

ULTRAPAR HOLDINGS INC.

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Item 1

MANAGEMENT REPORT 2014

Dear Shareholders:

The Management of ULTRAPAR PARTICIPAÇÕES S.A. (Ultrapar) hereby submits for your appreciation the Management Report and Financial Statements for the fiscal year 2014. This information is accompanied by an independent auditors report with an unqualified opinion, which was discussed and reviewed by the Management.

COMPANY PROFILE

Ultrapar operates nationwide through its five business units, with a widespread presence in retail and distribution through Ipiranga, Ultragas and Extrafarma - the latter was merged into Ultrapar in January 2014 - and solid positions in its specialty chemicals operations through Oxiteno and storage of liquid bulk through Ultracargo. It also operates outside Brazil through Oxiteno, which has production units in Mexico, United States, Uruguay and Venezuela. The combination of resilience and leverage on the economic growth in its businesses units places Ultrapar in a privileged position, establishing a unique multi-business company.

Since 1999, Ultrapar's shares have been listed at the New York Stock Exchange (NYSE), with ADRs level III, and at the BM&FBOVESPA (São Paulo Securities, Commodities and Futures Exchange), and since 2011 in the Novo Mercado listing segment.

ULTRAPAR IN 2014

In 2014 Ultrapar completed 15 years as a publicly-traded company, with a history marked by large investments, pioneer spirit in corporate governance and robust and solid growth. During these 15 years, Ultrapar's EBITDA and net earnings presented average growth of 20% and 23% per year, despite the different conditions of the Brazilian economy and the global scenario. The resilience of our businesses and our planning and execution capability acquired over the years proved to be instrumental in a more challenging environment, such as in 2014, which was characterized by a sharp slowdown in the economic activity, soaring inflation and interest rates. These fundamentals also allowed us to maintain our solid financial position, with net debt at the end of 2014 corresponding to 1.3 times EBITDA for the last 12 months, the same level presented at the end of 2013.

Ultrapar has a clear view on the factors it seeks in each initiative. Resilient demand, significant scale of operations, scope for differentiation through the offering of services and potential for consolidation are factors pursued in every investment decision. The discipline to identify these factors, combined with careful planning and execution, are elements that define the company's strategic vision.

All these factors are present in the fifth business unit added to the company in 2014, the retail pharmacy business, in which Ultrapar started to operate through Extrafarma. In January 2014, Ultrapar concluded the merger of Extrafarma, one of the leaders in its business segment in the North and Northeast regions in Brazil. The integration process of the new business unit into Ultrapar's structure and corporate culture was carried out throughout the year, as well as the process to prepare Extrafarma to accelerate the expansion in the number of stores from 2015 onwards.

With an expansion strategy of service stations based on the continued growth of the light vehicle fleet and on market consolidation opportunities, Ipiranga ended the year with 7,056 service stations, a 5% increase over 2013. This

strategy has been focused mainly on the Midwest, Northeast and North regions of Brazil, where Ipiranga's network grew 12% in 2014, and where the growth in demand for fuels is greater than that observed in other regions of Brazil. Additionally, the volume sold by unbranded service stations in those regions corresponds to a larger market share compared to other regions, thus offering increased potential to expand through the conversion of unbranded service stations and the opening of new ones.

As part of a strategy of differentiation and customer loyalty, Ipiranga increased the offering of convenience and services, strengthening the marketing position of "A complete place waiting for you." The am/pm network, the largest convenience store chain in Brazil, continued its vigorous expansion, with a 9% growth in total stores, reaching 1,708 units in 2014, of which 360 include bakeries. Jet Oil network increased 8% to 1,337 franchises. The Km de Vantagens program, the largest loyalty program in Brazil, was strengthened as an important platform for customer relationship and for other initiatives of Ipiranga. In 2014, we also saw a significant growth of ConectCar, an electronic payment means for tolls, parking lots and service stations, which reached approximately 350 thousand customers, and is now available in almost all toll roads in Brazil. These initiatives contribute to the generation of increased flow at service stations. The end consumer has products and services with higher value added, the reseller enjoys an additional source of revenue and a differentiated positioning, maximizing the profitability of the chain as a whole, including Ipiranga.

Oxiteno continued with a strategy based on innovation, proximity to the customer and the growing use of renewable raw materials. In its international operations, Oxiteno continued with the expansion of its specialty chemicals plant in Mexico, strengthening its leading position in the local market.

Ultragas took another step towards its strategy based on the growth and improvement of its reseller network, on differentiating its services with the support of innovation and also on creating new marketing channels. As an example, Ultragas Connect was created in 2014, an application that allows the purchase of LPG bottles through smartphones and generates greater speed and safety for the consumer, as well as cost reductions for resellers. In the bulk segment, Ultragas developed an optimized format for implementing new tank installations. The redesigned process reduces, on average, one third of the time of installation, with significant cost savings for the company and agility for the customer.

Ultracargo took advantage of the investments made in previous years in the expansion and acquisition of terminals, which ensured a better positioning to capture the accelerated growth in North and Northeast regions of Brazil. These investments have enabled Ultracargo to operate in response to an increased demand for handling automotive fuels and fuel oil.

Ultrapar invested R\$ 1.2 billion in its businesses units over 2014, despite the signs of an economic slowdown. Our investments and initiatives allow us to look at the future in a realistic and, at the same time, optimistic way, even considering the impacts of a lower economic activity on the company's prospects. We plan to continue investing in 2015 at levels similar to 2014. Therefore, we reaffirm the commitment of Ultrapar, through its business activities, to continue growing and bringing prosperity to its customers, shareholders, suppliers and employees. Above all, the commitment to promote growth and grow with Brazil.

AWARDS AND RECOGNITIONS 2014

Ultrapar

- Elected one of the top ten leading companies in transparency in Brazil, according to the global scoring methodology of Carbon Disclosure Project (CDP), applied to Climate Change and the CDP Supply Chain.
- Elected the best company in investor relations of the energy sector by "IR Magazine Awards Brazil".
- Considered the most attractive company to investors in 2013, by the "Prêmio Destaque Agência Estado Empresas" award. In 2014, it appeared among the top ten companies in such ranking for the fourth consecutive year. The company was also awarded in "Sustainability" and "Novo Mercado" categories.
- Second place among the companies that operate in the energy sector in the ranking "2014 Word's Most Admired Companies", released by Fortune magazine.

Ipiranga

- Elected the best company in the Wholesale sector by the edition of Exame's magazine "Melhores e Maiores" for the fourth consecutive year.
- Winner of the "Brazil's Most Prestigious Companies" award in 2011, 2012 and 2014 for the segment of fuels, by "Época Negócios" magazine
- Elected among the top ten "Brazil's Most Valuable Brands" award, in 2014, by "IstoÉ Dinheiro" magazine
- Outstanding position in distribution - "Most Innovative Companies in Customer Relations" award, by "Consumidor Moderno" magazine

Oxiteno

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- Elected one of the top ten most innovative companies of Brazil, according to “INFO” magazine published in May 2014. More than 300 companies have applied to participate in the ranking.

- Recognized by “Guia VOCÊ S/A” magazine - The Best Companies to Work for in 2014.

- One of the winners of the 2014 Top Employers Brazil, a world-renowned certification in human resources, held by “Top Employers Institute” in more than 130 countries.

Ultraz

- Winner of the “2014 Marketing Best Sustainability Award” for the projects "Nossa Escola é 10 (Our School is 10) and “Desenvolvimento de Cooperativas” (“Development of Cooperatives”).

Ultracargo

- The Aratu terminal was recognized for its performance in Health, Safety and the Environment by Industrial Development Committee of Camaçari (Cofic).

Corporate governance, strategy and value creation

The company's corporate governance structure has been designed to create an increasingly solid, profitable and long-lasting company. This structure is marked by the alignment of interests between shareholders and managers of the various corporate levels, engaged in the continuous generation of value, in a process that began in the 1980's when Pery Igel, the then manager and main shareholder, granted shares for some executives, linked to their retention for 20 years in the company, reinforcing meritocracy and business-owner mentality. Ultrapar always had the capital markets as an important ally to enable the growth of the company, not only as a provider of funds for investments but also as a source of development and consolidation of a shared responsibility culture, based on meritocratic management and alignment of interests.

As an example, in 2014 we completed the association with Extrafarma, a transaction made possible through an exchange of shares, which enabled the integration of Extrafarma's management team and better alignment for the purposes of this project.

Social and environmental philosophy, innovation and operational excellence

Ultrapar consolidated a vision of sustainability that, throughout its history, has become one of the company's main pillars. The strategy includes, inter alia, accountable businesses conduction and the continuous dialogue with its stakeholders. The social and environmental responsibility has always been a guideline in the evolution of Ultrapar's operations, materialized in different operational excellence programs, adapted to the respective products and services, as well as social and environmental initiatives related to work, education and culture addressed to the communities in the regions it operates.

Posto Ecoeficiente (Eco-Efficient service station), developed by Ipiranga, is one of the projects which best reflects the philosophy adopted by Ultrapar. The initiative mixes the adoption of innovative measures with the pursue for sustainability, increasing the profitability of enterprises. Postos Ecoeficientes stations add a set of solutions adopted in the construction and operation of fuel stations, which result in better use of resources, such as water and electricity, and a reduction of waste and residues. In 2014, 436 new service stations were added to the Postos Ecoeficientes network, totaling 924 service stations.

With the same perspective, in 2014 Oxiteno brought an emulsifier made from vegetable oils to the agrochemicals market, reducing the environmental impact. As differentials, the new product features, in addition to the presence of natural inputs among its ingredients, greater physical and chemical stability and lower foam generation in its application. Thus, the product increases the efficiency of agricultural defensives in citrus crops.

In the social field, in the headquarters located at Bairro Bela Vista in São Paulo, 124 employees volunteer as educators, mentors, supervisors or monitors of Ultra Formare, a program of vocational education offered free of charge to public school students in the region. The goal is to promote professional qualification through a 33-week course in order to facilitate the integration of young people into the labor market to work as commercial and administrative assistants. In 2014, Ultra Formare organized the 13th class of students, being responsible for the qualification of 233 young people since the project began, in 2002.

People

The development of human capital, one of Ultrapar's main corporate guidelines, is grounded on meritocracy and the alignment of interests. The people management model adopted by the company favors the development of leaderships, with the establishment of challenging goals and the creation of new professional growth opportunities within the

various business units and areas.

The stimulus to the promotion and the job-rotation of professionals has achieved positive results in the development process of different careers and allowed the retention of talents by the company. In 2014, around one thousand employees were transferred internally between areas of the same business unit or to another within Ultrapar, expanding the scope of practice of the professionals and promoting the exchange of best practices. More than 300 thousand hours of training were also provided to Ultrapar's employees.

Direct employees
(Total number of employees on
12/31/2014: 13,973)

Customers, resellers and suppliers

At Ultrapar, the passion and respect for the customer is a philosophy of work that has guided the company. Besides that, Ultrapar maintains a strong partnership with its extensive network of suppliers and resellers based on ethical principles and on a management focused on sustainable financial results. These characteristics contribute to the longevity of its businesses, in addition to benefits extended to its partners.

Km de Vantagens maintained its position as the largest loyalty program in the Brazilian market, in 2014, with 18 million participants who have joined the program during the last five years. Consequently, it became the main relationship platform for Ipiranga, fostering a great evolution of the company's actions and communication with end customers. The partnership members also kept expanding throughout the year, exceeding the number of 70 partner companies, including cinemas, airlines, restaurants, soccer clubs, parks, performance venues and sports stores. Km de Vantagens program has registered, to date, 345 million transactions, a number that has been growing annually. More than 100 million items have been redeemed since its beginning.

Keeping the tradition of innovating in the customer relationship, Ultragas has developed and brought to market in 2014 an application that allows consumers to order the LPG bottles by mobile phones. The novelty brought numerous benefits: for the reseller, the use of the application represents a reduction in fuel costs, higher productivity of the delivery teams and access to logistical and business management tools; for the consumer, the application reduces expenses with telephone calls and provides convenience, quality and excellence in serving their demands. Seeking greater customer loyalty, Ultragas launched a partnership with Ipiranga to offer the Km de Vantagens to their consumers, who will enjoy the benefits already earned by Ipiranga consumers.

Extrafarma offers Club Extra, a relationship program provided to clients on the network that already has 2.4 million participants registered in its base. The initiative aims at recognizing the loyalty of its customers and to allow Extrafarma to better understand the consumption habits of its audience.

Shareholders' return and capital markets

Ultrapar ended 2014 with a market value of R\$ 29 billion. At BM&FBOVESPA, Ultrapar's shares ended 2014 quoted at R\$ 51.45, with an accumulated depreciation of 8% in 2013, despite the 8% growth in the EBITDA and 2% growth in net earnings, while Ibovespa index depreciated by 3%. At the NYSE, Ultrapar's shares depreciated by 19%, influenced by the devaluation of the Real against the US dollar, while the Dow Jones appreciated by 8%, as a result of signs of recovery of U.S. economy. Since its IPO, in 1999, Ultrapar's shares recorded total shareholder return of 22% per year.

The year 2014 was marked by the sharp increase in trading liquidity of the company's shares. Ultrapar's average daily trading volume in 2014 totaled R\$ 89 million/day, 27% above the average amount registered in 2013, considering the combined trading of the company's shares on the BM&FBOVESPA and the NYSE.

For the year 2014, Ultrapar declared dividends of R\$ 779 million, an increase of 5% compared to the previous year. This amount represents a dividend yield of 3% on the average share price in 2014. In December 2014, a repurchase program of Ultrapar's shares of up to 6,5 million common shares was approved, representing 1.2% of the total shares outstanding of Ultrapar.

Relationship with Independent Auditors

The policies of Ultrapar and its subsidiaries in hiring the services of independent auditors aim to ensure there is no conflict of interest and loss of independence or objectivity and are based on principles that preserve the auditor's independence.

In the year ended December 31, 2014, Ultrapar and its subsidiaries did not hire from their independent auditors any job not directly related to the auditing of the financial statements. The total amount of fees to the independent auditors regarding audit services related to the financial statements of 2014 was R\$ 4.6 million.

Deloitte Touche Tohmatsu began its external audit services for Ultrapar in 2012.

ANALYSIS OF FINANCIAL PERFORMANCE IN 2014

Standards and criteria applied in the preparation of the information

The financial information presented in this document has been extracted from the financial statements for the year ended December 31, 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and according to the pronouncements issued by the Accounting Pronouncements Committee ("CPC"), and presented in accordance with the standards issued by the Brazilian Securities Commission ("CVM"). The financial information of Ultrapar corresponds to the company's consolidated information. Information of Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated information of Ultrapar. In addition, the financial and operational information presented in this document is subject to rounding off and, consequently, the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them.

In September 2013, Ultrapar entered into an association agreement with Extrafarma. The transaction was closed on January 31, 2014 upon the approval of the association by the Extraordinary General Meetings of Ultrapar and Extrafarma. Extrafarma's results were consolidated in Ultrapar's financial statements as from February 1, 2014. Consequently, Ultrapar's financial statements for the periods prior to February 1, 2014 do not include Extrafarma's results and its operational data included in this release refer, for the year 2014, exclusively to the months from February to December 2014. With the purpose of providing a comparison basis for analysis of the evolution in the performance of Extrafarma, we present its results for 2013 including the months from February to December 2013.

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT – Earnings Before Interest and Taxes, are presented in accordance with CVM Instruction No. 527, issued by CVM on October 4, 2012. The calculation of EBITDA from net earnings is presented below:

R\$ million	2014	2013	D (%) 2014x2013
Net income	1,251	1,229	2%
(+) Income tax and social contribution	573	573	
(+) Net financial expense (revenue)	445	338	
(+) Depreciation and amortization	888	779	
EBITDA	3,158	2,918	8%

The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) presented in this document represents the net income before (i) income and social contribution taxes, (ii) net financial expense (income) and (iii) depreciation and amortization, presented in accordance with ICVM 527. The purpose of including EBITDA information is to provide a measure used by the management for internal assessment of our operating results, besides being a directly or indirectly related measure to a portion of our employee profit sharing plan. It is also a financial indicator widely used by investors and analysts to measure our ability to generate cash from operations and our operating performance. We also calculate EBITDA in connection with covenants related to some of our financing, as described in note 14 to the financial statements. We believe EBITDA allows a better understanding not only of our financial performance but also of our capacity of meeting the payment of interest and principal from our debt and of obtaining resources for our investments and working capital. Our definition of EBITDA may differ from, and,

therefore, may not be comparable with similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because EBITDA excludes net financial expense (income), income tax and social contribution, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or changes in income tax and social contribution, depreciation and amortization. EBITDA is not a measure of financial performance under accounting practices adopted in Brazil or IFRS. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes and depreciation and amortization.

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Comparative performance 2014-2013
(R\$ million)

	2014						2013					
	Ultrapar	Ipiranga	Oxiteno	Ultragaz	Ultracargo	Extrafarma	Ultrapar	Ipiranga	Oxiteno	Ultragaz	Ultracargo	Extrafarma
Net revenue from sales and services	67,736	58,830	3,414	4,091	346	1,101	60,940	53,384	3,278	3,982	332	955
Cost of products and services sold	(62,305)	(55,339)	(2,625)	(3,479)	(142)	(752)	(56,165)	(50,190)	(2,480)	(3,398)	(134)	(667)
Gross profit	5,432	3,491	789	613	205	349	4,775	3,194	798	584	198	288
Selling, marketing, general and administrative expenses	(3,289)	(1,871)	(523)	(444)	(94)	(332)	(2,769)	(1,760)	(487)	(432)	(94)	(238)
Other operating income, net	107	96	(0)	2	8	2	98	96	(3)	(1)	5	(5)
Income from disposal of assets	37	42	(2)	(2)	(1)	(1)	40	44	0	(4)	(0)	0
Operating income	2,287	1,758	264	169	117	17	2,144	1,575	309	147	109	45
EBITDA	3,158	2,288	404	306	167	30	2,918	2,030	441	281	158	54
Depreciation and amortization	888	529	139	136	49	13	779	454	132	133	47	8
Share of profit of subsidiaries and associates	(16)	1	1	0	0	-	(5)	1	0	(0)	1	-

The financial information of Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is presented without eliminations of intercompany transactions.

1 For 11-month period (February to December)

ECONOMIC AND OPERATIONAL ENVIRONMENT

Deterioration of macroeconomic environment continued in 2014, as in 2013. The scenario was formed by the combination of inflation above the target, weak economic activity, expansionary fiscal policy and rising interest rates. With the purpose of curbing the growing inflation rates verified over the year, the Brazilian Central Bank raised the basic interest rate of the economy, from 10% at the end of 2013 to 11.75% at the end of 2014. GDP growth expectations in 2014, measured by the Central Bank's Focus report, started the year with a perspective of 2.0% and are currently pointing towards a negative progression. Despite the weak performance of the Brazilian economy, in contrast to a rebound of the U.S. economy, the Real remained relatively stable against the dollar until third quarter,

when the devaluation started. The average Real to dollar exchange rate in 2014 was R\$ 2.35/US\$ compared to R\$ 2.16/US\$ in 2013, but reaching R\$ 2.66/US\$ by the end of 2014. The number of light vehicles licensed totaled 3.3 million in 2014, which led to a 6% growth of the fleet in 2014. Sales in the retail pharmacy sector, according to data from members of Abrafarma, grew 13% in 2014, continuing the growth seen in recent years.

Operational performance

At Ipiranga, the volume sold in 2014 increased by 3.5% over 2013, totaling 25,614 thousand cubic meters. In 2014, sales volume of gasoline, ethanol and natural gas for vehicles (Otto cycle) increased by 8% compared to 2013, as a result of an estimated 6% growth of the light vehicles fleet and investments made in new service stations and conversion of unbranded service stations. The total volume of diesel remained stable, with an increase of 3% in the reseller segment, which is the result of investments for the expansion of the network, offset by the weak performance of the economy. At Oxiteno, specialty chemicals sales reached 673 thousand tons in 2014, a 2% drop compared to the previous year, mainly due to the slowdown of the Brazilian economy and the decision to reduce the level of operations in Venezuela since the beginning of 2014, as a result of the limitations in importing raw material in that country. The reduction in specialty chemicals was offset by the increase of 21% in sales of glycols, and Oxiteno's total volume sold remained stable compared to 2013. The growth in the volume of glycols is mainly derived from a lower level of sales of this product in 2013, due to a scheduled stoppage in the Camaçari petrochemical complex in the second semester of 2013. Ultragas's sales volume reached 1,711 thousand tons in 2014, an increase of 1% over 2013, due to growth of 2% in the bottled segment and growth in small- and medium-business and residential condominiums, due to commercial initiatives focused on convenience and services. Ultracargo's average storage grew 3% compared to 2013, driven by higher demand of fuel oil for thermoelectric plants and automotive fuels, which were made possible by investments made in recent years. Extrafarma ended the year with 223 stores in the North and Northeast regions, a 14% growth compared to the end of 2013.

Ipiranga – Sales volume (thousand m ³)	Oxiteno – Sales volume (thousand tons)
Ultragaz – Sales volume (thousand tons)	Ultracargo – Average storage (thousand m ³)
	Extrafarma – number and maturation profile of stores

Net revenue from sales and services

Ultrapar's net revenue from sales and services totaled R\$ 67,736 million in 2014, an 11% growth over 2013. In the same comparison, Ipiranga's net sales and services increased by 10% due to (i) increased sales volume, (ii) the rise in diesel, gasoline and, consequently, ethanol costs, (iii) improved sales mix, resulting from investments in the expansion of the service station network, which enabled an increased share of Otto cycle and of diesel sold through the reseller segment and (iv) the strategy of constant innovation in services and convenience in the service station, generating greater customer satisfaction and loyalty. Oxiteno reported growth of 4% in net sales and services, primarily due to the 9% weaker Real, partially offset by the increased share of commodities in sales mix and lower international prices of glycols. Ultragaz's net sales and services totaled R\$ 4,091 million in 2014, 3% higher than that in 2013, mainly as a result of the growth in the sales volume in bottled segment and commercial initiatives. Ultracargo's net sales and services totaled R\$ 346 million, up 4% over 2013, mainly derived from the increased average storage. Extrafarma's net sales and services grew by 15% due to the higher average number of stores and the 8% increase in same store sales (sales in stores with more than 12 months).

Cost of products and services sold

The cost of products sold and services provided by Ultrapar was R\$ 62,305 million in 2014, an increase of 11% compared to 2013. The cost of goods sold by Ipiranga was 10% higher than in 2013, mainly due to increased sales volume and the rise in diesel and gasoline costs by Petrobras and, consequently, increased ethanol costs. Oxiteno's cost of products sold presented a 6% increase over 2013, mainly due to the 9% weaker Real, partially offset by a 4% reduction in unit variable costs in dollar. The cost of products sold by Ultragaz was 2% higher compared to 2013, due to (i) increased sales volume, (ii) the effects of inflation on costs and (iii) the requalification of an increased number of LPG bottles, partially offset by initiatives implemented for cost reduction over the year. The cost of the services provided by Ultracargo increased by 6% compared to 2013, due to the increased average storage and the effects of inflation on costs, mainly personnel expenses. The cost of products sold by Extrafarma increased by 13% over 2013, due to increased sales and the annual adjustment in the prices of medicines, set by the Chamber for the Regulation of the Medical Pharmaceuticals Market (CMED).

Gross profit

Ultrapar reported gross profit of R\$ 5,432 million in 2014, a growth of 14% compared to 2013, due to the increase in gross profits in all businesses units, except in Oxiteno.

Selling, marketing, general and administrative expenses

Ultrapar's selling, marketing, general and administrative expenses amounted to R\$ 3,289 million in 2014, a growth of 19% compared to 2013. Ipiranga's selling, marketing, general and administrative expenses increased by 6% compared to 2013 due to (i) increased sales volume, (ii) the expansion of the distribution network, (iii) the effects of inflation on expenses and (iv) the increase of diesel costs on freight. Oxiteno's selling, marketing, general and administrative expenses increased by 7% compared to 2013 due to (i) increased logistics expenses, mainly as a result of increases in diesel prices and the depreciation of the Real, (ii) the effects of inflation on expenses, partially offset by lower variable compensation in line with the earnings progression. Ultragaz's selling, marketing, general and administrative expenses increased by 3% compared to 2013 mainly due to (i) the effects of inflation on personnel and freight expenses and (ii) the increase in variable compensation, in line with the earnings progression, effects partially offset by initiatives for expense reduction. Ultracargo's selling, marketing, general and administrative expenses remained stable, with the effects of inflation on expenses offset by lower expenses with projects. Extrafarma's sales, general, administrative and commercial expenses increased by 40% mainly due to (i) the 14% increase in the average number of drugstores, (ii) above-inflation increases on unit expenses with personnel and (iii) expenses with the integration with Ultrapar and the structuring of Extrafarma for a more accelerated growth in the amount of R\$ 39 million.

Other operating income, net

Ultrapar recorded R\$ 107 million of net revenue in other operating income in 2014, R\$ 9 million above the result recorded in 2013.

Income from disposal of assets

Ultrapar recorded in 2014 a net revenue from the sale of assets of R\$ 37 million, R\$ 3 million less than the result recorded in 2013.

EBITDA

Ultrapar's consolidated EBITDA amounted to R\$ 3,158 million in 2014, up 8% compared to 2013. Ipiranga reported EBITDA of R\$ 2,288 million in 2014, a growth of 13% from 2013, primarily due to (i) increased sales volume in Otto cycle and diesel sold through the reseller segment, with an improved sales mix, (ii) the strategy of constant innovation in services and convenience in the service station, generating greater customer satisfaction and loyalty and (iii) the initiatives to reduce the gray market in the ethanol market, mainly on the Midwest, Northeast and North regions of Brazil. Oxiteno's EBITDA totaled R\$ 404 million, a 8% drop compared to 2013, due to (i) lower sales volume of specialty chemicals, (ii) the reduction in the international prices of glycols and (iii) the decision to reduce the level of operations in Venezuela since the beginning of the year, partially compensated by the 9% weaker Real. Ultragaz's EBITDA totaled R\$ 306 million, 9% higher than that in 2013, mainly due to increased sales volume, commercial initiatives and reduction in costs and expenses. Ultracargo reached an EBITDA of R\$ 167 million in 2014, an increase of 6% compared to the previous year, explained mainly by the increased average storage. Extrafarma reported EBITDA of R\$ 30 million, a 45% decrease compared to 2013, due to planned expenses with integration and structuring for a more accelerated growth in the amount of R\$ 39 million, partially offset by the increased average number of drugstores and the growth in same store sales.

EBITDA
(R\$ million)

Depreciation and amortization

Total costs and expenses with depreciation and amortization in 2014 was R\$ 888 million, R\$ 109 million or 14% higher than in 2013, due to the investments made over the period.

Operating income

Ultrapar reported an operating income of R\$ 2,287 million in 2014, a growth of 7% compared to 2013, due to the higher operating income obtained in all business units, except in Oxiteno.

Financial results

Ultrapar's financial results corresponded to net expenses of R\$ 445 million in 2014, an increase of R\$ 107 million compared to 2013, primarily due to the higher CDI during the period and increased average net debt.

Net income for the year

Ultrapar's consolidated net income for 2014 reached R\$ 1,251 million, 2% above the net income reported in 2013, mainly due to the EBITDA growth between the periods, partially offset by the increase in financial expenses and higher expenses and costs with depreciation and amortization, as a result of investments made over the period.

Indebtedness

Ultrapar ended the year 2014 with a gross debt of R\$ 8,375 million and R\$ 4,400 million in cash and cash equivalents, resulting in a net debt of R\$ 3,975 million, an increase of R\$ 549 million compared to 2013, in line with the company's growth. Ultrapar's net debt at the end of 2014 corresponds to 1.3x last 12 months EBITDA, stable compared to the ratio at the end of 2013.

Investments and outlook

In 2014, Ultrapar maintained its investment strategy focused on the continued growth of scale and competitiveness, better serving an increasing number of customers. Investments, net of disposals, totaled R\$ 1,220 million in organic investments, R\$ 720 million in the acquisition of Extrafarma and R\$ 28 million of investments in ConectCar.

At Ipiranga, R\$ 815 million were invested as follows (i) R\$ 354 million in the expansion of its service stations network (through the conversion of service stations and the opening of new ones) and am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R\$ 67 million in the expansion of its logistics infrastructure to support the growing demand, through the construction and expansion of logistics facilities, (iii) R\$ 73 million in the modernization of its operations, mainly in the logistics facilities and information systems, and (iv) R\$ 321 million in maintenance of its activities, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R\$ 810 million were related to property, plant, equipment and intangible assets and R\$ 5 million were related to the financing to clients, net of repayments.

For Oxiteno, the total investments in 2014 amounted to R\$ 114 million, mainly in continuing the expansion of its production capacity in Coatzacoalcos, Mexico, as well as in the maintenance of its production facilities.

At Ultragas, R\$ 181 million were invested, directed mainly to new customers of the bulk segment, renewal of LPG bottles and maintenance of the bottling facilities, plus R\$ 10 million for the construction of a new bottling facility in São Luís (MA).

In 2014, Ultracargo invested R\$ 26 million, mainly directed towards modernization and maintenance of terminals.

Extrafarma invested R\$ 57 million in the opening of new stores, maintenance and the construction of a new distribution center in the state of Ceará.

Ultrapar's investment plan for 2015 approved by the Board of Directors, excluding acquisitions, amounts to R\$ 1,418 million, which demonstrates the continuity of good opportunities to grow through increased scale and productivity gains, as well as modernization of existing operations. Out of the total, R\$ 922 million will be invested by Ipiranga: (i)

R\$ 357 million to maintain the pace of expansion of its distribution network (through the conversion of unbranded service stations and the opening of new ones) and of am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, and in new distribution centers to supply the convenience stores, (ii) R\$ 75 million in the expansion of its logistics infrastructure to support the growing demand, mainly through the construction of logistics facilities, and (iii) R\$ 142 million in modernization, mainly in logistics facilities and IT systems and (iv) R\$ 348 million in the maintenance of its activities, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Oxiteno plans to invest R\$ 121 million primarily in the maintenance of its production plants. Ultragas plans to invest R\$ 187 million to capture new customers in the bulk segment, and in the construction, expansion and maintenance of bottling facilities. Ultracargo plans to invest R\$ 49 million, especially in the modernization, adjustment and maintenance of the infrastructure of its existing terminals and in the potential expansion of the Itaqui terminal, which shall start operating in 2016. Finally, in Extrafarma R\$ 112 million in investments are planned, mainly in the acceleration of new drugstore openings and in the maintenance of its activities.

Organic investments breakdown
(R\$ million)

Even facing a challenging economic environment, Ultrapar remains confident in achieving a sustainable growth trajectory, supported by the characteristics of the markets in which it operates and by the consistent planning and execution of the strategic initiatives in each one of its business units.

In this context, we might continue reaping benefits of investments made recently and planned for 2015, maintaining the growth and prominence achieved in the segments we operate.

We thank our shareholders, customers, employees, suppliers, service providers and other stakeholders for another year of growth together.

(Convenience Translation into English from
the Original Previously Issued in Portuguese)

Ultrapar Participações S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2014 and
Independent Auditors' Report
on Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

Ultrapar Participações S.A. and Subsidiaries

Individual and Consolidated Financial Statements
for the Years Ended December 31, 2014 and 2013

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders, Board of Directors and Management of
Ultrapar Participações S.A.
São Paulo - SP

We have audited the accompanying individual and consolidated financial statements of Ultrapar Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2014, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Ultrapar Participações S.A. as of December 31, 2014, its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with IFRSs, as issued by the IASB.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (“DVA”) for the year ended December 31, 2014, prepared under the responsibility of the Company’s Management, the presentation of which is required by Brazilian corporate law for publicly-traded companies, and as supplemental information for IFRSs, that do not require the presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 25, 2015

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edimar Facco
Engagement Partner

Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of December 31, 2014 and 2013

(In thousands of Brazilian Reais)

Assets	Note	Parent 2014	2013	Consolidated 2014	2013
Current assets					
Cash and cash equivalents	4	119,227	110,278	2,827,369	2,276,069
Financial investments	4	67,864	264	1,441,813	1,149,132
Trade receivables, net	5	-	-	2,604,101	2,321,537
Inventories, net	6	-	-	1,925,002	1,592,513
Recoverable taxes, net	7	30,713	27,067	593,462	479,975
Dividends receivable		448,233	296,918	-	177
Other receivables		15,881	1,349	43,342	19,361
Prepaid expenses, net	10	39	1,907	67,268	65,177
Total current assets		681,957	437,783	9,502,357	7,903,941
Non-current assets					
Financial investments	4	-	-	130,940	118,499
Trade receivables, net	5	-	-	143,806	124,478
Related parties	8.a	806,456	772,194	10,858	10,858
Deferred income and social contribution taxes	9.a	1,479	395	462,573	376,132
Recoverable taxes, net	7	23,122	21,464	75,404	37,365
Escrow deposits	23	148	148	696,835	614,912
Other receivables		-	-	5,832	6,634
Prepaid expenses, net	10	-	-	131,228	97,805
		831,205	794,201	1,657,476	1,386,683
Investments					
In subsidiaries	11.a	7,099,524	6,112,193	-	-
In joint-ventures	11.a;11.b	24,076	22,751	54,508	44,386
In associates	11.c	-	-	13,143	11,741
Other		-	-	2,814	2,814
Property, plant, and equipment, net	12	-	-	5,091,971	4,860,225
Intangible assets, net	13	246,163	246,163	3,158,113	2,168,755
		7,369,763	6,381,107	8,320,549	7,087,921
Total non-current assets		8,200,968	7,175,308	9,978,025	8,474,604
Total assets		8,882,925	7,613,091	19,480,382	16,378,545

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

Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of December 31, 2014 and 2013

(In thousands of Brazilian Reais)

Liabilities	Note	Parent		Consolidated	
		2014	2013	2014	2013
Current liabilities					
Loans	14	-	-	2,554,730	1,767,824
Debentures	14.g	874,312	53,287	884,900	60,377
Finance leases	14.j	-	-	2,734	1,788
Trade payables	15	536	1,133	1,279,502	968,950
Salaries and related charges	16	158	141	294,579	297,654
Taxes payable	17	110	24	138,835	116,322
Dividends payable	20.g	213,301	237,938	218,375	242,207
Income and social contribution taxes payable		-	559	134,399	113,922
Post-employment benefits	24.b	-	-	11,419	11,922
Provision for asset retirement obligation	18	-	-	4,598	3,449
Provision for tax, civil, and labor risks	23.a	-	-	64,169	69,306
Other payables		236	320	80,392	93,040
Deferred revenue	19	-	-	23,450	17,731
Total current liabilities		1,088,653	293,402	5,692,082	3,764,492
Non-current liabilities					
Loans	14	-	-	3,489,586	3,697,999
Debentures	14.g	-	799,197	1,398,952	1,399,035
Finance leases	14.j	-	-	44,310	42,603
Related parties	8.a	-	-	4,372	3,872
Subscription warrants – indemnification	3.a	92,072	-	92,072	-
Deferred income and social contribution taxes	9.a	-	-	152,847	101,499
Provision for tax, civil, and labor risks	23.a	4,201	531	623,272	569,714
Post-employment benefits	24.b	-	-	108,372	99,374
Provision for asset retirement obligation	18	-	-	66,204	66,212
Other payables		-	-	74,009	77,725
Deferred revenue	19	-	-	7,709	9,134
Total non-current liabilities		96,273	799,728	6,061,705	6,067,167
Shareholders' equity					
Share capital	20.a	3,838,686	3,696,773	3,838,686	3,696,773
Capital reserve	20.c	547,462	20,246	547,462	20,246
Revaluation reserve	20.d	5,848	6,107	5,848	6,107
Profit reserves	20.e	3,169,704	2,706,632	3,169,704	2,706,632
Treasury shares	20.b	(103,018)	(114,885)	(103,018)	(114,885)
Additional dividends to the minimum mandatory dividends	20.g	188,976	161,584	188,976	161,584
	2.c;2.o;				
Valuation adjustments	20.f	7,149	5,428	7,149	5,428
Cumulative translation adjustments	2.c;2.r;20.f	43,192	38,076	43,192	38,076

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Shareholders' equity attributable to:

Shareholders of the Company	7,697,999	6,519,961	7,697,999	6,519,961
Non-controlling interests in subsidiaries	-	-	28,596	26,925
Total shareholders' equity	7,697,999	6,519,961	7,726,595	6,546,886
Total liabilities and shareholders' equity	8,882,925	7,613,091	19,480,382	16,378,545

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

Ultrapar Participações S.A. and Subsidiaries

Income Statements

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais, except earnings per share)

	Note	Parent 2014	2013	Consolidated 2014	2013
Net revenue from sales and services	25	-	-	67,736,298	60,940,246
Cost of products and services sold	26	-	-	(62,304,631)	(56,165,382)
Gross profit		-	-	5,431,667	4,774,864
Operating income (expenses)					
Selling and marketing	26	-	-	(2,158,659)	(1,756,376)
General and administrative	26	(42,566)	(1,163)	(1,130,303)	(1,012,316)
Gain on disposal of property, plant and equipment and intangibles	28	56,389	5	36,978	40,280
Other operating income, net	27	-	1,254	106,914	97,581
Operating income before financial income (expenses) and share of profit of subsidiaries and joint ventures		13,823	96	2,286,597	2,144,033
Financial income	29	131,889	120,245	366,009	240,562
Financial expenses	29	(94,795)	(86,296)	(811,416)	(578,167)
Share of profit (loss) of subsidiaries, joint ventures and associates	11	1,208,325	1,262,503	(16,489)	(4,993)
Income before income and social contribution taxes		1,259,242	1,296,548	1,824,701	1,801,435
Income and social contribution taxes					
Current	9.b	(18,763)	(71,757)	(615,148)	(534,481)
Deferred	9.b	1,084	352	(21,745)	(90,996)
Tax incentives	9.b;9.c	-	-	63,405	52,755
		(17,679)	(71,405)	(573,488)	(572,722)
Net income for the year		1,241,563	1,225,143	1,251,213	1,228,713

Net income for the year attributable to:					
Shareholders of the Company		1,241,563	1,225,143	1,241,563	1,225,143
Non-controlling interests in subsidiaries		-	-	9,650	3,570
Earnings per share (based on weighted average number of shares outstanding) – R\$					
Basic	30	2.2753	2.2938	2.2753	2.2938
Diluted	30	2.2592	2.2840	2.2592	2.2840

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

	Note	Parent 2014	2013	Consolidated 2014	2013
Net income for the year attributable to shareholders of the Company		1,241,563	1,225,143	1,241,563	1,225,143
Net income for the year attributable to non-controlling interests in subsidiaries		-	-	9,650	3,570
Net income for the year		1,241,563	1,225,143	1,251,213	1,228,713
Items that are subsequently reclassified to profit or loss:					
Fair value adjustments of available for sale financial instruments	2.c;20.f	46	(18)	46	(18)
Cumulative translation adjustments, net of hedge of net investments in foreign operations	2.c; 2.r; 20.f	5,116	25,455	5,116	25,455
Items that are not subsequently reclassified to profit or loss:					
Actuarial gains of post-employment benefits		1,675	18,061	1,675	18,063
Total comprehensive income for the year		1,248,400	1,268,641	1,258,050	1,272,213
Total comprehensive income for the year attributable to shareholders of the Company		1,248,400	1,268,641	1,248,400	1,268,641
Total comprehensive income for the year attributable to non-controlling interest in subsidiaries		-	-	9,650	3,572

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

Ultrapar Participações S.A. and Subsidiaries
 Statements of Changes in Equity
 For the years ended December 31, 2014 and 2013
 (In thousands of Brazilian Reais, except dividends per share)

		Profit reserve			Cumulative other comprehensive income				
	Note	Share capital	Capital reserve	Revaluation reserve of subsidiaries	Legal reserve	Investments statutory reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments
Balance as of December 31, 2012		3,696,773	20,246	6,713	273,842	617,641	1,333,066	(12,615)	12,620
Net income for the year		-	-	-	-	-	-	-	-
Other comprehensive income:									
Fair value adjustments of available for sale financial instruments	2.c; 20.f	-	-	-	-	-	-	(18)	-
Actuarial gains of post-employment benefits, net	2.o; 20.f	-	-	-	-	-	-	18,061	-
Currency translation of foreign subsidiaries	2.r; 20.f	-	-	-	-	-	-	-	25,450
Total comprehensive income for the year		-	-	-	-	-	-	18,043	25,450
Realization of revaluation reserve of subsidiaries	20.d	-	-	(606)	-	-	-	-	-
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-
Transfer to investments reserve		-	-	-	-	467	-	-	-
Approval of additional dividends	20.g	-	-	-	-	-	-	-	-

by the Shareholders'
Meeting

Additional dividends
attributable to
non-controlling
interests

- - - - -

Prescribed dividends
of non-controlling
interests

- - - - -

Proposed dividends of
non-controlling
interests

- - - - -

Allocation of net
income:

Legal reserve 20.e;20.g

- - - 61,257 - - -

Interim dividends (R\$
0.66 per share of the
Company) 20.g

- - - - -

Proposed dividends
(R\$ 0.71 per share of
the Company) 20.g

- - - - -

Retention of profits 20.e;20.g

- - - - 420,359 - -

Balance as of
December 31, 2013

3,696,773 20,246 6,107 335,099 1,038,467 1,333,066 5,428 38,07

Ultrapar Participações S.A. and Subsidiaries
 Statements of Changes in Equity
 For the years ended December 31, 2014 and 2013
 (In thousands of Brazilian Reals, except dividends per share)

					Profit reserve			Cumulative other comprehensive income		
	Note	Share capital	Capital reserve	Revaluation reserve of subsidiaries	Legal reserve	Investments statutory reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	R
Balance as of December 31, 2013		3,696,773	20,246	6,107	335,099	1,038,467	1,333,066	5,428	38,076	
Net income for the year		-	-	-	-	-	-	-	-	- 1,2
Other comprehensive income:										
Fair value adjustments of available for sale financial instruments	2.c; 20.f	-	-	-	-	-	-	46	-	
Actuarial gains of post-employment benefits, net	2.o; 20.f	-	-	-	-	-	-	1,675	-	
Currency translation of foreign subsidiaries hedge of net investments in foreign operation	2.c; 2.r; 20.f	-	-	-	-	-	-	-	5,116	
Total comprehensive income for the year		-	-	-	-	-	-	1,721	5,116	1,2
Increase in share capital	3.a; 20.a	141,913	-	-	-	-	-	-	-	-
Share issue costs	3.a; 20.c	-	498,812	-	-	-	-	-	-	-
Costs directly attributable to issuing new shares	20.c	-	(2,260)	-	-	-	-	-	-	-
Sale of treasury shares	20.d	-	30,664	-	-	-	-	-	-	-
		-	-	(259)	-	-	-	-	-	-

Realization of revaluation reserve of subsidiaries										
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-	-
Transfer to investments reserve		-	-	-	-	227	-	-	-	-
Dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-
Additional dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	-
Approval of additional dividends by the Shareholders' Meeting	20.g	-	-	-	-	-	-	-	-	-
Allocation of net income:										
Legal reserve	20.e; 20.g	-	-	-	62,078	-	-	-	-	(62,078)
Interim dividends (R\$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(3,117)
Proposed dividends (R\$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(3,117)
Retention of profits	20.g; 20.e;	-	-	-	-	400,767	-	-	-	(400,767)
Balance as of December 31, 2014		3,838,686	547,462	5,848	397,177	1,439,461	1,333,066	7,149		43,192

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows - Indirect Method

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

	Note	Parent 2014	2013	Consolidated 2014	2013
Cash flows from operating activities					
Net income for the year		1,241,563	1,225,143	1,251,213	1,228,713
Adjustments to reconcile net income to cash provided by operating activities					
Share of loss (profit) of subsidiaries, joint ventures and associates	11	(1,208,325)	(1,262,503)	16,489	4,993
Depreciation and amortization	12;13	22,896	-	887,827	778,937
PIS and COFINS credits on depreciation	12;13	-	-	12,667	12,368
Asset retirement obligation	18	-	-	(4,026)	(5,435)
Interest, monetary, and foreign exchange rate variations		97,965	(2,852)	964,788	612,095
Deferred income and social contribution taxes	9.b	(1,084)	(352)	21,745	90,996
Gain on disposals of property, plant and equipment and intangibles	28	(56,389)	(5)	(36,978)	(40,280)
Others		-	-	3,924	(172)
Dividends received from subsidiaries and joint-ventures					
		1,068,332	374,061	2,039	4,319
(Increase) decrease in current assets					
Trade receivables	5	-	-	(212,325)	(8,357)
Inventories	6	-	-	(184,339)	(298,930)
Recoverable taxes	7	(3,646)	36,199	(106,778)	(2,016)
Other receivables		(2,310)	(1,035)	(8,209)	1,102
Prepaid expenses	10	1,868	(1,907)	8,116	(11,366)
Increase (decrease) in current liabilities					
Trade payables	15	(597)	956	192,061	(328,785)
Salaries and related charges	16	17	3	(19,614)	45,128
Taxes payable	17	86	(3,035)	19,086	8,649
Income and social contribution taxes		-	939	437,068	350,813
Post-employment benefits	24.b	-	-	(503)	1,887
Provision for tax, civil, and labor risks	23.a	-	-	(5,137)	19,792
Other payables		(84)	106	(20,972)	36,587
Deferred revenue	19	-	-	568	(323)
(Increase) decrease in non-current assets					
Trade receivables	5	-	-	(19,328)	13,031
Recoverable taxes	7	(1,658)	4,535	(38,039)	11,705

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Escrow deposits		-	84	(80,639)	(81,183)
Other receivables		-	-	802	2,221
Prepaid expenses	10	-	-	461	(18,153)
Increase (decrease) in non-current liabilities					
Post-employment benefits	24.b	-	-	9,521	8,283
Provision for tax, civil, and labor risks	23.a	16	12	(11,959)	18,751
Other payables		-	-	(10,814)	(21,839)
Deferred revenue	19	-	-	(1,425)	(719)
Income and social contribution taxes paid					
		(559)	(380)	(416,594)	(312,126)
Net cash provided by operating activities		1,158,091	369,969	2,650,696	2,120,686

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows - Indirect Method

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

	Note	Parent 2014	2013	Consolidated 2014	2013
Cash flows from investing activities					
Financial investments, net of redemptions		(67,600)	(48)	(305,123)	(156,917)
Acquisition of subsidiaries, net		-	-	-	(6,033)
Cash and cash equivalents of acquired subsidiaries	3.a	-	-	9,123	-
Acquisition of property, plant, and equipment	12	-	-	(705,936)	(661,215)
Acquisition of intangible assets	13	-	-	(608,881)	(542,936)
Capital increase in subsidiaries	11.a	(236,100)	(350,000)	-	-
Capital increase in joint ventures	11.b	-	-	(28,500)	(24,945)
Capital reduction to associates	11.c	-	-	-	1,500
Capital reduction to subsidiaries	11.a	-	700,000	-	-
Proceeds from disposal of property, plant and equipment and intangibles	28	-	5	99,087	102,646
Net cash provided by (used in) investing activities		(303,700)	349,957	(1,540,230)	(1,287,900)
Cash flows from financing activities					
Loans and debentures					
Borrowings	14	-	-	1,815,562	1,446,024
Repayments	14	-	-	(925,356)	(760,626)
Interest paid	14	(75,489)	(66,665)	(639,122)	(548,497)
Payment of financial lease	14.j	-	-	(5,545)	(4,348)
Dividends paid		(775,962)	(705,192)	(783,021)	(711,410)
Acquisition of non-controlling interests of subsidiaries		-	-	(106)	-
Sale of treasury shares		42,531	-	-	-
Share issue costs	20.c	(2,260)	-	(2,260)	-
Related parties		(34,262)	85,228	500	-
Net cash used in financing activities		(845,442)	(686,629)	(539,348)	(578,857)
Effect of exchange rate changes on cash and cash equivalents in foreign currency		-	-	(19,818)	1,026
Increase in cash and cash equivalents		8,949	33,297	551,300	254,955
	4	110,278	76,981	2,276,069	2,021,114

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year	4	119,227	110,278	2,827,369	2,276,069
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Additional information - transactions that do not affect cash and cash equivalents:

Extrafarma acquisition – capital increase and subscription warrants	3.a	719,926	-	719,926	-
Extrafarma acquisition – gross debt assumed on the closing date	3.a	-	-	207,911	-

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Value Added

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais, except percentages)

	Note	2014	Parent %	2013	%	2014	Consolidated %	2013	%
Revenue									
Gross revenue from sales and services, except rents and royalties	25	-		-		69,566,696		62,516,481	
Rebates, discounts, and returns	25	-		-		(302,915)		(267,714)	
Allowance for doubtful accounts - Reversal (allowance)		-		-		(22,124)		(8,758)	
Income from disposal of assets	28	56,389		5		36,978		40,280	
		56,389		5		69,278,635		62,280,289	
Materials purchased from third parties									
Raw materials used		-		-		(3,817,076)		(2,931,335)	
Cost of goods, products, and services sold		-		-		(58,242,795)		(53,018,066)	
Third-party materials, energy, services, and others		(14,566)		(6,022)		(1,797,086)		(1,608,325)	
Reversal of impairment losses		-		10,899		(4,405)		14,184	
		(14,566)		4,877		(63,861,362)		(57,543,542)	
Gross value added		41,823		4,882		5,417,273		4,736,747	
Deductions									
Depreciation and amortization		(22,896)		-		(887,827)		(778,937)	
PIS and COFINS credits on depreciation		-		-		(12,667)		(12,368)	
		(22,896)		-		(900,494)		(791,305)	
		18,927		4,882		4,516,779		3,945,442	

Net value added by the Company									
Value added received in transfer									
Share of profit of subsidiaries, joint-ventures, and associates	11	1,208,325	1,262,503	(16,489)	(4,993)				
Dividends and interest on equity at cost		34	22	-	-				
Rents and royalties	25	-	-	101,000	84,552				
Financial income	29	131,889	120,245	366,009	240,562				
		1,340,248	1,382,770	450,520	320,121				
Total value added available for distribution									
		1,359,175	1,387,652	4,967,299	4,265,563				
Distribution of value added									
Labor and benefits		4,319	-	4,064	-	1,402,036	28	1,220,388	29
Taxes, fees, and contributions		14,942	1	84,832	6	1,370,026	28	1,185,211	28
Financial expenses and rents		98,351	7	73,613	5	944,024	19	631,251	15
Dividends paid		778,718	58	743,527	54	781,432	16	745,457	17
Retained earnings		462,845	34	481,616	35	469,781	9	483,256	11
Value added distributed		1,359,175	100	1,387,652	100	4,967,299	100	4,265,563	100

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

Ultrapar Participações S.A. (“Ultrapar” or “Company”), is a publicly-traded company headquartered at the Brigadeiro Luis Antônio Avenue, 1343 in the city of São Paulo – SP, Brazil.

The Company engages in the investment of its own capital in services, commercial, and industrial activities, by the subscription or acquisition of shares of other companies. Through its subsidiaries, it operates in the segments of liquefied petroleum gas - LPG distribution (“Ultragaz”), fuel distribution and related businesses (“Ipiranga”), production and marketing of chemicals (“Oxitenó”), and storage services for liquid bulk (“Ultracargo”), and, as from January 31, 2014, trading of pharmaceutical, hygiene, beauty, and skincare products, through Imifarma Produtos Farmacêuticos e Cosméticos S.A. (“Extrafarma”) – see Note 3.a).

2. Presentation of Financial Statements and Summary of Significant Accounting Policies

The Company’s individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and in accordance with accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise the Brazilian Corporate Law and the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Federal Accounting Council (“CFC”) and the Brazilian Securities and Exchange Commission (“CVM”).

The presentation currency of the Company’s individual and consolidated financial statements is the Brazilian Real (“R\$”), which is the Company’s functional currency.

The accounting policies described below were applied by the Company and its subsidiaries in a consistent manner for all years presented in the individual and consolidated financial statements.

a. Recognition of Income

Revenue is measured at the fair value of the consideration received or receivable, net of sales returns, discounts, and other deductions, if applicable.

Revenue from sales of fuels and lubricants is recognized when the products are delivered to gas stations and to large consumers. Revenue from sales of LPG is recognized when the products are delivered to customers at home, to independent dealers and to industrial and commercial customers. Revenue from sales of pharmaceuticals is recognized when the products are delivered to end user customers in own drugstores and when the products are delivered to independent resellers. Revenue from sales of chemical products is recognized when the products are delivered to industrial customers, depending of the freight mode of delivery. The revenue provided from storage services is recognized through the performance of services. Costs of products sold and services provided include goods (mainly fuels, lubricants, LPG, and pharmaceutical products), raw materials (chemicals and petrochemicals) and production, distribution, storage, and filling costs.

b. Cash and Cash Equivalents

Includes cash, banks deposits, and short-term, highly-liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. See Note 4 for further details on cash and cash equivalents of the Company and its subsidiaries.

c. Financial Assets

In accordance with IAS 32, IAS 39, and IFRS 7 (CPC 38, 39 and 40 (R1)), the financial instruments of the Company and its subsidiaries are classified in accordance with the following categories:

- Measured at fair value through profit or loss: financial assets held for trading, that is, acquired or incurred principally for the purpose of selling or repurchasing in the near term, and derivatives. The balances are stated at fair value. The interest earned, the exchange variation, and changes in fair value are recognized in profit or loss.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

- **Held to maturity:** non-derivative financial assets with fixed or determinable payments, and fixed maturities for which the entity has the positive intention and ability to hold to maturity. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned, using the effective interest rate method.
- **Available for sale:** non-derivative financial assets that are designated as available for sale or that are not classified into other categories at initial recognition. The balances are stated at fair value, and the interest earned and the foreign currency exchange variation are recognized in profit or loss. Differences between fair value and acquisition cost plus the interest earned are recognized in cumulative other comprehensive income in the shareholders' equity portion of the balance sheet. Accumulated gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case of prepayment.
- **Loans and receivables:** non-derivative financial assets with fixed or determinable payments or receipts, not quoted in an active market, except: (i) those which the entity intends to sell immediately or in the near term and which the entity classified as measured at fair value through profit or loss; (ii) those classified as available for sale; or (iii) those for which the Company may not recover substantially all of its initial investment for reasons other than credit deterioration. The interest earned and the foreign currency exchange variation are recognized in profit or loss. The balances are stated at acquisition cost plus interest, using the effective interest rate method. Loans and receivables include cash and banks, trade receivables, dividends receivable, and other trade receivables.

The Company and its subsidiaries use derivative financial instruments for hedging purposes, applying the concepts described below:

- **Hedge accounting - fair value hedge:** derivative financial instruments used to hedge exposure to changes in the fair value of an item, attributable to a particular risk, which can affect the entity's profit or loss. In the initial designation of the fair value hedge, the relationship between the hedging instrument and the hedged item is documented, including the objectives of risk management, the strategy in conducting the transaction, and the methods to be used to evaluate its effectiveness. Once the fair value hedge has been qualified as effective, the hedge item is also measured at fair value. Gains and losses from hedge instruments and hedge items are recognized in profit or loss. The hedge accounting must be discontinued when the hedge becomes ineffective.
- **Hedge accounting - cash flow hedge:** derivative financial instruments used to hedge the exposure to variability in cash flows that is attributable to a risk associated with an asset or liability or highly probable transaction that may affect the income statements. The portion of the gain or loss on the hedging instrument that is determined to be effective relating to the effects of exchange rate effect, is recognized directly in equity in accumulated other comprehensive income as "Valuation adjustments" while the ineffective portion is recognized in profit or loss. Gains or losses on the hedging instrument relating to the effective portion of this hedge that had been recognized directly in accumulated other comprehensive income shall be recognized in profit or loss in the period in which the hedged item is recognized in profit or loss in the same line of the income statement that the hedged item is recognized. The hedge accounting shall be discontinued when (i) the Company cancels the hedging relationship; (ii) the hedging instrument expires; and (iii) the hedging instrument no longer qualifies for hedge accounting. When hedge accounting is discontinued, gains and losses recognized in other comprehensive income in equity are reclassified to profit or loss in the period which the hedged item is recognized in profit or loss. If the transaction hedged is canceled or is not expected to occur, the cumulative gains and losses in other

comprehensive income in equity shall be recognized immediately in profit or loss.

- Hedge accounting - hedge of net investments in foreign operation: derivative financial instruments used to hedge exposure on net investments in foreign subsidiaries due to the fact that the local functional currency is different from the functional currency of the Company. The portion of the gain or loss on the hedging instrument that is determined to be effective, referring to the exchange rate effect, is recognized directly in equity in accumulated other comprehensive income as cumulative translation adjustments, while the ineffective portion and the operating costs are recognized in profit or loss. The gain or loss on the hedging instrument that has been recognized directly in accumulated other comprehensive income shall be recognized in income upon disposal of the foreign operation.

For further detail on financial instruments of the Company and its subsidiaries, see Notes 4, 14, and 22.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

d. Trade Receivables

Trade receivables are recognized at the amount invoiced, adjusted to present value if applicable, and includes all direct taxes attributable to the Company and its subsidiaries. An allowance for doubtful accounts is recorded based on estimated losses and is set at an amount deemed by management to be sufficient to cover any probable loss on realization of trade receivables (see Notes 5 and 22 - Customer Credit Risk).

e. Inventories

Inventories are stated at the lower of acquisition cost or net realizable value (see Note 6). The cost value of inventory is measured using the weighted average cost and includes the costs of acquisition and processing directly related to the units produced based on the normal capacity of production. Estimates of net realizable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realizable values are below inventory costs, a provision corresponding to this difference is recognized. Provisions are also made for obsolescence of products, materials, or supplies that (i) do not meet the Company and its subsidiaries' specifications, (ii) have exceeded their expiration date, or (iii) are considered slow-moving inventory. This classification is made by management with the support of its industrial and operations teams.

f. Investments

Investments in subsidiaries are accounted for under the equity method of accounting in the individual financial statements of the parent company.

Investments in associates and joint ventures are accounted for under the equity method of accounting in the individual and consolidated financial statements (see Note 11).

An associate is an investment, in which an investor has significant influence, that is, has the power to participate in the financial and operating decisions of the investee but without exercise control.

A joint venture is an investment in which the shareholders have the right to net assets on behalf of a joint control. Joint control is the agreement which establish that decisions about the relevant activities of the investee require the consent from the parties that share control.

Other investments are stated at acquisition cost less provision for losses, unless the loss is considered temporary.

g. Property, Plant, and Equipment

Property, plant, and equipment is recognized at acquisition or construction cost, including financial charges incurred on property, plant, and equipment under construction, as well as maintenance costs resulting from scheduled plant outages and estimated costs to remove, to decommission, or to restore assets (see Notes 2.m and 18).

Depreciation is calculated using the straight-line method, for the periods mentioned in Note 12, taking into account the useful life of the assets, which are reviewed annually.

Leasehold improvements are depreciated over the shorter of the lease contract term and useful life of the property.

h. Leases

- Finance Leases

Certain lease contracts transfer substantially all the risks and benefits associated with the ownership of an asset to the Company and its subsidiaries. These contracts are characterized as finance leases, and assets thereunder are capitalized at lease commencement at their fair value or, if lower, present value of the minimum lease payments under the contracts. The items recognized as assets are depreciated and amortized using the lower of the straight-line method based on the useful lives applicable to each group of assets or the contract terms, as mentioned in Notes 12 and 13. Financial charges under the finance lease contracts are allocated to profit or loss over the lease contract term, based on the amortized cost and the effective interest rate method of the related lease obligation (see Note 14.j).

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

- Operating Leases

There are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where there is no purchase option, or the purchase option at the end of the contract is equivalent to the market value of the leased asset. Payments made under an operating lease contract are recognized as cost or expense in the income statement on a straight-line basis over the term of the lease contract (see Note 23.g).

- i. Intangible Assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the criteria below (see Note 13):

- Goodwill is carried net of accumulated amortization as of December 31, 2008, when it ceased to be amortized. Goodwill generated since January 1, 2009 is shown as intangible assets corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the identified assets and liabilities assumed of the acquired entity, and is tested annually for impairment. Goodwill is allocated to the respective cash generating units (“CGU”) for impairment testing purposes.
- Bonus disbursements as provided in Ipiranga’s agreements with reseller service stations and major consumers are recognized as distribution rights when paid and amortized using the straight-line method according to the term of the agreement.
- Other intangible assets acquired from third parties, such as software, technology, and commercial property rights, are measured at the total acquisition cost and amortized using straight-line method, for the periods mentioned in Note 13, taking into account their useful life, which is reviewed annually.

The Company and its subsidiaries have not recognized intangible assets that were created internally. The Company and its subsidiaries have not recognized other intangible assets that have an indefinite useful life, except for goodwill, the “am/pm” brand and “Extrafarma” brand acquired in 2014 (see Note 3.a).

- j. Other Assets

Other assets are stated at the lower of cost and realizable value, including, if applicable, interest earned, monetary changes and changes in exchange rates incurred or less a provision for loss and, if applicable, adjustment to present value (see Note 2.u).

- k. Financial Liabilities

The Company and its subsidiaries’ financial liabilities include trade payables and other payables, loans, debentures, and hedging instruments. Financial liabilities are classified as “financial liabilities at fair value through profit or loss” or “financial liabilities at amortized cost”. The financial liabilities at fair value through profit or loss refer to derivative financial instruments, subscription warrants, and financial liabilities designated as hedged items in a fair value hedge relationship upon initial recognition (see Note 2.c – Fair Value Hedge). The financial liabilities at amortized cost are stated at the initial transaction amount plus related charges and transaction costs, net of amortization. The charges are recognized in profit or loss using the effective interest rate method.

Transaction costs incurred and directly attributable to the activities necessary for contracting loans or for issuing bonds, as well as premiums and discounts upon issuance of debentures and other debt, are allocated to the instrument and amortized to profit or loss over its term, using the effective interest rate method (see Note 14.k). Transaction costs incurred and directly attributable to the issue of shares or other equity instruments are recognized in equity and are not amortized.

1. Income and Social Contribution Taxes on Income

Current and deferred income tax (“IRPJ”) and social contribution on net income tax (“CSLL”) are calculated based on their current rates, considering the value of tax incentives. Taxes are recognized based on the rates of IRPJ and CSLL provided for by the laws enacted on the last day of the reporting period. The current rates in Brazil are 25% for income tax and 9% for social contribution on net income tax. For further details about recognition and realization of IRPJ and CSLL, see Note 9.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

m. Provision for Asset Retirement Obligation – Fuel Tanks

The Company and its subsidiaries have the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain period. The estimated cost of the obligation to remove these fuel tanks is recognized as a liability when tanks are installed. The estimated cost is recognized in property, plant, and equipment and depreciated over the respective useful life of the tanks. The amounts recognized as a liability are monetarily restated using the National Consumer Price Index - IPCA until the respective tank is removed (see Note 18). An increase in the estimated cost of the obligation to remove the tanks could result in negative impact in future results. The estimated removal cost is reviewed and updated annually or when there is significant change in its amount and change in the estimated costs are recognized in income when they become known.

n. Provisions for Tax, Civil, and Labor Risks

A provision for tax, civil and labor risks is recognized for quantifiable risks, when the chance of loss is more-likely-than-not in the opinion of management and internal and external legal counsel, and the amounts are recognized based on evaluation of the outcomes of the legal proceedings (see Note 23 items a,b,c,d).

o. Post-Employment Benefits

Post-employment benefits granted and to be granted to employees, retirees, and pensioners are based on an actuarial calculation prepared by an independent actuary, using the projected unit credit method (see Note 24.b). The actuarial gains and losses are recognized in other comprehensive income and presented in the statement of shareholders' equity. Past service cost is recognized in the income statement.

p. Other Liabilities

Other liabilities are stated at known or measurable amounts plus, if applicable, related charges, monetary restatement, and changes in exchange rates incurred. When applicable, other liabilities are recognized at present value, based on interest rates that reflect the term, currency, and risk of each transaction.

q. Foreign Currency Transactions

Foreign currency transactions carried out by the Company or its subsidiaries are remeasured into their functional currency at the exchange rate prevailing at the date of each transaction. Outstanding monetary assets and liabilities of the Company and its subsidiaries are translated using the exchange rate at the end of the reporting period. The effect of the difference between those exchange rates is recognized in profit or loss until the conclusion of each transaction.

r. Basis for Translation of Financial Statements of Foreign Subsidiaries

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each period and shareholders' equity is translated at the historic exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in the statement of shareholders' equity as cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The balance in cumulative other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments, net of the exchange rate effect of hedge of net investments, in 2014 was a gain of R\$ 43,192

(gain of R\$ 38,076 in 2013).

The foreign subsidiaries with functional currency different from the Company and which have administrative autonomy are listed below:

Subsidiary	Functional currency	Location
Oxiteno México S.A. de C.V.	Mexican Peso	Mexico
Oxiteno Servicios Corporativos S.A. de C.V.	Mexican Peso	Mexico
Oxiteno Servicios Industriales de C.V.	Mexican Peso	Mexico
Oxiteno USA LLC	U.S. Dollar	United States
Oxiteno Andina, C.A.	Bolivar	Venezuela
Oxiteno Uruguay S.A.	U.S. Dollar	Uruguay

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

The subsidiary Oxiteno Uruguay S.A. (“Oxiteno Uruguay”) determined its functional currency as the U.S. dollar (“US\$”), as its sales, purchases of goods, and financing activities are performed substantially in this currency.

According to IAS 29, Venezuela is classified as a hyperinflationary economy. As a result, the financial statements of Oxiteno Andina, C.A. (“Oxiteno Andina”) were adjusted by the Venezuelan Consumer Price Index.

Until December 31, 2014 Venezuela had three spot exchange rates:

- a) CENCOEX - Centro Nacional de Comercio Exterior en Venezuela: Bolivar (“VEF”) is traded at a fixed exchange rate of 6.30 VEF/US\$. The applicant makes the request for authorization of payment and receipt of priority transactions. There is no deadline for approval by CENCOEX;
- b) SICAD-I - Sistema Cambiario Alternativo de Divisas I: Bolivar is traded at variable exchange rate of approximately 12.00 VEF/US\$. There are a number of requirements for the approval of the transactions traded using this rate, which is the most likely exchange rate for the payment of dividends and repatriation of capital; and
- c) SICAD-II - Sistema Cambiario Alternativo de Divisas II: Bolivar is traded at variable exchange rate of approximately 50.00 VEF/US\$. Other transactions may be realized by SICAD-II.

For the consolidation of the Oxiteno Andina in the Company, the amounts in Bolivar have been translated to the U.S. dollar at the exchange rate of SICAD-I and subsequently translated into Brazilian Reais using the official exchange rate published by the Central Bank of Brazil. In management's judgment, the use of SICAD-I is the most suitable for conversion, since the exchange rate is the most likely rate for the payment of dividends and repatriation of capital.

On February 10, 2015, the Venezuelan Central Bank issued Foreign Exchange Regulation No. 33 altering the Venezuelan foreign exchange markets. The Company analyzed this new regulation and concluded that there should be no impact on the translation of the financial statements of its subsidiary Oxiteno Andina.

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered an extension of the activities of their parent company and are translated using the exchange rate at the end of the reporting period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The gain recognized in income in 2014 amounted to R\$ 2,906 (R\$ 4,845 gain in 2013).

s. Use of Estimates, Assumptions and Judgments

The preparation of the financial statements requires the use of estimates, assumptions, and judgments for the accounting of certain assets, liabilities, and income. Therefore, the Company's and subsidiaries' management use the best information available at the time of preparation of the financial statements, as well as the experience of past and current events, also considering assumptions regarding future events. The financial statements therefore include estimates, assumptions, and judgments related mainly to determining the fair value of financial instruments (Notes 4, 14 and 22), the determination of the allowance for doubtful accounts (Notes 5 and 22), the determination of provisions for losses of inventories (Note 6), the determination of deferred income taxes amounts (Note 9), the determination of control in subsidiaries (Notes 2.f, 2.r, 3, 3.a, 3.b, and 11.a), the determination of joint control in joint venture (Notes 2.f, 11.a and 11.b), the determination of significant influence in associates (Notes 2.f and 11.c), the useful lives of property, plant, and equipment (Note 12), the useful lives of intangible assets, and the determination of the recoverable amount of goodwill (Note 13), provisions for assets retirement obligations (Note 18), provisions for tax, civil, and labor risks (Note 23 items a,b,c,d), estimates for the preparation of actuarial reports (Note 24.b) and the

determination of fair value of subscription warrants – indemnification (Notes 3.a and 22). The actual result of the transactions and information may differ from their estimates.

t. Impairment of Assets

The Company and its subsidiaries review, at least annually, the existence of any indication that an asset may be impaired. If there is an indication, the Company and its subsidiaries estimate the recoverable amount of the asset. Assets that cannot be evaluated individually are grouped in the smallest group of assets that generate cash flow from continuous use and that are largely independent of cash flows of other assets (CGU). The recoverable amount of assets or CGUs corresponds to the greater of their fair value net of applicable direct selling costs and their value in use.

The fair value less costs of disposal is determined by the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, net of costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale, legal costs, and taxes.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

To assess the value in use, the Company and its subsidiaries consider the projections of future cash flows, trends, and outlooks, as well as the effects of obsolescence, demand, competition, and other economic factors. Such cash flows are discounted to their present values using the discount rate before tax that reflects market conditions for the period of impairment testing and the specific risks of the asset or CGU being evaluated. In cases where the expected discounted future cash flows are less than their carrying amount, the impairment loss is recognized for the amount by which the carrying value exceeds the fair value of these assets. Losses for impairment of assets are recognized in profit or loss. In case goodwill has been allocated to a CGU, the recognized losses are first allocated to reduce the corresponding goodwill. If the goodwill is not enough to absorb such losses, the surplus is allocated to the assets on a pro-rata basis. An impairment of goodwill cannot be reversed. For other assets, impairment losses may be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment had not been recognized.

No impairment was recognized in the years presented (see Note 13.i).

u. Adjustment to Present Value

Some of the Company's subsidiaries recognized a present value adjustment to Tax on Goods and Services ("ICMS", the Brazilian VAT) credit balances related to property, plant, and equipment (CIAP). Because recovery of these credits occurs over a 48 month period, the present value adjustment reflects, in the financial statements, the time value of the ICMS credits to be recovered. The balance of these adjustment to present value totaled R\$ 279 in 2014 (R\$ 354 in 2013).

The Company and its subsidiaries reviewed all items classified as non-current and, when relevant, current assets and liabilities, and did not identify the need to recognize other present value adjustments.

v. Statements of Value Added

As required by Brazilian Corporate Law, the Company and its subsidiaries prepare the individual and consolidated statements of value added ("DVA") according to CPC 09 – Statement of Value Added, as an integral part of the financial statements as applicable to publicly-traded companies, and as supplemental information for IFRS, which does not require the presentation of DVA.

w. Adoption of the Pronouncements Issued by CPC and IFRS

The following standards, interpretations and amendments in IFRS issued by IASB are effective on December 31st, 2014 and were adopted by the Company and its subsidiaries:

- Amendments to IAS 27 – Separate Financial Statements: allows that entities use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. For IFRS purposes, the effective date is from 2016, with early adoption allowed. For CPC purposes, the effective date is from 2014. The Company already adopted the equity method and after the amendments to IAS 27 the individual financial statements are then presented in accordance with IFRS as issued by the IASB.
-

Amendments to IAS 32 – Financial Instruments Presentation: provides clarifications on the application of offsetting requirements. There was no impact on the financial statements.

- International Financial Reporting Interpretations Committee (“IFRIC”) 21 – Levies: provides guidance when to recognize a liability for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levy is certain. There was no impact on the financial statements.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

The following standards, amendments, and interpretations to IFRS were issued by the IASB but are not yet effective and were not adopted as of December 31, 2014:

	Effective date
<ul style="list-style-type: none"> • IFRS 9 (and corresponding 2010 and 2013 amendments): Financial instrument classification and measurement: includes new requirements for the classification and measurement of financial assets and liabilities, derecognition requirements, new impairment methodology for financial instruments, and new hedge accounting guidance (as issued in November, 2013). 	2018(*)
<ul style="list-style-type: none"> • IFRS 15 - Revenue from contracts with customers: establish the principles of nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with a customer. 	2017

(*) On July 24, 2014, the IASB issued the final version of IFRS 9, with the mandatory effective date set for January 1, 2018.

CPC has not yet issued pronouncements equivalent to IFRS 9 and IFRS 15, but is expected to do so before the date they become effective. The adoption of IFRS pronouncements is subject to prior approval by the CVM. The Company is assessing the potential effects of these standards.

x. Authorization for Issuance of the Financial Statements

These financial statements were authorized for issue by the Board of Directors on February 25, 2015.

3. Principles of Consolidation and Investments in Subsidiaries

The consolidated financial statements were prepared following the basic principles of consolidation established by IFRS 10 (CPC 36 (R3)). Investments of one company in another, balances of asset and liability accounts, and revenues and expenses were eliminated, as well as the effects of transactions conducted between the companies. Non-controlling interests in subsidiaries are presented within consolidated shareholders' equity and net income.

Consolidation of a subsidiary begins when the parent company obtains direct or indirect control over a company and ceases when the parent company loses control of a company. Income and expenses of a subsidiary acquired are included in the consolidated income statement and other comprehensive income from the date the parent company gains the control. Income and expenses of a subsidiary, in which the parent company loses control, are included in the consolidated income statement and other comprehensive income until the date the parent company loses control.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

The consolidated financial statements include the following direct and indirect subsidiaries:

	Location	Segment	% interest in the share			
			2014		2013	
			Control		Control	
			Direct control	Indirect control	Direct control	Indirect control
Ipiranga Produtos de Petróleo S.A.	Brazil	Ipiranga	100	-	100	-
am/pm Comestíveis Ltda.	Brazil	Ipiranga	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	Ipiranga	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	Ipiranga	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Logística Ltda.	Brazil	Ipiranga	-	100	-	100
Oil Trading Importadora e Exportadora Ltda.	Brazil	Ipiranga	-	100	-	100
Companhia Ultragaz S.A.	Brazil	Ultragaz	-	99	-	99
Bahiana Distribuidora de Gás Ltda.	Brazil	Ultragaz	-	100	-	100
Utingás Armazenadora S.A.	Brazil	Ultragaz	-	57	-	57
LPG International Inc.	Cayman Islands	Ultragaz	-	100	-	100
Imaven Imóveis Ltda.	Brazil	Others	-	100	-	100
Isa-Sul Administração e Participações Ltda	Brazil	Ipiranga	99	1	-	100
Imifarma Produtos Farmacêuticos e Cosméticos S.A.	Brazil	Extrafarma	-	100	-	-
Oxiten S.A. Indústria e Comércio	Brazil	Oxiten	100	-	100	-
Oxiten Nordeste S.A. Indústria e Comércio	Brazil	Oxiten	-	99	-	99
Oxiten Argentina Sociedad de Responsabilidad Ltda.	Argentina	Oxiten	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	Oxiten	-	100	-	100
Oxiten Uruguay S.A.	Uruguay	Oxiten	-	100	-	100
Barrington S.L.	Spain	Oxiten	-	100	-	100
Oxiten México S.A. de C.V.	Mexico	Oxiten	-	100	-	100
Oxiten Servicios Corporativos S.A. de C.V.	Mexico	Oxiten	-	100	-	100
Oxiten Servicios Industriales S.A. de C.V.	Mexico	Oxiten	-	100	-	100
Oxiten USA LLC	United States	Oxiten	-	100	-	100
Global Petroleum Products Trading Corp.	Virgin Islands	Oxiten	-	100	-	100
Oxiten Overseas Corp.	Virgin Islands	Oxiten	-	100	-	100
Oxiten Andina, C.A.	Venezuela	Oxiten	-	100	-	100

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Oxiten Europe SPRL	Belgium	Oxiten	-	100	-	100
Oxiten Colombia S.A.S	Colombia	Oxiten	-	100	-	100
Oxiten Shanghai Trading LTD.	China	Oxiten	-	100	-	100
Empresa Carioca de Produtos Químicos S.A.	Brazil	Oxiten	-	100	-	100
Ultracargo - Operações Logísticas e Participações Ltda.	Brazil	Ultracargo	100	-	100	-
Terminal Químico de Aratu S.A. – Tequimar	Brazil	Ultracargo	-	99	-	99
SERMA - Ass. dos usuários equip. proc. de dados	Brazil	Others	-	100	-	100

The percentages in the table above are rounded.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

a) Business Combination – Acquisition of Extrafarma

On January 31, 2014 the merger of all shares issued by Extrafarma into Ultrapar was approved by the Extraordinary Shareholders' Meetings of Ultrapar and Extrafarma. After the merger of shares, Extrafarma became a wholly-owned subsidiary of Ultrapar and the former shareholders of Extrafarma became long-term shareholders of Ultrapar. The association with Extrafarma marks Ultrapar's entry into Brazil's retail pharmacy sector, making it the third distribution and specialty retail business of the Company.

As a result, 12,021,100 new ordinary, nominative, book-entry shares with no par value of the Company were issued on January 31, 2014, increasing capital share by R\$ 141,913. These resulted in total capital share of R\$ 3,838,686, represented by 556,405,096 shares and increasing capital reserves by R\$ 498,812, totaling an increase in equity in the amount of R\$ 640,725. This transaction did not affect the Company's cash flow.

In addition, the Company issued subscription warrants that, if exercised, would lead to the issuance of up to 4,007,031 shares in the future, broken down into 801,409 shares related to subscription warrants – working capital and 3,205,622 shares related to subscription warrants – indemnification. On June 30, 2014, in the assessment of the working capital and indebtedness adjustments the Company identified that the subscription warrants – working capital shall not be exercised by the former shareholders of Extrafarma. Accordingly, the Company reversed full provision for the issuance of 801,409 shares related to subscription warrants – working capital, which at the acquisition date amounted to R\$ 42,138. Additionally, the Company determined that it has a receivable in the amount of R\$ 12,222 due to the adjustment of working capital, recognized in "Other receivables" in current assets. The shares of the subscription warrants – indemnification may be exercised as early as 2020 and are adjusted according to the changes in the amounts of provision for tax, civil, and labor risks and contingent liabilities related to the period previous to January 31, 2014. The subscription warrants – indemnification fair value are measured based on the share price of Ultrapar (UGPA3) and are reduced by the dividend yield until 2020, since the exercise is possible only from 2020, and they are not entitled to dividends until that date. On the reporting date, the subscription warrants – indemnification were represented by 2,002,773 shares and totaled R\$ 92,072 (on the acquisition date they were represented by 1,959,576 and totaled R\$ 91,423).

The purchase price is presented below:

Increase in share capital	141,913
Capital surplus on subscription of shares	498,812
Receivables - working capital adjustments	(12,222)
Subscription warrants – indemnification	91,423
Purchase price	719,926

The purchase price in the amount of R\$ 719,926 was allocated among the identified assets acquired and liabilities assumed, measured at fair value. The Company measured the opening balance, fair value of assets and liabilities, and, consequently, the goodwill. The purchase price allocation was concluded in December, 2014. The goodwill is R\$ 661,553, which is motivated by the Company's entry into the pharmaceutical retail and wholesale markets in Brazil and by Extrafarma bringing a significant initial scale, an excellent network of drugstores as a starting point and specific knowledge and expertise of the market sector. The deductible tax basis of goodwill is R\$ 780,239. During the

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process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity's books were also taken into account, as shown below:

	Amount	Useful life	Amortization method
Brand – Extrafarma	72,523	Undefined	-
Loyalty program – Club Extra	31,953	4 years	Straight line
Customer relationship - wholesale	17,346	10 years	Straight line
Other	517	By contracts	Straight line
Total	122,339		

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

The table below summarizes the fair value of assets acquired and liabilities assumed as of the acquisition date:

Current assets		Current liabilities	
Cash and cash equivalents	9,123	Loans (1)	179,818
Trade receivables	65,104	Trade payables	118,769
Inventories	154,937	Salaries and related charges	16,539
		Income and social contribution	
Recoverable taxes	12,385	taxes payable	3,150
Other	5,109	Deferred revenue	5,152
	246,658	Other	6,316
			329,744
Non-current assets		Non-current liabilities	
Property, plant, and equipment	48,838	Loans (1)	28,093
		Provision for tax, civil and labor	
Intangible assets	135,636	risks	65,517
Deferred income and social contribution taxes	56,408	Other	7,097
Escrow deposits	1,284		100,707
Goodwill	661,553		
	903,719	Total liabilities assumed	430,451
Total assets acquired and goodwill	1,150,377	Purchase price	719,926

(1) The gross debt assumed on closing date amounted to R\$ 207,911.

For further details of property, plant, and equipment and intangibles acquired, see Notes 12 and 13 respectively and of provision for tax, civil and labor risks, see Note 23.a).

The acquisition costs related to lawyers and consultants were recognized as administrative expenses and represent approximately 2% of the transaction amount. Additionally, the Company recognized in shareholders' equity, reducing the capital reserve, the amount of R\$ 2,260 of expenses with lawyers and external audit related to transaction costs for the issuance of shares to the shareholders of Extrafarma in the business combination.

The following summary presents the Company's pro forma information for 2014, as if the acquisition had been completed at the beginning of this year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

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Net revenue from sales and services	67,824,629
Operating income	2,287,695
Net income for the year	1,248,369
Earnings per share basic - whole R\$ (see Note 30)	2.2701
Earnings per share diluted - whole R\$ (see Note 30)	2.2540

b) Statutory reorganization

On December 10, 2014, in order to simplify the corporate structure, the Company and the wholly-subsiidiary Ipiranga Produtos de Petróleo S.A. (“IPP”), shareholders of Isa-Sul Administração e Participações Ltda. (“Isa-Sul”), approved a capital increase in Isa-Sul in the amount of R\$ 995,696 with the issuance of 995,696,000 new shares with a par value of R\$ 1.00. All shares were subscribed and paid up with ordinary shares of Extrafarma held by the Company. After this reorganization, the Company became the direct parent of Isa-Sul and Isa-Sul became the parent company of Extrafarma.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

4. Cash and Cash Equivalents and Financial Investments

Cash equivalents and financial investments, excluding cash and bank deposits, are substantially represented by investments: (i) in Brazil, in certificates of deposit of first-rate financial institutions linked to the Interbank Certificate of Deposit (“CDI”), in repurchase agreement and in short term investments funds, whose portfolio comprised exclusively of Brazilian Federal Government bonds; (ii) outside Brazil, in certificates of deposit of first-rate financial institutions; and (iii) in currency and interest rate hedging instruments.

The financial assets were classified in Note 22, according to their characteristics and intention of the Company and its subsidiaries.

The balance of cash, cash equivalents and financial investments (consolidated) amounted to R\$ 4,400,122 in 2014 (R\$ 3,543,700 in 2013) and are distributed as follows:

· Cash and Cash Equivalents

Cash and cash equivalents are considered: (i) cash and bank deposits, and (ii) highly-liquid short-term investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

	Parent		Consolidated	
	2014	2013	2014	2013
Cash and bank deposits				
In local currency	96	153	47,426	136,532
In foreign currency	-	-	85,870	88,394
Financial investments considered cash equivalents				
In local currency				
Fixed-income securities	119,131	110,125	2,690,638	2,051,143
In foreign currency				
Fixed-income securities	-	-	3,435	-
Total cash and cash equivalents	119,227	110,278	2,827,369	2,276,069

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

· Financial Investments

The financial investments of the Company and its subsidiaries, which are not classified as cash and cash equivalents, are distributed as follows:

	Parent		Consolidated	
	2014	2013	2014	2013
Financial investments				
In local currency				
Fixed-income securities and funds	67,864	264	902,683	747,256
In foreign currency				
Fixed-income securities and funds	-	-	505,574	368,781
Currency and interest rate hedging instruments				
(a)	-	-	164,496	151,594
Total financial investments	67,864	264	1,572,753	1,267,631
Current	67,864	264	1,441,813	1,149,132
Non-current	-	-	130,940	118,499

(a) Accumulated gains, net of income tax (see Note 22).

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

5. Trade Receivables (Consolidated)

The composition of trade receivables is as follows:

	2014	2013
Domestic customers	2,424,756	2,159,355
Reseller financing - Ipiranga	310,062	276,044
Foreign customers	191,533	157,696
(-) Allowance for doubtful accounts	(178,444)	(147,080)
Total	2,747,907	2,446,015
Current	2,604,101	2,321,537
Non-current	143,806	124,478

Reseller financing is provided for renovation and upgrading of service stations, purchase of products, and development of the automotive fuels and lubricants distribution market.

The breakdown of trade receivables, gross of allowance for doubtful accounts, is as follows:

	Total	Current	Past due				
			less than 30 days	31-60 days	61-90 days	91-180 days	more than 180 days
2014	2,926,351	2,515,782	128,778	25,479	12,457	23,542	220,313
2013	2,593,095	2,282,310	104,544	12,906	6,428	7,786	179,121

Movements in the allowance for doubtful accounts are as follows:

Balance in 2012	128,816
Additions	31,745
Write-offs	(13,481)
Balance in 2013	147,080
Initial balance of Extrafarma (January 31, 2014)	6,964
Additions	26,864
Write-offs	(2,464)
Balance in 2014	178,444

For further information about allowance for doubtful accounts see Note 22 – Customer credit risk.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

6. Inventories (Consolidated)

The composition of inventories is as follows:

	2014			2013		
	Cost	Provision for losses	Net balance	Cost	Provision for losses	Net balance
Finished goods	345,255	(7,849)	337,406	318,451	(7,100)	311,351
Work in process	986	-	986	2,626	-	2,626
Raw materials	193,726	(2,661)	191,065	209,735	(169)	209,566
Liquefied petroleum gas (LPG)	41,616	(5,761)	35,855	41,678	(5,761)	35,917
Fuels, lubricants, and greases	907,466	(619)	906,847	817,016	(758)	816,258
Consumable materials and other items for resale	81,662	(3,594)	78,068	64,465	(1,450)	63,015
Pharmaceutical, hygiene, and beauty products	272,864	(25,841)	247,023	-	-	-
Advances to suppliers	103,124	-	103,124	128,618	-	128,618
Properties for resale	24,628	-	24,628	25,162	-	25,162
	1,971,327	(46,325)	1,925,002	1,607,751	(15,238)	1,592,513

Movements in the provision for losses are as follows:

Balance in 2012	8,443
Additions to realizable value adjustment	4,087
Recoveries of obsolescence and other losses	2,708
Balance in 2013	15,238
Initial balance of Extrafarma (January 31, 2014)	27,689
Additions to realizable value adjustment	2,637
Additions to obsolescence and other losses	761
Balance in 2014	46,325

The breakdown of provisions for losses related to inventories is shown in the table below:

	2014	2013
Realizable value adjustment	12,134	9,497
Obsolescence and other losses	34,191	5,741
Total	46,325	15,238

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

7. Recoverable Taxes

Recoverable taxes are substantially represented by credits of ICMS, Taxes for Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), IRPJ, and CSLL.

	Parent		Consolidated	
	2014	2013	2014	2013
IRPJ and CSLL	53,835	48,531	182,602	160,590
ICMS	-	-	296,747	210,045
Provision for ICMS losses (1)	-	-	(67,657)	(65,180)
PIS and COFINS	-	-	207,694	156,707
Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno Andina and Oxiteno Uruguay	-	-	40,035	43,592
Excise tax - IPI	-	-	4,157	3,997
Other	-	-	5,288	7,589
Total	53,835	48,531	668,866	517,340
Current	30,713	27,067	593,462	479,975
Non-current	23,122	21,464	75,404	37,365

(1) The provision for ICMS losses relates to tax credits that the subsidiaries believe to be unable to offset in the future and its movements are as follows:

Balance in 2012	61,717
Write-offs, additions and reversals, net	3,463
Balance in 2013	65,180
Initial balance of Extrafarma (January 31, 2014)	20,888
Write-offs, additions and reversals, net	(18,411)
Balance in 2014	67,657

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

8. Related Parties

a. Related Parties

- Parent Company

	Trade receivables (1)	Assets Debentures (2)	Total	Financial income
Companhia Ultragaz S.A.	14,685	-	14,685	-
Terminal Químico de Aratu S.A. - Tequimar	2,026	-	2,026	-
Oxiteno S.A. Indústria e Comércio	2,532	-	2,532	-
Imifarma Produtos Farmacêuticos e Cosméticos S.A.	3,545	-	3,545	-
Ipiranga Produtos de Petróleo S.A.	7,090	776,578	783,668	119,806
Total in 2014	29,878	776,578	806,456	119,806

	Assets Debentures (2)	Financial income
Ipiranga Produtos de Petróleo S.A.	772,194	89,541
Total in 2013	772,194	89,541

(1) Refers to the Deferred Stock Plan (see Note 8.c).

(2) In March 2009, Ipiranga made its first private offering in a single series of 108 debentures at face value of R\$ 10,000,000.00 (ten million Brazilian Reais), nonconvertible into shares, unsecured debentures. The Company subscribed 75 debentures with maturity on March 31, 2016 and semiannual remuneration linked to CDI.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

Consolidated

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. The balances and transactions between the Company and its subsidiaries with other related parties are disclosed below:

	Loans		Commercial transactions	
	Assets	Liabilities	Receivables ¹	Payables ¹
Oxicap Indústria de Gases Ltda.	10,368	-	-	1,061
Química da Bahia Indústria e Comércio S.A.	-	3,046	-	-
ConectCar Soluções de Mobilidade Eletrônica S.A.	-	-	10,499	1,494
Others	490	1,326	-	-
Total in 2014	10,858	4,372	10,499	2,555

	Loans		Commercial transactions	
	Assets	Liabilities	Receivables ¹	Payables ¹
Oxicap Indústria de Gases Ltda.	10,368	-	-	1,069
Química da Bahia Indústria e Comércio S.A.	-	3,046	-	-
Refinaria de Petróleo Riograndense S.A.	-	-	-	1,051
ConectCar Soluções de Mobilidade Eletrônica S.A.	-	-	7,952	1,210
Others	490	826	-	-
Total in 2013	10,858	3,872	7,952	3,330

¹ Included in “trade receivables” and “trade payables,” respectively.

	Commercial transactions	
	Sales	Purchases
Oxicap Indústria de Gases Ltda.	6	12,725
Refinaria de Petróleo Riograndense S.A.	-	59,162
ConectCar Soluções de Mobilidade Eletrônica S.A.	18,887	-
Total in 2014	18,893	71,887

	Commercial transactions	
	Sales	Purchases
Oxicap Indústria de Gases Ltda.	6	12,371
Refinaria de Petróleo Riograndense S.A.	-	30,607
ConectCar Soluções de Mobilidade Eletrônica S.A.	10,161	-

Total in 2013	10,167	42,978
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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

Purchase and sale transactions relate substantially to the purchase of raw materials, feedstock, transportation, and storage services based on similar market prices and terms with customers and suppliers with comparable operational performance. The above operations related to ConectCar Soluções de Mobilidade Eletrônica S.A. (“ConectCar”) refer to the adherence to Ipiranga’s marketing plan and services provided. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company and its subsidiaries’ management, transactions with related parties are not subject to credit risk, which is why no allowance for doubtful accounts or collateral is provided. Collateral provided by the Company in loans of subsidiaries and affiliates are mentioned in Note 14.1). Intercompany loans are contracted in light of temporary cash surpluses or deficits of the Company, its subsidiaries, and its associates.

b. Key executives - Compensation (Consolidated)

The Company’s compensation strategy combines short and long-term elements, following the principles of alignment of interests and of maintaining a competitive compensation, and is aimed at retaining key officers and remunerating them adequately according to their attributed responsibilities and the value created to the Company and its shareholders.

Short-term compensation is comprised of: (a) fixed monthly compensation paid with the objective of rewarding the executive’s experience, responsibility, and his/her position’s complexity, and includes salary and benefits such as medical coverage, check-up, life insurance, and others; (b) variable compensation paid annually with the objective of aligning the executive’s and the Company’s objectives, which is linked to: (i) the business performance measured through its economic value creation and (ii) the fulfillment of individual annual goals that are based on the strategic plan and are focused on expansion and operational excellence projects, people development and market positioning, among others. In addition, the chief executive officer is entitled to additional long term variable compensation relating to the Company’s shares’ performance between 2013 and 2018, reflecting the target of more than doubling the share value of the Company in 5 years. Further details about the Deferred Stock Plan are contained in Note 8.c) and about post-employment benefits in Note 24.b).

In 2014, the Company and its subsidiaries recognized expenses for compensation of its key executives (Company’s directors and executive officers) in the amount of R\$ 40,993 (R\$ 34,282 in 2013). Out of this total, R\$ 30,187 relates to short-term compensation (R\$ 28,041 in 2013), R\$ 5,462 to stock compensation (R\$ 3,642 in 2013), R\$ 3,660 to post-employment benefits (R\$ 2,599 in 2013), and R\$ 1,684 to long-term compensation.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Deferred Stock Plan

On April 27, 2001, the General Shareholders' Meeting approved a benefit plan to members of management and employees in executive positions in the Company and its subsidiaries. On November 26, 2003, the Extraordinary General Shareholders' Meeting approved certain amendments to the original plan of 2001 (the "Deferred Stock Plan"). In the Deferred Stock Plan, certain members of management of the Company and its subsidiaries have the voting and economic rights of shares and the ownership of these shares is retained by the subsidiaries of the Company. The Deferred Stock Plan provides for the transfer of the ownership of the shares to those eligible members of management after five to ten years from the initial concession of the rights subject to uninterrupted employment of the participant during the period. The total number of shares to be used for the Deferred Stock Plan is subject to the availability in treasury of such shares. It is incumbent on Ultrapar's executive officers to select the members of management eligible for the plan and propose the number of shares in each case for approval by the Board of Directors. The fair value of the awards were determined on the grant date based on the market value of the shares on the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA"), the Brazilian Securities, Commodities and Futures Exchange and the amounts are amortized between five and ten years from the grant date.

The table below summarizes shares provided to the Company and its subsidiaries' management:

Grant date	Balance of number of shares granted	Vesting period	Market price of shares on the grant date (in R\$ per share)	Total grant costs, including taxes	Accumulated recognized grant costs	Accumulated unrecognized grant costs
December 9, 2014	590,000	2019 to 2021	50.64	41,210	(583)	40,627
March 5, 2014	83,400	2019 to 2021	52.15	5,999	(849)	5,150
February 3, 2014	150,000	2018 to 2020	55.36	11,454	(2,158)	9,296
November 7, 2012	350,000	2017 to 2019	42.90	20,710	(7,621)	13,089
December 14, 2011	120,000	2016 to 2018	31.85	5,272	(2,761)	2,511
November 10, 2010	260,000	2015 to 2017	26.78	9,602	(6,795)	2,807
December 16, 2009	166,656	2014 to 2016	20.75	7,155	(6,138)	1,017
October 8, 2008	192,008	2013 to 2015	9.99	8,090	(7,807)	283
December 12, 2007	-	2012 to 2014	16.17	3,570	(3,570)	-
November 9, 2006	207,200	2016	11.62	3,322	(2,713)	609
December 14, 2005	93,600	2015	8.21	1,060	(962)	98
October 4, 2004	-	2014	10.20	2,361	(2,361)	-
	2,212,864			119,805	(44,318)	75,487

In 2014, the amortization in the amount of R\$ 12,289 (R\$ 9,729 in 2013) was recognized as a general and administrative expense.

The table below shows the movement in the number of granted shares:

Balance in 2012	2,370,540
Shares vested and transferred	(484,512)
Balance in 2013	1,886,028
Shares granted on February 3, 2014	150,000
Shares granted on March 5, 2014	83,400
Shares granted on December 9, 2014	590,000
Shares vested and transferred	(496,564)
Balance in 2014	2,212,864

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

9. Income and Social Contribution Taxes

a. Deferred Income and Social Contribution Taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to the statute of limitations, resulting from tax loss carryforwards, temporary differences, negative tax bases and revaluation of property, plant, and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred IRPJ and CSLL are recognized under the following main categories:

	2014	Parent 2013	Consolidated 2014	2013
Assets - Deferred income and social contribution taxes on:				
Provision for impairment of assets	-	-	55,527	32,130
Provisions for tax, civil, and labor risks	15	10	128,365	111,395
Provision for post-employment benefit	-	-	40,729	43,753
Provision for differences between cash and accrual basis	-	-	457	-
Goodwill	-	-	48,162	57,334
Business combination – fiscal basis vs. accounting basis of goodwill	-	-	68,458	28,105
Provision for asset retirement obligation	-	-	21,116	13,760
Other provisions	1,464	385	59,802	44,048
Tax losses and negative basis for social contribution carryforwards (d)	-	-	39,957	45,607
Total	1,479	395	462,573	376,132
Liabilities - Deferred income and social contribution taxes on:				
Revaluation of property, plant, and equipment	-	-	3,009	3,130
Lease	-	-	4,948	5,640
Provision for differences between cash and accrual basis	-	-	77,266	61,864
Provision for goodwill/negative goodwill	-	-	11,183	3,963
Business combination – fair value of assets	-	-	49,181	14,584
Temporary differences of foreign subsidiaries	-	-	5,097	4,088
Provision for post-employment benefit	-	-	-	5,911
Other provisions	-	-	2,163	2,319
Total	-	-	152,847	101,499

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

Changes in the net balance of deferred IRPJ and CSLL are as follows:

	2014	2013
Initial balance	274,633	384,407
Deferred IRPJ and CSLL recognized in income of the year	(21,745)	(90,996)
Deferred IRPJ and CSLL recognized in comprehensive income of the year	(863)	(9,304)
Deferred IRPJ and CSLL recognized in business combinations	56,408	(8,365)
Other	1,293	(1,109)
Final balance	309,726	274,633

The estimated recovery of deferred tax assets relating to IRPJ and CSLL is stated as follows:

	Parent	Consolidated
Up to 1 year	-	106,754
From 1 to 2 years	124	104,496
From 2 to 3 years	140	52,192
From 3 to 5 years	337	66,608
From 5 to 7 years	505	93,119
From 7 to 10 years	373	39,404
	1,479	462,573

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Reconciliation of Income and Social Contribution Taxes

IRPJ and CSLL are reconciled to the statutory tax rates as follows:

	Parent		Consolidated	
	2014	2013	2014	2013
Income before taxes and share of profit (loss) of subsidiaries, joint ventures, and associates	50,917	34,045	1,841,190	1,806,428
Statutory tax rates - %	34	34	34	34
Income and social contribution taxes at the statutory tax rates	(17,312)	(11,575)	(626,005)	(614,185)
Adjustments to the statutory income and social contribution taxes:				
Nondeductible expenses (i)	(405)	(340)	(26,519)	(24,793)
Nontaxable revenues (ii)	13	104	2,596	6,569
Adjustment to estimated income (iii)	-	-	13,638	6,050
Interest on equity (iv)	-	(59,617)	-	(218)
Other adjustments	25	23	(603)	1,100
Income and social contribution taxes before tax incentives	(17,679)	(71,405)	(636,893)	(625,477)
Tax incentives - SUDENE	-	-	63,405	52,755
Income and social contribution taxes in the income statement	(17,679)	(71,405)	(573,488)	(572,722)
Current	(18,763)	(71,757)	(615,148)	(534,481)
Deferred	1,084	352	(21,745)	(90,996)
Tax incentives - SUDENE	-	-	63,405	52,755
Effective IRPJ and CSLL rates - %			31.1	31.7

(i) Nondeductible expenses consist of certain expenses that cannot be deducted for tax purposes under applicable tax legislation, such as expenses with fines, donations, gifts, losses of assets, and certain provisions;

(ii) Nontaxable revenues consist of certain gains and income that are not taxable under applicable tax legislation, such as the reimbursement of taxes and the reversal of certain provisions;

(iii) Brazilian tax law allows for an alternative method of taxation for companies that generated gross revenues of up to R\$ 78 million in their previous fiscal year. Certain subsidiaries of the Company adopted this alternative form of taxation, whereby income and social contribution taxes are calculated on a basis equal to 32% of operating revenues, as opposed to being calculated based on the effective taxable income of these subsidiaries. The adjustment to estimated income represents the difference between the taxation under this alternative method and the income and social contribution taxes that would have been paid based on the effective statutory rate applied to the taxable income of these subsidiaries;

(iv) Interest on equity is an option provided by Brazilian corporate law which permits the distribution of profits to shareholders, calculated based on the long-term interest rate (“TJLP”), which does not affect the income statement, but is deductible for purposes of IRPJ and CSLL.

c. Tax Incentives - SUDENE

The following subsidiaries are entitled to federal tax benefits providing for IRPJ reduction under the program for development of northeastern Brazil operated by the Superintendency for the Development of the Northeast (“SUDENE”):

Subsidiary	Units	Incentive - %	Expiration
Oxiteno Nordeste S.A. Indústria e Comércio	Camaçari plant	75	2016
Bahiana Distribuidora de Gás Ltda.	Caucaia base (1)	75	2012
	Mataripe base (1)	75	2013
	Aracaju base	75	2017
	Suape base	75	2018
Terminal Químico de Aratu S.A. – Tequimar	Suape terminal	75	2020
	Aratu terminal	75	2022
	(2)		
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Camaçari plant	75	2022

On December 30, 2014, Terminal Químico de Aratu S.A. - Tequimar (“Tequimar”) filed a request at SUDENE requiring the income tax reduction incentive, due to the implementation of the Itaqui Terminal in São Luis, Maranhão.

(1) In the first quarter of 2015, the subsidiary will request the extension of the recognition of tax incentive for another 10 years, due to the production increase in the Caucaia base and modernization in the Mataripe base.

(2) On December 26, 2013, the petition requesting the extension of the tax incentive for another 10 years was granted by SUDENE, due to the modernization in the Aratu terminal. Due to the expiration of the period for approval by the Federal Revenue Service on the petition, Tequimar recognized the tax benefit in income of 2014, retroactive to January 2013 in the amount of R\$ 4,356.

d. Income and Social Contribution Taxes Carryforwards

In 2014, the Company and certain subsidiaries have loss carryforwards (income tax) amounting to R\$ 126,624 (R\$ 142,952 in 2013) and negative basis of CSLL of R\$ 92,232 (R\$ 109,652 in 2013), whose compensations are limited to 30% of taxable income, which do not expire. Based on these values, the Company and its subsidiaries recognized deferred income and social contribution tax assets in the amount of R\$ 39,957 in 2014 (R\$ 45,607 in 2013).

e. Law N° 12973/14 (conversion of Provisional Measure No. 627/13)

On May 14, 2014, Law No. 12973, a conversion of Provisional Measure No. 627 (MP 627/13), was published which, among other matters: (i) revoked the Transition Tax Regime (RTT) and regulates the incidence of taxes on the adjustments arising from the convergence of accounting practices adopted in Brazil and IFRS and (ii) provided for the taxation of residents in Brazil related to profits of overseas subsidiaries and associates.

The Company and its subsidiaries decided not to anticipate the effects of the application of this law for the calendar year 2014.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

10. Prepaid Expenses (Consolidated)

	2014	2013
Rents	99,285	92,375
Deferred Stock Plan, net (see Note 8.c)	61,183	23,408
Insurance premiums	20,295	10,319
Software maintenance	6,790	3,900
Advertising and publicity	6,103	25,864
Purchases of meal and transportation tickets	1,559	1,541
Taxes and other prepaid expenses	3,281	5,575
	198,496	162,982
Current	67,268	65,177
Non-current	131,228	97,805

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

11. Investments

a. Subsidiaries and Joint-Venture (Parent Company)

The table below presents the full amounts of balance sheets and income statements of subsidiaries and joint venture:

	2014 Subsidiaries			Joint-venture	
	Ultracargo - Operações Logísticas e Participações Ltda.	Oxiteno S.A. Indústria e Comércio	Ipiranga Produtos de Petróleo S.A.	Isa-Sul Administração e Participações Ltda.	Refinaria de Petróleo Riograndense S.A.
Number of shares or units held	11,839,764	35,102,127	224,467,228,244	995,696,000	5,078,888
Assets	1,168,896	3,546,989	10,668,027	995,028	263,527
Liabilities	84,003	526,423	8,654,065	11,524	191,018
Shareholders' equity	1,084,893	3,020,625 (*)	2,013,962	983,504 (*)	72,509
Net revenue from sales and services	-	1,023,388	58,764,533	21,197	233,308
Net income (loss) for the year	99,990	240,457 (*)	881,131	(16,410)(**)	(151)
% of capital held	100	100	100	99	33

(*) adjusted for intercompany unrealized profits.

(**) reduced by the elimination of the gain due to corporate restructuring in the amount of R\$ 56,389 (see Note 3b).

The percentages in the table above are rounded.

	2013			Joint-venture	
	Subsidiaries Ultracargo - Operações Logísticas e Participações Ltda.	Oxiteno S.A. Indústria e Comércio	Ipiranga Produtos de Petróleo S.A.	Refinaria de Petróleo Riograndense S.A.	
Number of shares or units held	11,839,764	35,102,127	224,467,228,244	5,078,888	
Assets	1,068,847	3,373,026	9,389,351	214,375	
Liabilities	3,888	480,755	7,234,447	145,856	
Shareholders' equity	1,064,959	2,892,330 (*)	2,154,904	68,519	
Net revenue from sales and services	-	968,975	53,325,243	200,328	

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Net income for the year	76,387	215,729	(*)	965,607	3,963
% of capital held	100	100		100	33

(*) adjusted for intercompany unrealized profits.

The percentages in the table above are rounded.

Operating financial information of the subsidiaries is detailed in Note 21.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

Balances and changes in subsidiaries and joint venture are as follows:

	Ultracargo - Operações Logísticas e Participações Ltda.	Oxiteno S.A. - Indústria e Comércio	Investments in subsidiaries Imifarma Produtos Isa-Sul Farmacêuticos e Administração e Participação S.A.	Flamgaço Indústria e Comércio S.A.	Clonés S.A.	Refinaria de Petróleo Riograndense S.A.	Joint-venture Total	Total
Balance in 2012	988,511	2,349,275	2,435,502	-	-	5,773,288	19,759	5,793,047
Share of profit of subsidiaries and joint venture	76,387	215,729	965,607	-	-	1,257,723	4,780 (*)	1,262,503
Dividends and interest on equity (gross)	-	(51,235)	(560,942)	-	-	(612,177)	(1,788)	(613,965)
Capital increase in cash	-	350,000	-	-	-	350,000	-	350,000
Capital decrease	-	-	(700,000)	-	-	(700,000)	-	(700,000)
Tax liabilities on equity- method revaluation reserve	-	-	(139)	-	-	(139)	-	(139)
Valuation adjustment of subsidiaries	61	3,106	14,876	-	-	18,043	-	18,043
Translation adjustments of foreign-based subsidiaries	-	25,455	-	-	-	25,455	-	25,455
Balance in 2013	1,064,959	2,892,330	2,154,904	-	-	6,112,193	22,751	6,134,944
Share of profit of subsidiaries and joint venture	99,990	240,457	881,131	2,523	(15,726)	1,208,375	(50)	1,208,325
Dividends and interest on equity (gross)	(80,000)	(117,107)	(1,022,540)	-	-	(1,219,647)	-	(1,219,647)
Extrafarma acquisition (see Note 3.a)	-	-	-	719,926	-	719,926	-	719,926
	-	-	-	236,100	-	236,100	-	236,100

Capital increase in cash								
Contingent liabilities – business combination								
Extrafarma (1)	-	-	-	3,654	-	3,654	-	3,654
Realization of fair value of acquisition	-	-	-	(22,896)	-	(22,896)	-	(22,896)
Tax liabilities on equity-method revaluation reserve	-	-	(32)	-	-	(32)	-	(32)
Valuation adjustment of subsidiaries	(56)	(171)	499	-	74	346	1,375	1,721
Translation adjustments of foreign-based subsidiaries	-	5,116	-	-	-	5,116	-	5,116
Corporate Restructuring (see Note 3.b) (2)	-	-	-	(939,307)	995,696	56,389	-	56,389
Balance in 2014	1,084,893	3,020,625	2,013,962	-	980,044	7,099,524	24,076	7,123,600

(1) transferred to the non-current liabilities due to corporate restructuring (see Note 3.b)

(2) the gain of R\$ 56,389 obtained in the corporate reorganization (see Note 3b) was offset in the share of profit of subsidiaries and joint venture.

(*) Includes adjustments related to the conclusion of the audit of 2012.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

b. Joint Ventures (Consolidated)

The Company holds an interest in Refinaria de Petróleo Riograndense (“RPR”), which is primarily engaged in oil refining.

The subsidiary Ultracargo – Operações Logísticas e Participações Ltda. (“Ultracargo Participações”) holds an interest in União Vopak – Armazéns Gerais Ltda. (“União Vopak”), which is primarily engaged in liquid bulk storage in the port of Paranaguá.

The subsidiary IPP holds an interest in ConectCar, which is primarily engaged in electronic payment of tolls, parking and fuel. ConectCar, formed in November 2012, started its operation on April 23, 2013 in the State of São Paulo and currently also operates in the States of Rio Grande do Sul, Santa Catarina, Paraná, Minas Gerais, Rio de Janeiro, Espírito Santo, Pernambuco, Bahia, Alagoas, Mato Grosso and Distrito Federal.

These investments are accounted for under the equity method of accounting based on their financial statements as of December 31, 2014.

Balances and changes in joint ventures are as follows:

	Movements in investments			
	União Vopak	RPR	ConectCar	Total
Balance in 2012	5,714	19,759	2,736	28,209
Capital increase	-	-	24,945	24,945
Share of profit (loss) of joint ventures	1,302	4,780 (*)	(11,962)	(5,880)
Dividends received	(1,100)	(1,788)	-	(2,888)
Balance in 2013	5,916	22,751	15,719	44,386
Capital increase	-	-	28,500	28,500
Valuation adjustments	-	1,375	-	1,375
Share of profit (loss) of joint ventures	181	(50)	(18,747)	(18,616)
Dividends received	(1,137)	-	-	(1,137)
Balance in 2014	4,960	24,076	25,472	54,508

(*) Includes adjustments related to the conclusion of the audit of 2012.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

The table below presents the full amounts of balance sheets and income statements of joint ventures:

	2014		
	União Vopak	RPR	ConectCar
Current assets	2,762	160,789	38,852
Non-current assets	8,066	102,738	53,236
Current liabilities	908	101,083	41,143
Non-current liabilities	-	89,935	-
Shareholders' equity	9,920	72,509	50,945
Net revenue from sales and services	10,490	233,308	9,981
Costs and operating expenses	(10,114)	(232,634)	(66,797)
Net financial income and income and social contribution taxes	(14)	(825)	19,323
Net income (loss)	362	(151)	(37,493)
Number of shares or units held	29,995	5,078,888	57,500,000
% of capital held	50	33	50

The percentages in the table above are rounded.

	2013		
	União Vopak	RPR	ConectCar
Current assets	3,814	115,968	26,585
Non-current assets	9,358	98,407	25,301
Current liabilities	1,340	46,973	20,448
Non-current liabilities	-	98,883	-
Shareholders' equity	11,832	68,519	31,438
Net revenue from sales and services	12,632	200,328	4,146
Costs and operating expenses	(8,954)	(191,860)	(40,319)
Net financial income and income and social contribution taxes	(1,074)	(4,505)	12,248
Net income (loss)	2,604	3,963	(23,925)
Number of shares or units held	29,995	5,078,888	50,000,000
% of capital held	50	33	50

The percentages in the table above are rounded.

Ultrapar Participações S.A. and Subsidiaries

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c. Associates (Consolidated)

Subsidiary IPP holds an interest in Transportadora Sulbrasileira de Gás S.A., which is primarily engaged in natural gas transportation services.

Subsidiary Oxiteno S.A. Indústria e Comércio (“Oxiteno S.A.”) holds an interest in Oxicap Indústria de Gases Ltda. (“Oxicap”), which is primarily engaged in the supply of nitrogen and oxygen for its shareholders in the Mauá petrochemical complex.

Subsidiary Oxiteno Nordeste S.A. Indústria e Comércio (“Oxiteno Nordeste”) holds an interest in Química da Bahia Indústria e Comércio S.A., which is primarily engaged in manufacturing, marketing, and processing of chemicals. The operations of this associate are currently suspended.

Subsidiary Companhia Ultragaz S.A. (“Cia. Ultragaz”) holds an interest in Metalúrgica Plus S.A., which is primarily engaged in the manufacture and trading of LPG containers. The operations of this associate are currently suspended.

Subsidiary IPP holds an interest in Plenogás Distribuidora de Gás S.A., which is primarily engaged in the marketing of LPG. The operations of this associate are currently suspended.

The investment of subsidiary Oxiteno S.A. in the associate Oxicap is accounted for under the equity method of accounting based on its financial statements as of November 30, 2014, while the other associates are valued based on the financial statements as of December 31, 2014.

Balances and changes in associates are as follows:

	Movements in investments				Total
	Transportadora Sulbrasileira de Gás S.A.	Oxicap Indústria de Gases Ltda.	Química da Bahia Indústria e Comércio S.A.	Metalúrgica Plus S.A.	
Balance in 2012	7,014	2,020	3,636	-	12,670
Capital reduction	(1,500)	-	-	-	(1,500)
Share of profit (loss) of associates	764	124	(1)	-	887
Dividends received	(316)	-	-	-	(316)
Balance in 2013	5,962	2,144	3,635	-	11,741
Share of profit of associates	975	946	41	165	2,127
Dividends received	(725)	-	-	-	(725)
Balance in 2014	6,212	3,090	3,676	165	13,143

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(In thousands of Brazilian Reais, unless otherwise stated)

The table below presents the full amounts of balance sheets and income statements of associates:

	Transportadora Sulbrasileira de Gás S.A.	Oxicap Indústria de Gases Ltda.	2014 Química da Bahia Indústria e Comércio S.A.	Metalúrgica Plus S.A.	Plenogás Distribuidora de Gás S.A.
Current assets	5,832	12,434	103	923	231
Non-current assets	19,978	77,199	10,358	1,682	2,830
Current liabilities	632	2,771	-	403	80
Non-current liabilities	332	74,502	3,109	1,708	3,144
Shareholders' equity	24,846	12,360	7,352	494	(163)
Net revenue from sales and services	8,525	32,972	-	-	-
Costs, operating expenses, and income	(4,543)	(27,174)	(45)	344	442
Net financial income and income and social contribution taxes	(84)	(2,013)	127	990	(13)
Net income for the year	3,898	3,785	82	1,334	429
Number of shares or units held	20,124,996	156	1,493,120	3,000	1,384,308
% of capital held	25	25	50	33	33

The percentages in the table above are rounded.

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(In thousands of Brazilian Reais, unless otherwise stated)

	Transportadora Sulbrasileira de Gás S.A.	Oxicap Indústria de Gases Ltda.	2013 Química da Bahia Indústria e Comércio S.A.	Metalúrgica Plus S.A.	Plenogás Distribuidora de Gás S.A.	
Current assets	4,482	19,507	85	555	3	
Non-current assets	20,449	73,767	10,085	331	2,926	
Current liabilities	749	11,019	-	17	62	
Non-current liabilities	332	73,681	2,901	1,708	3,459	
Shareholders' equity	23,850	8,574	7,269	(839)	(592)	
Net revenue from sales and services		6,794	31,458	-	-	-
Costs, operating expenses, and income		(3,665)	(30,629)	(30)	(159)	276
Net financial income and income and social contribution taxes		(74)	(335)	28	1	12
Net income (loss) for the year		3,055	494	(2)	(158)	288
Number of shares or units held		20,124,996	156	1,493,120	3,000	1,384,308
% of capital held		25	25	50	33	33

The percentages in the table above are rounded.

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

12. Property, Plant, and Equipment (Consolidated)

Balances and changes in property, plant, and equipment are as follows:

	Weighted average useful life (years)	Balance in 2013	Additions	Depreciation	Transfer	Write-offs and disposals	Opening balance of Extrafarma (1)	Effect of foreign currency exchange rate variation	Balance in 2014
Cost:									
Land	-	458,619	6,586	-	16,126	(6,668)	-	1,444	476,107
Buildings	30	1,219,746	8,781	-	53,395	(11,189)	-	4,995	1,275,728
Leasehold improvements	11	549,841	9,104	-	51,047	(1,634)	23,023	(39)	631,342
Machinery and equipment	13	3,745,901	81,454	-	77,810	(6,957)	6,365	4,902	3,909,475
Automotive fuel/lubricant distribution equipment and facilities	14	1,939,720	103,387	-	76,431	(22,975)	-	-	2,096,563
LPG tanks and bottles	12	460,596	85,958	-	-	(51,863)	-	-	494,691
Vehicles	8	213,635	25,207	-	18,642	(18,668)	5,554	97	244,467
Furniture and utensils	9	126,758	13,094	-	2,116	(1,030)	14,923	254	156,115
Construction in progress	-	302,076	328,034	-	(266,699)	(1,150)	6,752	3,961	372,974
Advances to suppliers	-	27,558	26,320	-	(32,100)	(2,251)	-	-	19,527
Imports in progress	-	130	1,723	-	(1,690)	-	-	(104)	59
IT equipment	5	206,286	25,830	-	714	(1,556)	8,683	(27)	239,930
		9,250,866	715,478	-	(4,208)	(125,941)	65,300	15,483	9,916,978
Accumulated depreciation:									
Buildings		(533,776)	-	(37,671)	(26)	6,171	-	(6)	(565,308)
Leasehold improvements		(269,598)	-	(40,367)	(280)	1,146	(4,585)	37	(313,647)

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Machinery and equipment	(1,939,238)	-	(226,811)	312	5,875	(1,756)	3,228	(2,158,390)
Automotive fuel/lubricant distribution equipment and facilities	(1,066,425)	-	(115,095)	2	17,444	-	-	(1,164,074)
LPG tanks and bottles	(221,321)	-	(29,653)	-	19,973	-	-	(231,001)
Vehicles	(87,860)	-	(12,509)	-	12,922	(2,503)	(54)	(90,004)
Furniture and utensils	(93,246)	-	(9,449)	(3)	902	(3,624)	(63)	(105,483)
IT equipment	(173,942)	-	(13,206)	(37)	1,417	(3,994)	(97)	(189,859)
	(4,385,406)	-	(484,761)	(32)	65,850	(16,462)	3,045	(4,817,766)
Provision for losses:								
Land	(197)	-	-	-	-	-	-	(197)
Leasehold improvements	-	(459)	-	-	-	-	(3)	(462)
Machinery and equipment	(5,027)	(1,451)	-	-	592	-	(9)	(5,895)
IT equipment	(6)	(677)	-	-	-	-	-	(683)
Furniture and utensils	(5)	-	-	-	1	-	-	(4)
	(5,235)	(2,587)	-	-	593	-	(12)	(7,241)
Net amount	4,860,225	712,891	(484,761)	(4,240)	(59,498)	48,838	18,516	5,091,971

(1) For further information about the Extrafarma acquisition, see Note 3.a)

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

	Weighted average useful life (years)	Balance in 2012	Additions	Depreciation	Transfer	Write-offs	Opening balance of Oxiteno Uruguay (2)	Effect of foreign currency exchange rate variation	Balance in 2013
Cost:									
Land	-	403,563	3,883	-	53,725	(12,036)	6,881	2,603	458,619
Buildings	29	1,152,647	6,973	-	66,744	(17,538)	(279)	11,199	1,219,746
Leasehold improvements	12	507,548	5,663	-	37,669	(1,097)	-	58	549,841
Machinery and equipment	12	3,465,698	78,304	-	126,864	(3,755)	18,048	60,742	3,745,901
Automotive fuel/lubricant distribution equipment and facilities	14	1,816,791	90,621	-	42,059	(19,010)	-	9,259	1,939,720
LPG tanks and bottles	12	441,006	73,053	-	(30)	(53,433)	-	-	460,596
Vehicles	10	198,674	17,415	-	12,948	(15,517)	156	(41)	213,635
Furniture and utensils	8	117,296	4,912	-	2,554	(183)	-	2,179	126,758
Construction in progress	-	294,328	306,870	-	(293,931)	(2,295)	-	(2,896)	302,076
Advances to suppliers	-	12,881	67,824	-	(53,147)	-	-	-	27,558
Imports in progress	-	174	240	-	(145)	-	-	(139)	130
IT equipment	5	197,881	13,007	-	973	(5,846)	-	271	206,286
		8,608,487	668,765	-	(3,717)	(130,710)	24,806	83,235	9,250,866
Accumulated depreciation:									
Buildings		(496,449)	-	(38,652)	(923)	8,631	-	(6,383)	(533,776)
Leasehold improvements		(237,447)	-	(33,111)	(19)	754	-	225	(269,598)
Machinery and equipment		(1,673,635)	-	(219,443)	867	2,337	-	(49,364)	(1,939,238)
Automotive fuel/lubricant distribution		(972,014)	-	-	-	-	-	-	-

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equipment and facilities		(105,921)	2	11,508	-	(1,066,425)		
LPG tanks and bottles	(216,707)	-	(28,133)	28	23,491	-	(221,321)	
Vehicles	(89,221)	-	(9,287)	-	10,719	-	(87,860)	
Furniture and utensils	(83,447)	-	(8,160)	1	144	-	(93,246)	
IT equipment	(166,721)	-	(12,145)	1	4,973	-	(173,942)	
	(3,935,641)	-	(454,852)	(43)	62,557	-	(4,385,406)	
Provision for losses:								
Land	(197)	-	-	-	-	-	(197)	
Machinery and equipment	(5,616)	(155)	-	-	744	-	(5,027)	
IT equipment	(3)	(6)	-	-	3	-	(6)	
Vehicles	-	(106)	-	-	106	-	-	
Furniture and utensils	(10)	-	-	-	5	-	(5)	
	(5,826)	(267)	-	-	858	-	(5,235)	
Net amount	4,667,020	668,498	(454,852)	(3,760)	(67,295)	24,806	25,808	4,860,225

- (2) For further information about the Oxiteno Uruguay acquisition, see Note 3.a) of the 2013 Financial Statements filed at the CVM on February 19, 2014.

Construction in progress relates substantially to expansions and renovations of industrial facilities and terminals and construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant, and equipment relate basically to manufacturing of equipment for expansion of plants, terminals and bases, modernization of service stations, and acquisition of real estate.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

13. Intangible Assets (Consolidated)

Balances and changes in intangible assets are as follows:

	Weighted average useful life (years)	Balance in 2013	Additions	Amortization	Transfer	Write-offs and disposals	Opening balance of Extrafarma (1)	Effect of foreign currency exchange rate variation	Balance in 2014
Cost:									
Goodwill (i)	-	794,626	-	-	-	-	661,553	-	1,456,179
Software (ii)	5	353,637	73,994	-	16,379	(456)	7,817	565	451,936
Technology (iii)	5	32,436	181	-	-	-	-	-	32,617
Commercial property rights (iv)	11	16,334	1,838	-	-	-	13,709	-	31,881
Distribution rights (v)	4	2,213,573	532,461	-	(190)	(205)	17,346	-	2,762,985
Brands (vi)	-	29,048	-	-	-	-	72,523	3,887	105,458
Others (vii)	9	16,475	407	-	(10,294)	-	31,953	65	38,606
		3,456,129	608,881	-	5,895	(661)	804,901	4,517	4,879,662
Accumulated amortization:									
Software		(261,693)	-	(36,780)	(3,922)	455	(1,416)	(424)	(303,780)
Technology		(27,690)	-	(1,782)	-	-	-	1	(29,471)
Commercial property rights		(5,515)	-	(2,742)	8	-	(6,296)	-	(14,545)
Distribution rights		(992,022)	-	(367,681)	(6,536)	111	-	-	(1,366,128)
Others		(454)	-	(7,164)	-	-	-	(7)	(7,625)
		(1,287,374)	-	(416,149)	(10,450)	566	(7,712)	(430)	(1,721,549)
Net amount		2,168,755	608,881	(416,149)	(4,555)	(95)	797,189	4,087	3,158,113

(1) For further information about the Extrafarma acquisition, see Note 3.a).

	Weighted average useful life (years)	Balance in 2012	Additions	Amortization	Transfer	Write-offs	Opening balance of Oxiteno Uruguay (2)	Effect of foreign currency exchange rate	Balance in 2013
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								variation	
Cost:									
Goodwill (i)	-	804,697	-	-	-	-	(10,071)	-	794,626
Software (ii)	5	324,881	36,457	-	(9,778)	(697)	-	2,774	353,637
Technology (iii)	5	32,257	179	-	-	-	-	-	32,436
Commercial property rights (iv)	30	16,334	-	-	-	-	-	-	16,334
Distribution rights (v)	5	1,706,335	505,373	-	-	-	1,865	-	2,213,573
Brands (vi)	-	25,339	-	-	-	-	-	3,709	29,048
Others	9	4,483	927	-	11,231	(155)	-	(11)	16,475
		2,914,326	542,936	-	1,453	(852)	(8,206)	6,472	3,456,129
Accumulated amortization:									
Software		(233,520)	-	(32,472)	3,698	693	-	(92)	(261,693)
Technology		(22,717)	-	(4,973)	-	-	-	-	(27,690)
Commercial property rights		(4,966)	-	(549)	-	-	-	-	(5,515)
Distribution rights		(687,381)	-	(302,787)	(1,854)	-	-	-	(992,022)
Others		(442)	-	(50)	-	43	-	(5)	(454)
		(1,949,026)	-	(340,831)	1,844	736	-	(97)	(1,287,374)
Provision for losses:									
Software		(4)	-	-	-	4	-	-	-
		(4)	-	-	-	4	-	-	-
Net amount		1,965,296	542,936	(340,831)	3,297	(112)	(8,206)	6,375	2,168,755

(2) For further information about the Oxiteno Uruguay acquisition, see Note 3.a) of the 2013 Financial Statements filed at the CVM on February 19, 2014.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

i) Goodwill from acquisition of companies was amortized until December 31, 2008, when its amortization ceased. The net remaining balance is tested annually for impairment.

The Company has the following balances of goodwill:

	Segment	2014	2013
Goodwill on the acquisition of:			
Extrafarma (*)	Extrafarma	661,553	-
Ipiranga	Ipiranga	276,724	276,724
União Terminais	Ultracargo	211,089	211,089
Texaco	Ipiranga	177,759	177,759
Oxitenó Uruguay	Oxitenó	44,856	44,856
Temmar	Ultracargo	43,781	43,781
DNP	Ipiranga	24,736	24,736
Repsol	Ultragaz	13,403	13,403
Others		2,278	2,278
		1,456,179	794,626

(*) For further information about the goodwill of Extrafarma, see Note 3.a).

On December 31, 2014, the Company tested the balances of goodwill shown in the table above for impairment. The determination of value in use involves assumptions, judgments, and estimates of cash flows, such as growth rates of revenues, costs and expenses, estimates of investments and working capital, and discount rates. The assumptions about growth projections and future cash flows are based on the Company's business plan, as well as comparable market data, and represent management's best estimate of the economic conditions that will exist over the economic life of the various CGUs, to which goodwill is related.

The evaluation of the value in use is calculated for a period of five years, after which we calculate the perpetuity, considering the possibility of carrying the business on indefinitely.

On December 31, 2014, the discount and real growth rates used to extrapolate the projections ranged from 9,3% to 26.4% and 0% to 3.8% p.a., respectively, depending on the CGU analyzed.

The Company's goodwill impairment tests did not result in the recognition of losses for the year ended December 31, 2014.

ii) Software includes user licenses and costs for the implementation of the various systems used by the Company and its subsidiaries, such as: integrated management and control, financial management, foreign trade, industrial automation, operational and storage management, accounting information, and other systems.

iii) The subsidiaries Oxitenó S.A., Oxitenó Nordeste and Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. ("Oleoquímica") recognize as technology certain rights of use held by them. Such licenses include the production of ethylene oxide, ethylene glycols, ethanalamines, glycol ethers, ethoxylates, solvents, fatty acids from vegetable

oils, fatty alcohols, and specialty chemicals, which are products that are supplied to various industries.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

iv) Commercial property rights include those described below:

- Subsidiary Tequimar has an agreement with CODEBA – Companhia das Docas do Estado da Bahia, which allows it to explore the area in which the Aratu Terminal is located for 20 years, renewable for a similar period. The price paid by Tequimar was R\$ 12,000, which is being amortized from August 2002 to July 2042.
- Subsidiary Tequimar has a lease contract for an area adjacent to the Port of Santos for 20 years from December 2002, renewable for a similar period, which allows the construction, operation, and use of a terminal for liquid bulk unloading, tank storage, handling, and distribution. The price paid by Tequimar was R\$ 4,334, which is being amortized from August 2005 to December 2022.
- Subsidiary Extrafarma pays key money to obtain certain commercial establishments to open drugstores which is stated at the cost of acquisition, amortized using the straight line method, considering the lease contract terms. In the case of the closedown of stores, the residual amount is recorded in income.

v) Distribution rights refer mainly to bonus disbursements as provided in Ipiranga’s agreements with resellers and large customers. Bonus disbursements are recognized when paid and recognized as an expense in the income statement over the term of the agreement (typically 5 years), which is reviewed as per the changes occurred in the agreements.

vi) Brands are represented by the acquisition cost of the ‘am/pm’ brand in Brazil and of the Extrafarma brand (see Note 3.a).

vii) In 2014, Other intangibles refers mainly to the loyalty program Club Extra (see Note 3.a).

The amortization expenses were recognized in the financial statements as shown below:

	2014	2013
Inventories and cost of products and services sold	8,916	11,534
Selling and marketing	370,828	298,786
General and administrative	36,405	30,511
	416,149	340,831

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

14 Loans, Debentures, and Finance Leases (Consolidated)

a. Composition

Description	2014	2013	Index/Currency	Weighted average financial charges 2014 - % p.a.	Maturity
Foreign currency – denominated loans:					
Notes in the foreign market (b)	664,078	584,521	US\$	+7.3	2015
			US\$ + LIBOR		
Foreign loan (c.1 and c.3) (*)	603,002	187,340	(i)	+0.6	2015 to 2017
Advances on foreign exchange contracts	184,057	136,753	US\$	+1.1	< 344 days
			US\$ + LIBOR		
Foreign loan (c.2)	158,039	140,341	(i)	+1.0	2017
Financial institutions (e)	113,873	95,792	US\$	+2.9	2015 to 2017
			US\$ + LIBOR		
Financial institutions (e)	53,254	46,740	(i)	+2.0	2016 to 2017
BNDES (d)	33,160	46,623	US\$	+6.0	2015 to 2020
			MX\$ + TIE		
Financial institutions (e)	32,343	31,241	(ii)	+1.0	2015 to 2016
Foreign currency advances delivered	25,409	25,511	US\$	+0.8	< 55 days
Subtotal	1,867,215	1,294,862			
Brazilian Reais – denominated loans:					
Banco do Brasil – floating rate (f)	2,873,622	2,402,553	CDI	104.6	2015 to 2019
Debentures - 1st public issuance IPP (g.2 and g.3)	1,409,540	606,929	CDI	107.9	2017 to 2018
Debentures - 4th issuance (g.1)	874,312	852,483	CDI	108.3	2015
BNDES (d)	530,983	633,829	TJLP (iii)	+2.6	2015 to 2021
Banco do Brasil – fixed rate (f) (*)	503,898	905,947	R\$	+12.1	2015
Banco do Nordeste do Brasil	85,068	104,072	R\$	+8.5 (v)	2015 to 2021
FINEP	74,774	38,845	R\$	+4.0	2015 to 2021
BNDES (d)	62,581	47,428	R\$	+4.6	2015 to 2022
Finance leases (j)	45,883	44,338	IGP-M (iv)	+5.6	2015 to 2031
Export Credit Note (h) (*)	25,744	24,994	R\$	+8.0	2016
FINEP	9,078	6,718	TJLP (iii)	-1.3	2015 to 2023
Working capital loans Extrafarma – fixed rate (i)	3,445	-	R\$	+10.4	2015 to 2016
Fixed finance leases (j)	686	53	R\$	+15.6	2015 to 2017

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FINAME	484	-	TJLP	+5.6	2015 to 2022
Floating finance leases (j)	475	-	CDI	+2.8	2015 to 2017
Subtotal	6,500,573	5,668,189			
Currency and interest rate hedging instruments	7,424	6,575			
Total	8,375,212	6,969,626			
Current	3,442,364	1,829,989			
Non-current	4,932,848	5,139,637			

(*) These transactions were designated for hedge accounting (see Note 22 – Hedge Accounting).

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

- (i) LIBOR = London Interbank Offered Rate.
- (ii) MX\$ = Mexican Peso; THIE = the Mexican interbank balance interest rate.
- (iii) TJLP (Long-term Interest Rate) = set by the National Monetary Council, TJLP is the basic financing cost of Banco Nacional de Desenvolvimento Econômico e Social (“BNDES”), the Brazilian Development Bank. On December 31, 2014, TJLP was fixed at 5.0% p.a.
- (iv) IGP-M = General Market Price Index is a measure of Brazilian inflation, calculated by the Getúlio Vargas Foundation.
- (v) Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to foster the development of the industrial sector, administered by Banco do Nordeste do Brasil. On December 31, 2014, the FNE interest rate was 10% p.a. FNE grants a discount of 15% over the interest rate for timely payments.

The long-term consolidated debt had the following maturity schedule:

	2014	2013
From 1 to 2 years	571,991	2,831,799
From 2 to 3 years	2,390,747	493,356
From 3 to 4 years	894,301	797,605
From 4 to 5 years	1,006,869	68,640
More than 5 years	68,940	948,237
	4,932,848	5,139,637

As provided in IAS 39 (CPC 8 (R1)), the transaction costs and issuance premiums associated with debt issuance by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 14.k).

The Company’s management entered into hedging instruments against foreign exchange and interest rate variations for a portion of its debt obligations (see Note 22).

b. Notes in the Foreign Market

In December 2005, the subsidiary LPG International Inc. (“LPG Inc.”) issued US\$ 250 million in notes in the foreign market, maturing in December 2015, with interest rate of 7.3% p.a., paid semiannually. The notes were guaranteed by the Company and its subsidiary Oxitenno S.A.

As a result of the issuance of these notes, the Company and its subsidiaries are required to undertake certain obligations, including:

- Limitation on transactions with shareholders that hold 5% or more of any class of stock of the Company, except upon fair and reasonable terms no less favorable than could be obtained in a comparable transaction with a third party.

- Required board approval for transactions with shareholders that hold 5% or more of any class of stock of the Company, or with their subsidiaries, in an amount higher than US\$ 15 million (except transactions of the Company with its subsidiaries and between its subsidiaries).
- Restriction on sale of all or substantially all assets of the Company and subsidiaries LPG and Oxiteno S.A.
- Restriction on encumbrance of assets exceeding US\$ 150 million or 15% of the value of the consolidated tangible assets.

The Company and its subsidiaries are in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are customary in transactions of this kind and have not limited their ability to conduct their business to date.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Foreign Loans

1) The subsidiary IPP has a foreign loan in the amount of US\$ 80 million, due in November 2015 and bearing interest of LIBOR + 0.8% p.a., paid quarterly. IPP also contracted hedging instruments with floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loan charge to 104.1% of CDI (see Note 22). IPP designated these hedging instruments as a fair value hedge; therefore, loan and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss. The foreign loan is secured by the Company.

2) The subsidiary Oxiteno Overseas Corp. (“Oxiteno Overseas”) has a foreign loan in the amount of US\$ 60 million with interest of LIBOR + 1.0% p.a., paid semiannually. The Company, through its subsidiary Cia. Ultragaz, contracted hedging instruments with floating interest rates in dollar and exchange rate variation, changing the foreign loan charge to 86.9% of CDI with maturity in June 2014 and 94.0% of CDI for the remaining term (see Note 22). The foreign loan is guaranteed by the Company and its subsidiary Oxiteno S.A. In January 2014, the subsidiary renegotiated the loan changing the maturity from June 2014 to January 2017.

3) In September 2014, the subsidiary IPP entered into a foreign loan agreement in the amount of US\$ 150 million, due in September 2017 and bearing interest of LIBOR + 0.53% p.a., paid quarterly. IPP also contracted hedging instruments with floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loan charge to 103.7% of CDI (see Note 22). IPP designated these hedging instruments as a fair value hedge; therefore, loan and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss. The foreign loan is secured by the Company.

As a result of these foreign loans, some obligations mentioned in Note 14.b) must also be maintained by the Company and its subsidiaries. Additionally, during these contracts, the Company shall maintain the following financial ratios, calculated based on its audited consolidated financial statements:

- Maintenance of a financial ratio, determined by the ratio between consolidated net debt and consolidated Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA), at less than or equal to 3.5.
- Maintenance of a financial ratio, determined by the ratio between consolidated EBITDA and consolidated net financial expenses, higher than or equal to 1.5.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

d. BNDES

The Company and its subsidiaries have financing from BNDES for some of their investments and for working capital.

During the term of these agreements, the Company must maintain the following capitalization and current liquidity levels, as determined in the annual consolidated audited balance sheet:

- Capitalization level: shareholders' equity / total assets equal to or above 0.3; and
- Current liquidity level: current assets / current liabilities equal to or above 1.3.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

Ultrapar Participações S.A. and Subsidiaries

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e. Financial Institutions

The subsidiaries Oxiteno Mexico S.A. de C.V., Oxiteno USA LLC and Oxiteno Uruguay have loans to finance investments and working capital.

f. Banco do Brasil

The subsidiary IPP has fixed and floating interest rate loans with Banco do Brasil to finance the marketing, processing, or manufacturing of agricultural goods (ethanol). IPP contracted interest hedging instruments, thus converting the fixed rate for this loan into 99.5% of CDI (see Note 22). IPP designates this hedging instrument as a fair value hedge; therefore, loan and hedging instrument are both stated at fair value from inception. Changes in fair value are recognized in profit or loss.

In January 2014, the subsidiary IPP renegotiated loans, that would mature in 2014, in the notional amount of R\$ 909.5 million, changing the maturities from April and May 2014 to January 2017, with floating interest rate of 105.5% of CDI.

These loans mature, as follows (including interest until December 31, 2014):

Maturity	2014
Feb/15	397,094
May/15	738,321
Feb/16	198,547
May/16	117,212
Jan/17	1,005,842
May/19	920,504
Total	3,377,520

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

g. Debentures

1) In March 2012, the Company made its fourth issuance of debentures, in a single series of 800 simple, nonconvertible into shares, unsecured debentures, and its main characteristics are as follows:

Face value unit:	R\$ 1,000,000.00
Final maturity:	March 16, 2015
Payment of the face value:	Lump sum at final maturity
Interest:	108.3% of CDI
Payment of interest:	Annually
Reprice:	Not applicable

2) In December 2012, the subsidiary IPP made its first issuance of public debentures in single series of 60,000 simple, nonconvertible into shares, unsecured, nominative and registered debentures, and its main characteristics are as follows:

Face value unit:	R\$ 10,000.00
Final maturity:	November 16, 2017
Payment of the face value:	Lump sum at final maturity
Interest:	107.9% of CDI
Payment of interest:	Semiannually
Reprice:	Not applicable

3) In January 2014, the subsidiary IPP made its second issuance of public debentures in single series of 80,000 simple nonconvertible into shares, unsecured, nominative and registered debentures, which main characteristics are as follows:

Face value unit:	R\$ 10,000.00
Final maturity:	December 20, 2018
Payment of the face value:	Lump sum at final maturity
Interest:	107.9% of CDI
Payment of interest:	Semiannually
Reprice:	Not applicable

Ultrapar Participações S.A. and Subsidiaries

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h. Export Credit Note

In March 2013, the subsidiary Oxiteno Nordeste contracted an export credit note in the amount of R\$ 17.5 million, with maturity in March 2016 and fixed interest rate of 8% p.a., paid quarterly.

In August 2013, the subsidiary Oxiteno Nordeste contracted an export credit note in the amount of R\$ 10.0 million, with maturity in August 2016 and fixed interest rate of 8% p.a., paid quarterly.

Subsidiary Oxiteno Nordeste contracted interest hedging instruments, thus converting the fixed rates for these loans into 88.8% of CDI (see Note 22). Oxiteno Nordeste designated these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both measured at fair value from inception. Changes in fair value are recognized in profit or loss.

i. Working Capital

The subsidiary Extrafarma has loans for financing its working capital containing fixed rates. The floating rate loans were paid in the fourth quarter of 2014.

j. Finance Leases

The subsidiary Cia. Ultragaz has a finance lease contract related to LPG bottling facilities, maturing in April 2031.

Subsidiary Extrafarma has finance lease contracts related to IT equipment, vehicles, furniture, machinery and equipment, with terms between 24 to 60 months.

The subsidiary Serma – Associação dos Usuários de Equipamentos de Processamento de Dados e Serviços Correlatos (“Serma”) had finance lease contracts related to IT equipment with terms of 36 months. The subsidiary had the option to purchase the assets at a price substantially lower than the fair market price on the date of option. In 2014, the term of the contracts ended and Serma exercised its option to purchase the equipment.

The amounts of equipment and intangible assets, net of depreciation and amortization, and the amounts of the corresponding liabilities, are shown below:

	2014				
	LPG bottling facilities	IT equipment	Vehicles	Furniture, machinery and equipment	Total
Equipment and intangible assets, net of depreciation and amortization	24,720	883	1,483	1,283	28,369

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Financing (present value)	45,883	874	163	124	47,044
Current	1,950	515	145	124	2,734
Non-current	43,933	359	18	-	44,310

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

	LPG bottling facilities	2013 IT equipment	Total
Equipment and intangible assets, net of depreciation and amortization	29,653	292	29,945
Financing (present value)	44,338	53	44,391
Current	1,735	53	1,788
Non-current	42,603	-	42,603

The future disbursements (installments) assumed under these contracts are presented below:

	LPG bottling facilities	IT equipment	2014 Vehicles	Furniture and utensils	Total
Up to 1 year	4,238	566	155	123	5,082
From 1 to 2 years	4,238	288	18	-	4,544
From 2 to 3 years	4,238	155	-	-	4,393
From 3 to 4 years	4,238	-	-	-	4,238
From 4 to 5 years	4,238	-	-	-	4,238
More than 5 years	48,024	-	-	-	48,024
Total	69,214	1,009	173	123	70,519

	LPG bottling facilities	2013 IT equipment	Total
Up to 1 year	3,949	55	4,004
From 1 to 2 years	3,949	-	3,949
From 2 to 3 years	3,949	-	3,949
From 3 to 4 years	3,949	-	3,949
From 4 to 5 years	3,949	-	3,949
More than 5 years	48,704	-	48,704
	68,449	55	68,504

The above amounts include Services Tax (“ISS”) payable on the monthly installments, except for disbursements for the LPG bottling facilities.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

k. Transaction Costs

Transaction costs incurred in issuing debt were deducted from the value of the related financial instruments and are recognized as an expense according to the effective interest rate method, as follows:

	Effective rate of transaction costs (% p.a.)	Balance in 2013	Incurred cost	Amortization	Balance in 2014
Banco do Brasil (f)	0.4	19,797	-	(5,323)	14,474
Foreign Loans (c)	0.3	504	3,140	(628)	3,016
Debentures (g)	0.2	4,730	1,422	(3,995)	2,157
Notes in the foreign market (b)	0.2	2,309	-	(1,000)	1,309
Other	0.1	412	30	(124)	318
Total		27,752	4,592	(11,070)	21,274

	Effective rate of transaction costs (% p.a.)	Balance in 2012	Incurred cost	Amortization	Balance in 2013
Banco do Brasil (f)	0.4	13,315	16,212	(9,730)	19,797
Debentures (g)	0.4	8,116	-	(3,386)	4,730
Notes in the foreign market (b)	0.2	3,021	-	(712)	2,309
Other	0.2	1,435	-	(519)	916
Total		25,887	16,212	(14,347)	27,752

The amount to be appropriated to profit or loss in the future is as follows:

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Banco do Brasil (f)	3,086	2,690	3,219	3,844	1,635	-	14,474
Foreign Loans (c)	1,352	1,188	476	-	-	-	3,016

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Debentures (g)	1,109	337	366	345	-	-	2,157
Notes in the foreign market (b)	1,309	-	-	-	-	-	1,309
Other	108	109	93	4	3	1	318
Total	6,964	4,324	4,154	4,193	1,638	1	21,274

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Guarantees

The financings are guaranteed by collateral in the amount of R\$ 50,570 in 2014 (R\$ 40,675 in 2013) and by guarantees and promissory notes in the amount of R\$ 3,779,450 in 2014 (R\$ 2,528,511 in 2013).

In addition, the Company and its subsidiaries offer collateral in the form of letters of credit for commercial and legal proceedings in the amount of R\$ 173,644 in 2014 (R\$ 155,221 in 2013).

Some subsidiaries of Oxiteno issue collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 26,684 in 2014 (R\$ 14,315 in 2013), with maturities of less than 213 days. In 2014, the subsidiaries did not have losses in connection with these collaterals. The fair value of collaterals recognized in current liabilities as other payables is R\$ 646 in 2014 (R\$ 350 in 2013), which is recognized as profit or loss as customers settle their obligations with the financial institutions.

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US\$ 15 million. Until December 31, 2014, there was no event of default of the debts of the Company and its subsidiaries.

15 Trade Payables (Consolidated)

	2014	2013
Domestic suppliers	1,196,876	907,138
Foreign suppliers	82,626	61,812
	1,279,502	968,950

The Company's subsidiaries acquire oil based fuels and LPG from Petróleo Brasileiro S.A. - Petrobras and its subsidiaries and ethylene from Braskem S.A. These suppliers control almost all of the markets for these products in Brazil. The Company's subsidiaries depend on the ability of those suppliers to deliver products in a timely manner and at acceptable prices and terms. The loss of any major supplier or a significant reduction in product availability from these suppliers could have a significant adverse effect on the Company and its subsidiaries. The Company and its subsidiaries believe that their relationship with suppliers is satisfactory.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

16 Salaries and Related Charges (Consolidated)

	2014	2013
Provisions on payroll	128,181	111,831
Profit sharing, bonus and premium	108,632	142,120
Social charges	44,747	31,059
Salaries and related payments	10,904	11,000
Benefits	1,617	1,303
Others	498	341
	294,579	297,654

17 Taxes Payable (Consolidated)

	2014	2013
ICMS	93,761	75,883
Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno Andina and Oxiteno Uruguay	14,822	11,445
PIS and COFINS	11,922	9,128
ISS	6,304	5,656
IPI	3,858	4,304
National Institute of Social Security (INSS)	2,991	3,998
Income Tax Withholding (IRRF)	2,267	1,659
Others	2,910	4,249
	138,835	116,322

18 Provision for Asset Retirement Obligation – Fuel Tanks (Consolidated)

The provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain use period (see Note 2.m).

Changes in the provision for asset retirement obligation are as follows:

Balance in 2012	70,411
Additions (new tanks)	715
Expense with tanks removed	(5,435)
Accretion expense	3,970
Balance in 2013	69,661
Additions (new tanks)	709
Expense with tanks removed	(4,026)

Accretion expense	4,458
Balance in 2014	70,802
Current	4,598
Non-current	66,204

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

19 Deferred Revenue (Consolidated)

The Company's subsidiaries have recognized the following deferred revenue:

	2014	2013
'am/pm' and Jet Oil franchising upfront fee	14,785	14,049
Loyalty program "Km de Vantagens"	10,025	12,816
Loyalty program "Club Extra"	6,349	-
	31,159	26,865
Current	23,450	17,731
Non-current	7,709	9,134

Loyalty Programs

Ipiranga has a loyalty program called Km de Vantagens (www.kmdevantagens.com.br) under which registered customers are rewarded with points when they buy products at Ipiranga service stations or at its partners. The customers may exchange these points, during the period of one year, for discounts on products and services offered by Ipiranga and its partners. Points received by Ipiranga's customers that may be used with the partner Multiplus Fidelidade and for discounts of fuel in Ipiranga's website (www.postoipiranganaweb.com.br) and are considered part of sales revenue.

Extrafarma has a loyalty program called Club Extra (www.clubextra.com.br) under which registered customers are rewarded with points when they buy products at its drugstore chain. The customers may exchange these points, during the period of one year, for prizes offered by its partners. Points received by Extrafarma's customers may be used with the partner Multiplus Fidelidade and as recharge credit on a mobile phone are considered part of sales revenue.

Deferred revenue is estimated based on the fair value of the points granted, considering the value of the prizes and the expected redemption of points. Deferred revenue is recognized in profit or loss when the points are redeemed, on which occasion the costs incurred are also recognized. Deferred revenue of unredeemed points is also recognized in profit or loss when the points expire.

Franchising Upfront Fee

am/pm is the convenience stores chain of the Ipiranga service stations. Ipiranga ended 2014 with 1,708 stores (1,565 stores in 2013). Jet Oil is Ipiranga's lubricant-changing and automotive service specialized network. Ipiranga ended 2014 with 1,337 stores (1,235 stores in 2013). The franchising upfront fee received by Ipiranga is deferred and recognized in profit or loss on the straight-line accrual basis, throughout the terms of the agreements with the franchisees.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

20 Shareholders' Equity

a. Share Capital

The Company is a publicly traded company listed on BM&FBOVESPA in the Novo Mercado listing segment under the ticker "UGPA3" and on the New York Stock Exchange (NYSE) in the form of level III American Depositary Receipts ("ADRs") under the ticker "UGP". As of December, 2014, the subscribed and paid-in capital stock consists of 556,405,096 common shares with no par value, (544,383,996 as of December 31, 2013) and the issuance of preferred shares and participation certificates is prohibited. Each common share entitles its holder to one vote at Shareholders' Meetings.

The price of the shares issued by the Company as of December 31, 2014, on BM&FBOVESPA was R\$ 51.45.

On January 31, 2014, the Extraordinary Shareholders' Meetings of Ultrapar and Extrafarma approved the issuance of 12,021,100 new ordinary, nominative, book-entry shares with no par value of the Company, increasing its capital stock by R\$ 141,913, resulting in a total capital stock of R\$ 3,838,686 represented by 556,405,096 shares. For further information, see Note 3.a).

As of December 31, 2014, the Company is authorized to increase capital up to the limit of 800,000,000 common shares, without amendment to the Bylaws, by resolution of the Board of Directors.

As of December 31, 2014, there were 31,714,297 common shares outstanding abroad in the form of ADRs (34,314,797 shares as of December 31, 2013).

b. Treasury Shares

The Company acquired its own shares at market prices, without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with CVM Instructions 10, of February 14, 1980 and 268, of November 13, 1997.

On December 10, 2014, the Board of Directors approved Ultrapar's Shares Repurchase Program ("Share Repurchase Program 2014/15"), with maximum period for the acquisition of 365 days, from December 12, 2014 and maximum acquisition number of 6,500,000 common shares. In 2014, there were no stock repurchases. In 2015, until February 25, the Company acquired 1,139,200 common shares at an average cost of R\$ 51.91 per share.

As of December 31, 2014, 7,148,156 common shares (7,971,556 as of December 31, 2013) were held in the Company's treasury, acquired at an average cost of R\$ 14.42 per share.

c. Capital Reserve

The capital reserve reflects the gain on the transfer of shares at market price to be held in treasury by the Company's subsidiaries, at an average price of R\$ 26.12 per share. Such shares were used in the Deferred Stock Plan granted to executives of these subsidiaries, as mentioned in Note 8.c).

As a result of the issuance of 12,021,100 new shares occurred on January 31, 2014, the Company recognized an increase in the capital reserves in the amount of R\$ 498,812, due to the difference between the value attributable to share capital and the market value of the Ultrapar shares on the date of issue. For further information, see Note 3.a). In addition, the Company incurred costs directly attributable to issuing new shares in the amount of R\$ 2,260, reducing the capital reserve amount.

d. Revaluation Reserve

The revaluation reserve reflects the revaluation of assets of subsidiaries and is based on depreciation, write-off, or disposal of the revalued assets of the subsidiaries, as well as the tax effects recognized by these subsidiaries.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

e. Profit Reserves

Legal Reserve

Under Brazilian Corporate Law, the Company is required to appropriate 5% of net annual earnings to a legal reserve, until the balance reaches 20% of capital stock. This reserve may be used to increase capital or absorb losses, but may not be distributed as dividends.

Retention of Profits

Reserve recognized in previous fiscal years and used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments, in accordance with Article 196 of Brazilian Corporate Law.

Investments Reserve

In compliance with Article 194 of the Brazilian Corporate Law and Article 55.c) of the Bylaws this reserve is aimed to protect the integrity of the Company's assets and to supplement its capital stock, in order to allow new investments to be made. As provided in its Bylaws, the Company may allocate up to 45% of net income to the investments reserve, up to the limit of 100% of the share capital.

The amounts of retention of profits and investments reserve are free of distribution restrictions and totaled R\$ 2,772,527 in 2014 and R\$ 2,371,533 in 2013.

f. Other Comprehensive Income

Valuation Adjustments

The differences between the fair value and amortized cost of financial investments classified as available for sale are recognized directly in equity as valuation adjustments. The gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case the financial instruments are prepaid.

Actuarial gains and losses relating to post-employment benefits, calculated based on a valuation conducted by an independent actuary, are recognized in shareholders' equity under the title "valuation adjustments". Actuarial gains and losses recorded in equity are not reclassified to profit or loss in subsequent periods.

Cumulative Translation Adjustments

The change in exchange rates on assets, liabilities, and income of foreign subsidiaries that have (i) functional currency other than the presentation currency of the Company and (ii) an independent administration, is directly recognized in

the shareholders' equity. This accumulated effect is reflected in profit or loss as a gain or loss only in case of disposal or write-off of the investment.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

Balance and changes in other comprehensive income of the Company are as follows:

	Fair value of financial investment available for sale	Valuation adjustments Actuarial gains (losses) of post-employment benefits	Total	Cumulative translation adjustment
Balance in 2012	23	(12,638)	(12,615)	12,621
Translation of foreign subsidiaries, including the exchange rate effect of hedge of investments	-	-	-	25,455
Changes in fair value	(18)	-	(18)	-
Actuarial gain of post-employment benefits	-	27,365	27,365	-
Income and social contribution taxes on actuarial gains	-	(9,304)	(9,304)	-
Balance in 2013	5	5,423	5,428	38,076
Translation of foreign subsidiaries, including the exchange rate effect of hedge of investments	-	-	-	5,116
Changes in fair value	46	-	46	-
Actuarial gain of post-employment benefits	-	2,538	2,538	-
Income and social contribution taxes on actuarial gains	-	(863)	(863)	-
Balance in 2014	51	7,098	7,149	43,192

g. Dividends

The shareholders are entitled, under the Bylaws, to a minimum annual dividend of 50% of adjusted net income calculated in accordance with Brazilian Corporate Law. The dividends and interest on equity in excess of the obligation established in the Bylaws are recognized in shareholders' equity until they are approved by the Shareholders. The proposed dividends payable as of December 31, 2013 in the amount of R\$ 389,495 (R\$ 0.71 – seventy one cents of Brazilian Real per share), were approved by the Board of Directors on February 19, 2014, and paid as of March 12, 2014, having been ratified in the Annual General Shareholders' Meeting on April 16, 2014. On August 6, 2014, the Board of Directors approved the anticipation of 2014 dividends, based on first semester results, in the amount of R\$ 389,554 (R\$ 0.71– seventy one cents of Brazilian Real per share), paid as from August 22, 2014.

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The proposed dividends reflected in the financial statements of the Company, subject to approval of shareholders at a General Meeting, are as follows:

	2014
Net income for the year attributable to shareholders of Ultrapar	1,241,563
Legal reserve	(62,078)
Net income for the year after legal reserve	1,179,485
Minimum mandatory dividends	589,742
Interim dividends paid (R\$ 0.71 per share)	(389,554)
Mandatory dividends payable – Current liabilities	200,188
Additional dividends to the minimum mandatory dividends – shareholders' equity	188,976
Dividends payable (R\$ 0.71 per share)	389,164
Statutory investments reserve	400,767

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

21 Segment Information

The Company operates five main business segments: gas distribution, fuel distribution, chemicals, storage and, as from January 31, 2014, drugstores. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution and marketing of gasoline, ethanol, diesel, fuel oil, kerosene, natural gas for vehicles, and lubricants and related activities throughout all the Brazilian territory. The chemicals segment (Oxiten) produces ethylene oxide and its main derivatives and fatty alcohols, which are raw materials used in the home and personal care, agrochemical, paints, varnishes, and other industries. The storage segment (Ultracargo) operates liquid bulk terminals, especially in the Southeast and Northeast regions of Brazil. The drugstores segment (Extrafarma) trades pharmaceutical, hygiene, and beauty products through its own drugstore chain in the states of Pará, Amapá, Maranhão, Piauí, Ceará, and Rio Grande do Norte. The segments shown in the financial statements are strategic business units supplying different products and services. Intersegment sales are at prices similar to those that would be charged to third parties.

The main financial information of each of the Company's segments are stated as follows:

	2014	2013
Net revenue from sales and services:		
Ultragaz	4,091,273	3,982,300
Ipiranga	58,830,055	53,384,116
Oxiten	3,413,620	3,277,839
Ultracargo	346,477	332,070
Extrafarma (1)	1,101,310	-
Others (2)	40,005	37,146
Intersegment sales	(86,442)	(73,225)
Total	67,736,298	60,940,246
Intersegment sales:		
Ultragaz	3,222	1,300
Ipiranga	-	-
Oxiten	1,459	871
Ultracargo	41,998	33,940
Extrafarma (1)	-	-
Others (2)	39,763	37,114
Total	86,442	73,225
Net revenue from sales and services, excluding intersegment sales:		
Ultragaz	4,088,051	3,981,000
Ipiranga	58,830,055	53,384,116
Oxiten	3,412,161	3,276,968
Ultracargo	304,479	298,130
Extrafarma (1)	1,101,310	-

Others (2)	242	32
Total	67,736,298	60,940,246

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

	2014	2013
Operating income:		
Ultragaz	168,964	147,034
Ipiranga	1,700,879	1,574,677
Oxitenó	264,246	308,589
Ultracargo	117,339	108,865
Extrafarma (1)	16,946	-
Others (2)	18,223	4,868
Total	2,286,597	2,144,033
Share of profit of joint-ventures and associates:		
Ultragaz	165	-
Ipiranga	(17,772)	(11,198)
Oxitenó	987	123
Ultracargo	181	1,302
Others (2)	(50)	4,780
Total	(16,489)	(4,993)
Financial income	366,009	240,562
Financial expenses	(811,416)	(578,167)
Income before income and social contribution taxes	1,824,701	1,801,435
Additions to property, plant, and equipment and intangible assets:		
Ultragaz	214,305	179,862
Ipiranga	880,502	836,176
Oxitenó	115,986	141,122
Ultracargo	28,565	38,905
Extrafarma (1)	57,188	-
Others (2)	27,813	15,636
Total additions to property, plant, and equipment and intangible assets (see Notes 12 and 13)	1,324,359	1,211,701
Asset retirement obligation – fuel tanks (see Note 18)	(709)	(715)
Capitalized borrowing costs	(8,833)	(6,835)
Total investments in property, plant, and equipment and intangible assets (cash flow)	1,314,817	1,204,151
Depreciation and amortization charges:		
Ultragaz	136,413	133,489
Ipiranga	528,987	454,156
Oxitenó	138,501	131,857
Ultracargo	49,372	47,349
Extrafarma (1)	12,843	-
Others (2)	21,711	12,086
Total	887,827	778,937

Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

	2014	2013
Total assets (excluding intersegment account balances):		
Ultragaz	2,701,673	2,502,590
Ipiranga	9,138,758	8,077,204
Oxiteno	4,229,501	4,030,122
Ultracargo	1,382,969	1,320,344
Extrafarma	602,409	-
Others (2)	1,425,072	448,285
Total	19,480,382	16,378,545

(1) Information of the period from February 1 to December 31, 2014. See Note 3.a).

(2) Composed of the parent company Ultrapar (including goodwill of certain acquisition) and subsidiaries Serma and Imaven Imóveis Ltda.

Geographic Area Information

The fixed and intangible assets of the Company and its subsidiaries are located in Brazil, except those related to Oxiteno' plants abroad, as shown below:

	2014	2013
United States of America	137,470	109,451
Mexico	107,554	85,610
Uruguay	55,855	50,304
Venezuela (*)	18,763	24,834

(*) See Note 2.r).

The Company generates revenue from operations in Brazil, Mexico, United States of America, Uruguay and Venezuela, as well as from exports of products to foreign customers, as disclosed below:

	2014	2013
Net revenue:		
Brazil	66,798,903	59,963,359
Mexico	138,651	134,241
Venezuela	73,390	207,008
Other Latin American countries	356,905	332,738
United States of America and Canada	152,384	136,666
Far East	58,684	45,808
Europe	89,370	73,624
Others	68,011	46,802
Total	67,736,298	60,940,246

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

22 Risks and Financial Instruments (Consolidated)

Risk Management and Financial Instruments - Governance

The main risks to which the Company and its subsidiaries are exposed reflect strategic/operational and economic/financial aspects. Operational/strategic risks (including, but not limited to, demand behavior, competition, technological innovation, and material changes in the industry structure) are addressed by the Company's management model. Economic/financial risks primarily reflect default of customers, behavior of macroeconomic variables, such as exchange and interest rates, as well as the characteristics of the financial instruments used by the Company and its subsidiaries and their counterparties. These risks are managed through control policies, specific strategies, and the establishment of limits.

The Company has a conservative policy for the management of resources, financial instruments, and risks approved by its Board of Directors ("Policy"). In accordance with the Policy, the main objectives of financial management are to preserve the value and liquidity of financial assets and ensure financial resources for the development of the business, including expansions. The main financial risks considered in the Policy are risks associated with currencies, interest rates, credit, and selection of financial instruments. Governance of the management of financial risks and financial instruments follows the segregation of duties below:

- Implementation of the management of financial assets, instruments, and risks is the responsibility of the financial area, through its treasury department, with the assistance of the tax and accounting departments.
- Supervision and monitoring of compliance with the principles, guidelines, and standards of the Policy is the responsibility of the Risk and Investment Committee, which is composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fundraising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.
- Changes in the Policy or revisions of its standards are subject to the approval of the Board of Directors of Ultrapar.
- Continuous improvement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the financial area.
- The internal audit department audits the compliance with the requirements of the Policy.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

Currency Risk

Most transactions of the Company and its subsidiaries are located in Brazil and, therefore, the reference currency for risk management is the Brazilian Real. Currency risk management is guided by neutrality of currency exposures and considers the transactional, accounting, and operational risks of the Company and its subsidiaries and their exposure to changes in exchange rates. The Company considers as its main currency exposures the assets and liabilities in foreign currency and the short-term flow of net sales in foreign currency of Oxiteno.

The Company and its subsidiaries use exchange rate hedging instruments (especially between the Brazilian Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts, and disbursements in foreign currency and net investments in foreign operations. Hedge is used in order to reduce the effects of changes in exchange rates on the Company's income and cash flows in Brazilian Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts, and disbursements in foreign currencies to which they are related. Assets and liabilities in foreign currencies are stated below, translated into Brazilian Reais in 2014 and 2013:

Assets and Liabilities in Foreign Currencies