	198,235,925	199,196,925	198,305,710
Diluted earnings per share (in R$)	**0.42**	**0.69**	**0.05**	**0.37**

(*) According to the 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 may 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 evaluation of its performance; and iii) for which there is individual financial information 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. These operating segments' accounting policies are the same as those described in Note 2.

- Car Rental: division responsible for car rental in branches located inside and outside airports. Cars are rented to individuals traveling on business or leisure and to legal entities, 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. Most of the decommissioned cars are sold directly to end consumers through the Company's own network of points-of-sale as this has been the most cost-effective alternative when compared to the discount required by other sales channels.
- Fleet Rental: division responsible for fleet rental to 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. The decommissioned cars are sold to car dealers and through a network of points-of-sale.

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

(a) Financial reporting by operating segment

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

	Car Rental		Fleet Rental		Franchising		Unallocated balances		Eliminations		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11	6/30/12	12/31/11
Assets												
Cash and cash equivalents	-	-	-	-	-	-	673,921	711,002	-	-	673,921	711,002
Trade receivables	287,185	284,437	72,644	65,270	6,175	6,520	-	-	(2,354)	(2,787)	363,650	353,440
Decommissioned cars for fleet renewal	793	36	17,921	28,956	-	-	-	-	-	-	18,714	28,992
Property and equipment	1,670,277	1,918,312	860,642	875,736	182	188	-	-	-	-	2,531,101	2,794,236
Other assets	168,097	169,550	15,432	3,970	2,244	1,847	-	-	(45,079)	(53,483)	140,694	121,884
Total assets	**2,126,352**	**2,372,335**	**966,639**	**973,932**	**8,601**	**8,555**	**673,921**	**711,002**	**(47,433)**	**(56,270)**	**3,728,080**	**4,009,554**
Liabilities												
Trade payables	284,700	416,309	54,125	74,885	131	174	-	-	(2,279)	(2,713)	336,677	488,655
Loans, financing and debentures	-	-	-	-	-	-	1,928,798	2,074,425	-	-	1,928,798	2,074,425
Other liabilities	205,952	288,407	104,037	102,362	10,637	11,858	-	-	(52,447)	(76,736)	268,179	325,891
Total liabilities	**490,652**	**704,716**	**158,162**	**177,247**	**10,768**	**12,032**	**1,928,798**	**2,074,425**	**(54,726)**	**(79,449)**	**2,533,654**	**2,888,971**
Equity	-	-	-	-	-	-	**1,194,426**	**1,120,583**	-	-	**1,194,426**	**1,120,583**
Total liabilities and equity	**490,652**	**704,716**	**158,162**	**177,247**	**10,768**	**12,032**	**3,123,224**	**3,195,008**	**(54,726)**	**(79,449)**	**3,728,080**	**4,009,554**

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

	Car Rental		Fleet Rental		Franchising		Reclassification	Consolidated (IFRS and BR GAAP)	
	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H12	1H11
Net revenues	1,159,914	1,059,891	396,258	321,508	8,050	6,506	-	1,564,222	1,387,905
Costs	(919,042)	(755,595)	(272,398)	(205,115)	(4,383)	(3,290)	(1,798)	(1,197,621)	(964,000)
Gross profit	**240,872**	**304,296**	**123,860**	**116,393**	**3,667**	**3,216**	**(1,798)**	**366,601**	**423,905**
Operating expenses:									
Advertising and sales	(110,854)	(94,299)	(17,899)	(7,029)	(54)	(11)	958	(127,849)	(101,339)
General and administrative expenses	(40,986)	(28,875)	(11,368)	(8,024)	-	-	382	(51,972)	(36,899)
Other expenses, net	(363)	(794)	(99)	(17)	(16)	(5)	458	(20)	(816)
Income before financial expenses, net	**88,669**	**180,328**	**94,494**	**101,323**	**3,597**	**3,200**	-	**186,760**	**284,851**
Financial expenses, net	(53,672)	(61,123)	(24,563)	(27,535)	557	633	-	(77,678)	(88,025)
Pretax income	**34,997**	**119,205**	**69,931**	**73,788**	**4,154**	**3,833**	-	**109,082**	**196,826**
Income tax and social contribution	(4,506)	(30,447)	(20,694)	(27,797)	(463)	(955)	-	(25,663)	(59,199)
Net income for the period	**30,491**	**88,758**	**49,237**	**45,991**	**3,691**	**2,878**	-	**83,419**	**137,627**

	Car Rental		Fleet Rental		Franchising		Reclassification	Consolidated (IFRS and BR GAAP)	
	2Q12	2Q11	2Q12	2Q11	2Q12	2Q11	2Q12	2Q12	2Q11
Net revenues	591,163	539,595	194,190	163,364	4,126	3,394	-	789,479	706,353
Costs	(507,761)	(381,159)	(141,594)	(101,558)	(2,360)	(1,504)	(892)	(652,607)	(484,221)
Gross profit	**83,402**	**158,436**	**52,596**	**61,806**	**1,766**	**1,890**	**(892)**	**136,872**	**222,132**
Operating expenses:									
Advertising and sales	(57,408)	(48,540)	(8,101)	(3,347)	(28)	(1)	463	(65,074)	(51,888)
General and administrative expenses	(23,199)	(15,005)	(6,448)	(4,127)	-	-	190	(29,457)	(19,132)
Other expenses, net	(296)	(67)	(8)	(14)	(1)	-	239	(66)	(81)
Income before financial expenses, net	**2,499**	**94,824**	**38,039**	**54,318**	**1,737**	**1,889**	**-**	**42,275**	**151,031**
Financial expenses, net	(23,236)	(30,493)	(11,045)	(15,037)	182	362	-	(34,099)	(45,168)
Pretax income	**(20,737)**	**64,331**	**26,994**	**39,281**	**1,919**	**2,251**	**-**	**8,176**	**105,863**
Income tax and social contribution	11,100	(16,453)	(8,402)	(14,871)	(151)	(509)	-	2,547	(31,833)
Net income for the period	**(9,637)**	**47,878**	**18,592**	**24,410**	**1,768**	**1,742**	**-**	**10,723**	**74,030**

The Company operates in Brazil and in 7 South American countries and its revenues are mainly derived from its operations in the Brazilian market. The breakdown of consolidated net revenue, in Brazil and abroad, is as follows:

	Consolidated (IFRS and BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	1H11	2Q12	2Q11
Brazil	1,563,962	1,387,757	789,360	706,275
Abroad	260	148	119	78
Net revenues	**1,564,222**	**1,387,905**	**789,479**	**706,353**

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

	Consolidated (IFRS and BR GAAP)			
	1H12	1H11	2Q12	2Q11
Car Rental:				
Depreciation of cars	142,195	34,739	115,595	16,009
Depreciation of other property and equipment and amortization of intangible assets	14,806	11,869	7,692	6,076
Fleet Rental:				
Depreciation of cars	81,063	54,951	49,691	27,356
Depreciation of other property and equipment and amortization of intangible assets	552	420	289	213
Franchising:				
Depreciation of other property and equipment and amortization of intangible assets	212	50	106	26
Total depreciation and amortization expenses	**238,828**	**102,029**	**173,373**	**49,680**

19. REVENUES

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	1H11	1H12	1H11
Gross revenues	1,150,350	1,072,214	1,599,878	1,425,463
Deductions	(21,124)	(25,127)	(35,656)	(37,558)
Net revenues	**1,129,226**	**1,047,087**	**1,564,222**	**1,387,905**

	individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	2Q12	2Q11	2Q12	2Q11
Gross revenues	585,357	544,564	806,861	724,911
Deductions	(10,176)	(12,082)	(17,382)	(18,558)
Net revenues	**575,181**	**532,482**	**789,479**	**706,353**

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	1H11	1H12	1H11
Revenues from rentals:				
Cars	510,637	470,305	532,292	472,389
Fleets	-	-	261,245	215,677
Franchising	260	148	8,050	6,506
Cars sold for fleet renewal	618,329	576,634	762,635	693,333
Net revenues	**1,129,226**	**1,047,087**	**1,564,222**	**1,387,905**

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	2Q12	2Q11	2Q12	2Q11
Revenues from rentals:				
Cars	252,880	238,107	264,350	239,329
Fleets	-	-	131,714	111,019
Franchising	119	78	4,126	3,394
Cars sold for fleet renewal	322,182	294,297	389,289	352,611
Net revenues	**575,181**	**532,482**	**789,479**	**706,353**

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

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

	Costs				General and administrative, Advertising and Selling, and Other			
	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)		Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	1H11	1H12	1H11	1H12	1H11	1H12	1H11
Cost of cars sold	(540,738)	(514,787)	(659,783)	(606,258)	-	-	-	-
Depreciation of cars	(142,195)	(34,739)	(223,258)	(89,690)	-	-	-	-
Car maintenance, car tax (IPVA) and other	(90,138)	(77,830)	(144,004)	(126,956)	-	-	-	-
Depreciation and amortization of other property and equipment and intangible assets	(7,426)	(6,596)	(7,635)	(6,777)	(7,926)	(5,562)	(7,935)	(5,562)
Payroll and Related changes	(66,264)	(55,705)	(76,794)	(63,251)	(48,708)	(40,346)	(76,204)	(57,863)
Profit sharing	(8,478)	(5,093)	(10,720)	(6,490)	(8,019)	(6,308)	(11,333)	(8,219)
Third parties services	(10,275)	(6,883)	(11,534)	(8,640)	(16,795)	(12,473)	(17,328)	(13,003)
Rental of properties and other	(31,594)	(26,164)	(31,893)	(26,523)	(17,819)	(10,914)	(17,819)	(10,971)
Commissions	-	-	-	-	(9,026)	(8,287)	(9,448)	(8,620)
Advertising	-	-	-	-	(19,574)	(17,944)	(19,591)	(17,945)
Other	(30,315)	(33,056)	(32,000)	(29,415)	(18,139)	(15,448)	(20,183)	(16,871)
	(927,423)	**(760,853)**	**(1,197,621)**	**(964,000)**	**(146,006)**	**(117,282)**	**(179,841)**	**(139,054)**

	Costs				General and administrative, Advertising and Selling, and Other			
	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)		Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	2Q12	2Q11	2Q12	2Q11	2Q12	2Q11	2Q12	2Q11
Cost of cars sold	(276,558)	(263,189)	(332,157)	(308,419)	-	-	-	-
Depreciation of cars	(115,595)	(16,009)	(165,286)	(43,365)	-	-	-	-
Car maintenance, car tax (IPVA) and other	(46,517)	(36,973)	(72,441)	(61,010)	-	-	-	-
Depreciation and amortization of other property and equipment and intangible assets	(3,759)	(3,302)	(3,919)	(3,397)	(4,210)	(2,923)	(4,168)	(2,918)
Payroll and Related changes	(33,289)	(28,176)	(39,319)	(31,787)	(25,546)	(19,870)	(40,788)	(28,984)
Profit sharing	(4,110)	(586)	(5,652)	(1,240)	(4,365)	(2,404)	(5,676)	(2,865)
Third parties services	(5,293)	(3,750)	(6,122)	(4,674)	(9,215)	(7,945)	(9,403)	(8,114)
Rental of properties and other	(14,970)	(13,029)	(14,751)	(13,054)	(9,036)	(5,716)	(9,036)	(5,749)
Commissions	-	-	-	-	(4,129)	(4,123)	(4,332)	(4,297)
Advertising	-	-	-	-	(11,287)	(9,630)	(11,295)	(9,629)
Other	(11,098)	(18,657)	(12,960)	(17,275)	(9,006)	(7,919)	(9,899)	(8,545)
	(511,189)	**(383,671)**	**(652,607)**	**(484,221)**	**(76,794)**	**(60,530)**	**(94,597)**	**(71,101)**

21. FINANCIAL INCOME AND EXPENSES

The financial income and expenses recognized in the statement of income are as follows:

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	1H12	1H11	1H12	1H11
Financial income:				
Interest income from financial investments	24,775	13,051	31,478	19,559
Other interest income, net of reversals	447	1,795	928	2,461
	25,222	**14,846**	**32,406**	**22,020**
Financial expenses:				
Interest expenses on loans, financing and debentures	(83,633)	(72,196)	(109,389)	(105,345)
Other interest expenses	(1,118)	(3,609)	(695)	(4,700)
	(84,751)	**(75,805)**	**(110,084)**	**(110,045)**
Financial expenses, net	**(59,529)**	**(60,959)**	**(77,678)**	**(88,025)**

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	2Q12	2Q11	2Q12	2Q11
Financial income:				
Interest income from financial investments	13,079	9,171	16,543	11,936
Other interest income, net of reversals	910	1,172	1,131	1,549
	13,989	**10,343**	**17,674**	**13,485**
Financial expenses:				
Interest expenses on loans, financing and debentures	(39,024)	(38,359)	(51,627)	(55,068)
Other interest expenses	(196)	(2,765)	(146)	(3,585)
	(39,220)	**(41,124)**	**(51,773)**	**(58,653)**
Financial expenses, net	**(25,231)**	**(30,781)**	**(34,099)**	**(45,168)**

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	12/31/11	6/30/12	12/31/11
Financial assets:				
Loans and receivables measured at amortized cost:				
Cash and cash equivalents (Note 4)	583,532	597,741	673,921	711,002
Trade receivables (Note 5)	282,758	278,913	363,650	353,440
Escrow deposits (Note 14(b))	18,238	22,625	21,065	25,020
Financial liabilities:				
Other financial liabilities measured at amortized cost:				
Trade payables (Note 10)	283,644	415,612	336,677	488,655
Loans, financing and debentures (Note 12)	1,540,591	1,633,841	1,928,798	2,074,425

(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 (interest rate and foreign exchange risk); (ii) credit risk; and (iii) liquidity risk.

The Company's risk management is carried out by the Audit and Risk Management Committee, a body created in 2007 by the Board of Directors, responsible for identifying and monitoring the Company's main risk factors. Additionally, the process of identification, analysis and monitoring of risks is monitored by the Board of Directors, which has powers to make decision 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. 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** - The interest rate risk is the risk that the fair value or future cash flows of a certain financial instrument fluctuates due to variations in market interest rates.

  The Company uses the funds generated by operating activities to manage its operations and to ensure the renewal of its fleet and part of its growth. To complement its cash requirement for growth, the Company obtains loans and financing from the major Brazilian financial institutions and issues debt securities (debentures and promissory notes), which are mainly indexed to the variation of the CDI (interbank deposit rate). The inherent risk arises from the possibility of significant increases in the CDI rate.

  As an interest rate risk management strategy, management continuously monitors the CDI rate with the purpose of, if necessary, adjusting the rental rates to mitigate these fluctuations. Additionally, almost the entirety of the Company's cash and cash equivalents balance is also indexed to the CDI variation.

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

- At June 30, 2012, the Company's net debt was R$ 1,254,877, as shown below.

- Market expectation, as per data provided by Focus Bulletin issued by the Brazilian Central Bank, for June 30, 2012, showed an estimated average effective CDI rate of 7.67%, a scenario considered as probable for the next 12 months, compared to an effective rate of 10.66% for the twelve-month period ended June 30, 2012.

	Consolidated (IFRS and BR GAAP)		
Description	**Probable Scenario(*)**	**Scenario I - 25% stress**	**Scenario II - 50% stress**
Net debt at 6/30/12	**1,254,877**	**1,254,877**	**1,254,877**
Effective CDI rate for the twelve-month period ended 6/30/12	10.66%	10.66%	10.66%
Estimated annual CDI rate, according to stress scenarios	7.67%	9.59%	11.51%
Effect on finance costs:			
- according to effective rate	(133,770)	(133,770)	(133,770)
- according to scenarios	(96,250)	(120,343)	(144,436)
(Increase)/ decrease in current finance costs	**37,520**	**13,427**	**(10,666)**

(*) As required by IFRS 7, management understands that the 7.67% rate corresponds to the probable scenario for the next 12 months, according to Focus Bulletin of the Brazilian Central Bank.

- **Foreign exchange risk -** as mentioned in Note 12(f) to the Financial Statements for the year ended December 31, 2011 and Note 22(d), the Company does not have exchange risk exposure since it contracts swap transactions for loans denominated in foreign currency.

(ii) Credit risk

Credit risk is the risk of a counterparty not fulfilling its contractual obligations, leading the Company to incur financial losses. The Company's credit risk relates to trade receivables and cash and cash equivalents deposited in banks and other financial institutions.

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

	Individual (BR GAAP)		Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**
Loans and receivables:				
Cash and cash equivalents (Note 4)	583,532	597,741	673,921	711,002
Trade receivables (Note 5)	282,758	278,913	363,650	353,440
	866,290	**876,654**	**1,037,571**	**1,064,442**

- **Cash and cash equivalents** - the credit risk of balances with banks and other financial institutions is managed by the Company's finance department, according to policies established by the Board of

Directors, aimed at minimizing the concentration of risks, and therefore, reducing any financial loss in the event of bankruptcy of a counterparty.

According to the limits established by the Board of Directors, financial investments exceeding 20% of the available funds can only be made with financial institutions which have 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 constantly monitored by the Company, which has established control policies.

  The Company reduces its credit risk as it operates to a significant extent with credit cards in car rental, mainly in operations with individuals. As at June 30, 2012, two of the 3 largest credit card administrators represented 16.9% and 12.7%, individually, of the Company's trade receivables balance. The credit risk on operations with legal entities in car rental, as well as in fleet rental, is mitigated through a credit limit policy, based on the analysis of the financial position and past experience of these customers. The financial position of customers is continuously monitored, in order to evaluate and adjust, if necessary, the credit limit previously granted. The credit risk on sales of decommissioned cars is mitigated through the use of financing and/or leasing companies with recognized financial capacity and liquidity.

  Additionally, the management of credit risk includes the analysis of the recoverability of trade receivables, in which the need for a provision for allowance for doubtful accounts is analyzed in order to adjust them to their probable realizable values. This analysis, made to attribute a certain risk rating to the customer based on internal criteria defined by management, takes into consideration the customer's current financial situation, past experience and the position of past-due receivables. Therefore, according to the customer's risk rating, receivables are adjusted to their probable realizable values by means of a provision for impairment of trade receivables, which can be applied both to past-due notes and to notes not overdue, depending on the risk rating assigned for the customer. Further information on the provision for allowance for doubtful accounts and past-due receivables can be found in Note 5 to the Financial Statements for the year ended December 31, 2011.

  The concentration of credit risk is limited because the Company has a broad customer base. All significant customers and transactions are located in Brazil.

(iii) Liquidity risk

The liquidity risk is the risk of the Company not having funds sufficient 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 date.

The management of the liquidity risk is carried out by the Finance Department and monitored by the Board of Directors. The liquidity risk management considers the funding requirements and the 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 through credit facilities, based on the continuous monitoring of the budgeted and actual cash flows and the combination of the maturity profiles of financial assets and liabilities.

Additionally, management believes that the access to borrowings is relatively secure, considering that Localiza is rated as investment grade by the main rating agencies of the market, as follows:

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

The analysis of the maturities of undiscounted contractual cash flows of loans, financing and debentures, considering the interest rate contracted for each transaction and an 8.5% p.a. SELIC (Central Bank's base rate) at June 30, 2012 is as follows:

	Individual (BR GAAP)						
	2012	2013	2014	2015	2016	2017	Total
Debt:							
In local currency (R$):							
Debentures - 2nd issue	-	78,214	72,668	-	-	-	150,882
Debentures - 4th issue	16,346	55,669	90,346	84,288	89,013	127,644	463,306
Debentures - 5th issue	23,632	47,086	47,086	46,703	284,932	261,579	711,018
CCB	1,465	6,639	16,854	11,690	-	-	36,648
NCC	8,453	51,655	68,185	82,851	20,885	-	232,029
Lease	1,905	2,602	1,016	175	-	-	5,698
In foreign currency (US$):							
Foreign currency loan	11,388	10,435	10,393	50,417	356,990	43,599	483,222
Total	**63,189**	**252,300**	**306,548**	**276,124**	**751,820**	**432,822**	**2,082,803**

	Consolidated (IFRS and BR GAAP)								
	2012	2013	2014	2015	2016	2017	2018	2019	Total
Debt:									
In local currency (R$):									
Debentures - 2nd issue	-	78,214	72,668	-	-	-	-	-	150,882
Debentures - 4th issue	16,346	55,669	90,346	84,288	89,013	127,644	-	-	463,306
Debentures - 5th issue	23,632	47,086	47,086	46,703	284,932	261,579	-	-	711,018
Debentures - 1st issue (Total Fleet)	10,461	20,612	120,696	110,349	-	-	-	-	262,118
CCB	1,465	6,639	16,854	11,690	-	-	-	-	36,648
NCC	14,440	63,553	93,084	106,473	37,365	27,843	33,095	58,740	434,593
SWAP - Total Fleet	137	234	234	-	-	-	-	-	605
Lease	19,441	40,137	14,586	175	-	-	-	-	74,339
In foreign currency (US$):									
Foreign currency loan	11,388	10,435	10,394	50,416	356,991	43,598	-	-	483,222
Total	**97,310**	**322,579**	**465,948**	**410,094**	**768,301**	**460,664**	**33,095**	**58,740**	**2,616,731**

(b) Capital management

The Company's business requires intensive long-term capital to finance the fleet, aimed at implementing its expansion strategy. The main objectives of capital management are:

- ensure that the Company will continue as a going concern;
- maintain a strong credit rating; and
- maximize the return to shareholders.

The Company's management continuously monitors capital, adjusting its capital structure in view of economic conditions.

The Company is subject to external capital requirements, according to early maturity clauses related to its debenture issues, which establish the need to comply with certain financial ratios (see Note 12(a) to the Financial Statements for the year ended December 31, 2011).

(i) Indebtedness level

Capital monitoring is based on the Company's indebtedness level, which corresponds to net debt divided by equity. Net debt, in turn, is defined by the Company as short- and long-term debts less cash and cash equivalents. The Company's general capital management strategy has remained unaltered over the last two years.

The table below shows the Company's indebtedness levels:

	Consolidated (IFRS and BR GAAP)	
	6/30/12	**12/31/11**
Short- and long-term debts (Note 12)	1,928,798	2,074,425
Cash and cash equivalents (Note 4)	(673,921)	(711,002)
Net debt	**1,254,877**	**1,363,423**
Equity	1,194,426	1,120,583
Indebtedness level	**1.05**	**1.22**

(c) Fair value of financial instruments

In transactions involving financial instruments, differences were identified between the carrying amounts and the fair values for 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 carrying amounts and fair values for loans, financing and debentures were calculated based on models that use observable data and assumptions related to future 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:

	Individual(BR GAAP)				Consolidated (IFRS and BR GAAP)			
	Carrying amount		Fair value		Carrying amount		Fair value	
	6/30/12	**12/31/11**	**6/30/12**	**12/31/11**	**6/30/12**	**12/31/11**	**6/30/12**	**12/31/11**
Financial liabilities - other financial liabilities:								
Loans, financing and debentures	1,540,591	1,633,841	1,541,578	1,634,257	1,928,798	2,074,425	1,932,236	2,074,841

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 individual 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.

The Company does not have financial assets or liabilities carried at fair value and, therefore, does not present the classification of fair value by hierarchy level.

(d) Derivatives

Except for the swap transactions presented below, the Company does not have other derivative financial instruments.

(i) Exchange rate X CDI

At June 30, 2012, the Company has two swap transactions (plain vanilla) that are intended solely to hedge loans denominated in foreign currency, and both transactions are contracted with major financial institutions.

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

						Individual (BR GAAP) and Consolidated (IFRS and BR GAAP)		
						6/30/12		
				Rates		Notional amount		Amount (payable)/ receivable
Swap transaction	**Contract date**	**Maturity**	**Counterparty**	**Assets**	**Liabilities**	**R$ 000**	**US$ 000**	**R$ 000**
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 CDI variation	170,000	95,506	2,988
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 CDI variation	123,000	75,000	27,717

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

(ii) CDI X Fixed rate

The fleet rental contract periods range from 24 to 36 months, and include a clause of annual adjustment for inflation. Considering that rental contracts are not adjusted by basic interest rates, and that the inflation-adjusted interest rate is currently at its lowest historical level (between 2% and 3%), Total Fleet has recently been contracting swap transactions exchanging the CDI variation for a fixed rate in order to hedge against the risk of loss of profitability of the new rental agreements, thus maintaining its competitiveness.

Accordingly, Total Fleet entered into a Swap contract (Cash Flow) with Banco Votorantim on June 15, 2012. This contract establishes an exchange of interest payment differentials between the counterparties every six months, at the following dates: December 17, 2012, June 7, 2013, December 16, 2013, June 16, 2014 and December 15, 2014 (the date on which the contract expires). The base value used is R$ 130,000, and the settlement value guaranteed by Votorantim is 109.7% of the CDI, while Total Fleet guarantees a settlement value of 9.6% p.a.

						Individual (BR GAAP) and Consolidated (IFRS and BR GAAP)	
						6/30/12	
				Rates		Notional amount	Amount (payable)/receivable
Swap transaction	Contract date	Maturity	Counterparty	Assets	Liabilities	R$ 000	R$ 000
CDI variation x Fixed rate	6/15/2012	12/15/2014	*Banco Votorantim*	9.6% p.a.	109.7% of CDI variation	130,000	(16)

23. FINANCE LEASES

The information on finance leases (individual and consolidated) was not significantly changed compared to those disclosed in Note 23 to the Financial Statements for the year ended December 31, 2011.

24. RENTAL COMMITMENTS

The information on rental commitments (individual and consolidated) was not significantly changed compared to those disclosed in Note 24 to the Financial Statements for the year ended December 31, 2011.

25. PENSION PLAN

The information on pension plan (individual and consolidated) was not significantly changed compared to those disclosed Note 25 to the Financial Statements for the year ended December 31, 2011.

26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This individual and consolidated interim financial information was approved and authorized for issue by the Board on July 19, 2012.

* * *

Comments on the behavior of business projections

1. FLEET RENEWAL EXPECTATION (*)

In 2012, the Company's management expects to renew 67,000 cars to be decommissioned from the fleet in order to renew the fleet and offer quality, security and comfort to rental customers.

Of the 67,000 cars, 9,000 cars would be from the Fleet Rental Division (around 30% of the fleet) and 58,000 cars (around 90% of the fleet) from the Car Rental Division at 12/31/11.

The Company had 71 points of sale at the end of 2Q12. In 1H12, the Company opened 6 new stores, 2 of which in 1Q12 and 4 by the end of June. On the other hand, a smaller store was closed, thus resulting in a net increase of 5 stores in the network.

The Company expects to open 4 new stores of decommissioned cars in 3Q12 as part of its plans to continue to expand its network of such points of sale.

(*) The Company reviewed its estimates for renewal of the fleet in 2Q12, which remain valid.

Other information considered relevant by the Company

1. SOCIAL REPORT

The Company's Consolidated Social Report for the six-month periods ended June 30, 2012 and 2011 is as follows:

	Consolidated					
1. Calculation basis for social indicators	**6.30.2012**			**6.30.2011**		
Net revenue (NR)	1,564,222			1,387,905		
Earnings before taxes (EBT)	109,082			196,826		
Gross payroll (GP)	147,254			115,544		
2. Internal Social Indicators	**6.30.2012**			**6.30.2011**		
	Amount	**% of GP**	**% of NR**	**Amount**	**% of GP**	**% of NR**
Meals	7,680	5%	0%	6,793	6%	1%
Pension plan	1,005	1%	0%	-	0%	0%
Compulsory social charges	32,595	22%	2%	26,010	23%	2%
Health care	5,984	4%	0%	3,592	3%	0%
Professional qualification and development	5,026	3%	0%	4,931	4%	0%
Day care center or child care allowance	167	0%	0%	118	0%	0%
Profit sharing	22,053	15%	1%	14,709	13%	1%
Other	6,196	4%	0%	4,891	4%	0%
Total - Internal social indicators	**80,706**	**55%**	**5%**	**61,044**	**53%**	**4%**
3. External Social Indicators	**6.30.2012**			**6.30.2011**		
	Amount	**% of EBT**	**% of NR**	**Amount**	**% of EBT**	**% of NR**
Education	186	0%	0%	195	0%	0%
Culture	740	1%	0%	776	1%	0%
Other	186	0%	0%	195	0%	0%
Total contributions to society	1,112	1%	0%	1,166	1%	0%
Taxes (excluding social charges)	82,540	76%	5%	121,588	62%	9%
Total - External social indicators	**83,652**	**77%**	**5%**	**122,754**	**63%**	**9%**

4. Personnel indicators	**6.30.2012**	**6.30.2011**
Headcount at the end of the period	5,385	4,748
Number of employees hired during the period	806	818
Number of outsourced employees	93	121
Number of interns	42	1
Number of employees above age 45	399	326
Number of women working in the company	2,927	2,180
% of supervisory positions held by women	52.8%	48.35%
Number of blacks working in the company	3,611	2,760
% of supervisory positions held by blacks	43.07%	39,86%
Number of people with disability or special needs	51	56

Other information considered relevant by the Company

	6.30.2012			Goals 2012		
5. Relevant information regarding corporate citizenship						
Highest/lowest compensation ratio			80.38(*)			80.38(*)
Total number of occupational accidents during the period			15			-
- The social and environmental projects developed by the company were established by	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
- The safety and health standards in the workplace were established by	( ) directors and managers	( ) all 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	(x) are not considered	( ) are suggested	( ) are required	(x) will not be considered	( ) will be suggested	( ) 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 122	In court 1.088	In the company (**)	In Procon NA	In court NA
- % of complaints and criticisms from customers handled or solved	In the company (**)	In Procon 57.3%	In court 63.3%	In the company (**)	In Procon NA	In court NA

(*) For the highest/lowest compensation ratio computation, only employee data from headquarters (Belo Horizonte) was used.
(**) The customer assistance department receives phone calls concerning mechanical problems, accidents, billing doubts, as well as compliments and complaints. The Company does not compute complaint calls separately.

(A free translation of the original in Portuguese)

Opinions and representations / Report on review of quarterly information – without exceptions

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Localiza Rent a Car S.A., included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2012, comprising the balance sheet as at that date and the statements of income for the quarter and six-month period then ended, and the changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of 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.

Conclusion on the parent company interim information

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

Conclusion on the consolidated interim information

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

(A free translation of the original in Portuguese)

Opinions and representations / Report on review of quarterly information – without exceptions

Other matters

Interim statements of value added

We have also reviewed the parent company and consolidated interim statements of value added for the six-month period ended June 30, 2012. 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, we are not aware of any fact that leads us to believe that they are not properly prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Corresponding figures for the prior year

The audit and the review of the financial statements for the year ended December 31, 2011 and the quarter and six-month periods ended June 30, 2011, respectively, presented for comparison purposes, were conducted by other independent accountants who issued an independent auditor's report and review report thereon, dated March 7, 2012 and July 21, 2011, respectively, both without qualifications.

Belo Horizonte, July 20, 2012

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

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

(A free translation of the original in Portuguese)

Opinions and representations / officers' representation on the interim financial statements

The CEO, COO, CFO and Investor Relations Officer and other Executive Directors of Localiza Rent a Car S.A., a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, Corporate Taxpayer ID 16.670.085/0001-55 ("Localiza"), in conformity with subsection VI, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and approved Localiza's interim financial information for the period ended June 30, 2012.

Belo Horizonte, July 19, 2012

Salim Mattar - CEO
Eugênio Pacelli Mattar - COO
Roberto Antônio Mendes - CFO and Investor Relations Officer
Eugênia Maria Rafael de Oliveira - Statutory Director
Marco Antônio Martins Guimarães - Statutory Director
Bruno Moreira de Andrade - Statutory Director

(A free translation of the original in Portuguese)

Opinions and representations / officers' representation on the report on review of quarterly information

The CEO, COO, CFO and Investor Relations Officer and other Executive Directors of Localiza Rent a Car S.A., a publicly-held company headquartered at Avenida Bernardo Monteiro, 1563, Corporate Taxpayer ID 16.670.085/0001-55 ("Localiza"), in conformity with subsection V, article 25 of CVM Instruction 480, of December 7, 2009, hereby declare that they have:

i. reviewed, discussed and agreed with the conclusion expressed in the report on review of quarterly information of PricewaterhouseCoopers Auditores Independentes, related to Localiza's interim financial information for the period ended June 30, 2012.

Belo Horizonte, July 19, 2012

Salim Mattar - CEO
Eugênio Pacelli Mattar - COO
Roberto Antônio Mendes - CFO and Investor Relations Officer
Eugênia Maria Rafael de Oliveira - Statutory Director
Marco Antônio Martins Guimarães - Statutory Director
Bruno Moreira de Andrade - Statutory Director