

ULTRAPAR HOLDINGS INC  
Form 6-K  
November 05, 2014

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Form 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report Of Foreign Private Issuer  
Pursuant To Rule 13a-16 Or 15d-16 Of  
The Securities Exchange Act Of 1934

For the month of November, 2014

Commission File Number: 001-14950

ULTRAPAR HOLDINGS INC.  
(Translation of Registrant's Name into English)

Avenida Brigadeiro Luis Antonio, 1343, 9º Andar  
São Paulo, SP, Brazil 01317-910  
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

|  |      |
|--|------|
| Form <input checked="" type="checkbox"/> | Form |
| 20-F                                     | 40-F |

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

|     |  |
|-----|--|
| Yes | No <input checked="" type="checkbox"/> |
|-----|--|

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

|     |  |
|-----|--|
| Yes | No <input checked="" type="checkbox"/> |
|-----|--|

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ULTRAPAR HOLDINGS INC.

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

Ultrapar Participações S.A.

Individual and Consolidated  
Interim Financial Information  
for the Nine-Month Period Ended  
September 30, 2014 and  
Report on Review of Interim  
Financial Information

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Ultrapar Participações S.A. and Subsidiaries

Individual and Consolidated Interim Financial Information  
for the Nine-Month Period Ended September 30, 2014

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

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Ultrapar Participações S.A. (the “Company”), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the three-month period ended September 30, 2014, which comprises the balance sheet as of September 30, 2014 and the related statements of income and of comprehensive income for the three and nine-month periods then ended and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

The Company’s Management is responsible for the preparation of the individual interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Information and the consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

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

### Conclusion on individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), applicable to the preparation of the Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Conclusion on consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of the Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA), for the nine-month period ended September 30, 2014, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR) and considered as supplemental information for International Financial Reporting Standards - IFRS, which do not require the presentation of these statements. These statements were subject to the same review procedures described above, and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, November 5, 2014

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Edimar Facco  
Engagement Partner

## Ultrapar Participações S.A. and Subsidiaries

## Balance Sheets

as of September 30, 2014 and December 31, 2013

(In thousands of Brazilian Reais)

| Assets  | Note      | Parent           |                  | Consolidated      |                   |
|---|-----------|------------------|------------------|-------------------|-------------------|
|   |           | 09/30/2014       | 12/31/2013       | 09/30/2014        | 12/31/2013        |
| <b>Current assets</b>                         |           |                  |                  |                   |                   |
| Cash and cash equivalents                     | 4         | 116,043          | 110,278          | 2,485,789         | 2,276,069         |
| Financial investments                         | 4         | 68,970           | 264              | 1,211,068         | 1,149,132         |
| Trade receivables, net                        | 5         | -                | -                | 2,542,733         | 2,321,537         |
| Inventories, net                              | 6         | -                | -                | 1,941,346         | 1,592,513         |
| Recoverable taxes, net                        | 7         | 23,360           | 27,067           | 558,640           | 479,975           |
| Dividends receivable                          |           | -                | 296,918          | -                 | 177               |
| Other receivables                             |           | 1,294            | 1,349            | 52,943            | 19,361            |
| Prepaid expenses, net                         | 10        | 62               | 1,907            | 57,926            | 65,177            |
| <b>Total current assets</b>                   |           | <b>209,729</b>   | <b>437,783</b>   | <b>8,850,445</b>  | <b>7,903,941</b>  |
| <b>Non-current assets</b>                     |           |                  |                  |                   |                   |
| Financial investments                         | 4         | -                | -                | 129,235           | 118,499           |
| Trade receivables, net                        | 5         | -                | -                | 137,687           | 124,478           |
| Related parties                               | 8.a       | 750,000          | 772,194          | 10,858            | 10,858            |
| Deferred income and social contribution taxes | 9.a       | 14               | 395              | 412,343           | 376,132           |
| Recoverable taxes, net                        | 7         | 40,174           | 21,464           | 81,195            | 37,365            |
| Escrow deposits                               | 23        | 148              | 148              | 683,955           | 614,912           |
| Other receivables                             |           | -                | -                | 8,143             | 6,634             |
| Prepaid expenses, net                         | 10        | -                | -                | 99,631            | 97,805            |
|   |           | 790,336          | 794,201          | 1,563,047         | 1,386,683         |
| <b>Investments</b>                            |           |                  |                  |                   |                   |
| In subsidiaries                               | 11.a      | 7,175,238        | 6,112,193        | -                 | -                 |
| In joint-ventures                             | 11.a;11.b | 21,957           | 22,751           | 50,008            | 44,386            |
| In associates                                 | 11.c      | -                | -                | 12,438            | 11,741            |
| Other   |           | -                | -                | 2,814             | 2,814             |
| Property, plant, and equipment, net           | 12        | -                | -                | 4,977,783         | 4,860,225         |
| Intangible assets, net                        | 13        | 246,163          | 246,163          | 3,013,935         | 2,168,755         |
|   |           | 7,443,358        | 6,381,107        | 8,056,978         | 7,087,921         |
| <b>Total non-current assets</b>               |           | <b>8,233,694</b> | <b>7,175,308</b> | <b>9,620,025</b>  | <b>8,474,604</b>  |
| <b>Total assets</b>                           |           | <b>8,443,423</b> | <b>7,613,091</b> | <b>18,470,470</b> | <b>16,378,545</b> |

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





## Ultrapar Participações S.A. and Subsidiaries

## Balance Sheets

as of September 30, 2014 and December 31, 2013

(In thousands of Brazilian Reais)

| Liabilities   | Note | Parent<br>09/30/2014 | 12/31/2013     | Consolidated<br>09/30/2014 | 12/31/2013       |
|---|------|----------------------|----------------|----------------------------|------------------|
| <b>Current liabilities</b>                              |      |                      |                |                            |                  |
| Loans   | 14   | -                    | -              | 1,668,291                  | 1,767,824        |
| Debentures  | 14.g | 847,893              | 53,287         | 899,164                    | 60,377           |
| Finance leases  | 14.j | -                    | -              | 2,933                      | 1,788            |
| Trade payables  | 15   | 9                    | 1,133          | 975,581                    | 968,950          |
| Salaries and related charges                            | 16   | 158                  | 141            | 287,655                    | 297,654          |
| Taxes payable   | 17   | 6                    | 24             | 141,716                    | 116,322          |
| Dividends payable                                       | 20.g | 13,132               | 237,938        | 15,757                     | 242,207          |
| Income and social contribution taxes payable            |      | -                    | 559            | 96,851                     | 113,922          |
| Post-employment benefits                                | 24.b | -                    | -              | 11,922                     | 11,922           |
| Provision for asset retirement obligation               | 18   | -                    | -              | 4,558                      | 3,449            |
| Provision for tax, civil, and labor risks               | 23.a | -                    | -              | 70,270                     | 69,306           |
| Other payables  |      | 292                  | 320            | 46,888                     | 93,040           |
| Deferred revenue  | 19   | -                    | -              | 20,297                     | 17,731           |
| <b>Total current liabilities</b>                        |      | <b>861,490</b>       | <b>293,402</b> | <b>4,241,883</b>           | <b>3,764,492</b> |
| <b>Non-current liabilities</b>                          |      |                      |                |                            |                  |
| Loans   | 14   | -                    | -              | 4,178,635                  | 3,697,999        |
| Debentures  | 14.g | -                    | 799,197        | 1,398,872                  | 1,399,035        |
| Finance leases  | 14.j | -                    | -              | 44,841                     | 42,603           |
| Related parties   | 8.a  | -                    | -              | 3,872                      | 3,872            |
| Subscription warrants – indemnification                 | 3.a  | 107,181              | -              | 107,181                    | -                |
| Deferred income and social contribution taxes           | 9.a  | 470                  | -              | 98,422                     | 101,499          |
| Provision for tax, civil, and labor risks               | 23.a | 544                  | 531            | 629,247                    | 569,714          |
| Post-employment benefits                                | 24.b | -                    | -              | 110,829                    | 99,374           |
| Provision for asset retirement obligation               | 18   | -                    | -              | 65,940                     | 66,212           |
| Other payables  |      | -                    | -              | 79,370                     | 77,725           |
| Deferred revenue  | 19   | -                    | -              | 8,822                      | 9,134            |
| <b>Total non-current liabilities</b>                    |      | <b>108,195</b>       | <b>799,728</b> | <b>6,726,031</b>           | <b>6,067,167</b> |
| <b>Shareholders' equity</b>                             |      |                      |                |                            |                  |
| Share capital   | 20.a | 3,838,686            | 3,696,773      | 3,838,686                  | 3,696,773        |
| Capital reserve   | 20.c | 526,087              | 20,246         | 526,087                    | 20,246           |
| Revaluation reserve                                     | 20.d | 5,913                | 6,107          | 5,913                      | 6,107            |
| Profit reserves   | 20.e | 2,706,632            | 2,706,632      | 2,706,632                  | 2,706,632        |
| Treasury shares   | 20.b | (111,521)            | (114,885)      | (111,521)                  | (114,885)        |
| Additional dividends to the minimum mandatory dividends | 20.g | -                    | 161,584        | -                          | 161,584          |
| Retained earnings                                       |      | 482,778              | -              | 482,778                    | -                |
| Valuation adjustments                                   |      | 5,438                | 5,428          | 5,438                      | 5,428            |

|  | 2.c;2.o;<br>20.f |           |           |            |            |
|--|------------------|-----------|-----------|------------|------------|
| Cumulative translation adjustments         | 2.r;20.f         | 19,725    | 38,076    | 19,725     | 38,076     |
| Shareholders' equity attributable to:      |                  |           |           |            |            |
| Shareholders of the Company                |                  | 7,473,738 | 6,519,961 | 7,473,738  | 6,519,961  |
| Non-controlling interests in subsidiaries  |                  | -         | -         | 28,818     | 26,925     |
| Total shareholders' equity                 |                  | 7,473,738 | 6,519,961 | 7,502,556  | 6,546,886  |
| Total liabilities and shareholders' equity |                  | 8,443,423 | 7,613,091 | 18,470,470 | 16,378,545 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Income Statements

For the three-month period ended September 30, 2014 and 2013

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

|  | Note    | Parent                         |                                | Consolidated                |                             |
|--|---------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
|  |         | 07/01/2014<br>to<br>09/30/2014 | 07/01/2013<br>to<br>09/30/2013 | 07/01/2014 to<br>09/30/2014 | 07/01/2013 to<br>09/30/2013 |
| Net revenue from sales and services  | 25      | -                              | -                              | 17,299,930                  | 15,909,670                  |
| Cost of products and services sold   | 26      | -                              | -                              | (15,929,882)                | (14,645,484)                |
| Gross profit   |         | -                              | -                              | 1,370,048                   | 1,264,186                   |
| Operating income (expenses)  |         |                                |                                |                             |                             |
| Selling and marketing  | 26      | -                              | -                              | (556,706)                   | (461,347)                   |
| General and administrative   | 26      | (2,470)                        | (2,743)                        | (268,861)                   | (264,978)                   |
| Income from disposal of assets   | 28      | -                              | 5                              | 8,502                       | 3,672                       |
| Other operating income, net  | 27      | 2,420                          | 2,742                          | 20,880                      | 29,007                      |
| Operating income before financial income (expenses) and share of profit of subsidiaries and joint ventures |         | (50)                           | 4                              | 573,863                     | 570,540                     |
| Financial income   | 29      | 35,580                         | 35,201                         | 92,742                      | 66,206                      |
| Financial expenses   | 29      | (22,828)                       | (19,225)                       | (200,142)                   | (155,110)                   |
| Share of profit of subsidiaries, joint ventures, and associates  | 11      | 317,694                        | 314,762                        | (5,185)                     | (1,779)                     |
| Income before income and social contribution taxes   |         | 330,396                        | 330,742                        | 461,278                     | 479,857                     |
| Income and social contribution taxes   |         |                                |                                |                             |                             |
| Current  | 9.b     | (2,476)                        | (5,318)                        | (130,324)                   | (159,322)                   |
| Deferred   | 9.b     | (1,739)                        | 2                              | (16,662)                    | (11,376)                    |
| Tax incentives   | 9.b;9.c | -                              | -                              | 14,486                      | 18,638                      |
|  |         | (4,215)                        | (5,316)                        | (132,500)                   | (152,060)                   |
| Net income for the period  |         | 326,181                        | 325,426                        | 328,778                     | 327,797                     |
| Net income for the period attributable to:   |         |                                |                                |                             |                             |
| Shareholders of the Company  |         | 326,181                        | 325,426                        | 326,181                     | 325,426                     |
|  |         | -                              | -                              | 2,597                       | 2,371                       |

Non-controlling interests in subsidiaries

Earnings per share (based on weighted average of shares outstanding) – R\$

|         |    |        |        |        |        |
|---------|----|--------|--------|--------|--------|
| Basic   | 30 | 0.5971 | 0.6094 | 0.5971 | 0.6094 |
| Diluted | 30 | 0.5922 | 0.6066 | 0.5922 | 0.6066 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Income Statements

For the nine-month period ended September 30, 2014 and 2013

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

|   | Note    | Parent                         |                                | Consolidated                |                             |
|---|---------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
|   |         | 01/01/2014<br>to<br>09/30/2014 | 01/01/2013<br>to<br>09/30/2013 | 01/01/2014 to<br>09/30/2014 | 01/01/2013 to<br>09/30/2013 |
| Net revenue from sales and services   | 25      | -                              | -                              | 49,914,027                  | 44,713,742                  |
| Cost of products and services sold  | 26      | -                              | -                              | (45,972,139)                | (41,225,605)                |
| Gross profit  |         | -                              | -                              | 3,941,888                   | 3,488,137                   |
| Operating income (expenses)   |         |                                |                                |                             |                             |
| Selling and marketing   | 26      | -                              | -                              | (1,584,329)                 | (1,309,950)                 |
| General and administrative  | 26      | (29,582)                       | (7,939)                        | (833,521)                   | (750,555)                   |
| Income from disposal of assets  | 28      | -                              | 5                              | 15,194                      | 18,394                      |
| Other operating income, net   | 27      | 10,173                         | 7,988                          | 62,448                      | 64,252                      |
| Operating income before financial<br>income (expenses) and share of<br>profit of subsidiaries and joint<br>ventures |         | (19,409)                       | 54                             | 1,601,680                   | 1,510,278                   |
| Financial income  | 29      | 95,481                         | 83,803                         | 263,996                     | 166,644                     |
| Financial expenses  | 29      | (67,226)                       | (64,985)                       | (584,739)                   | (410,392)                   |
| Share of profit of subsidiaries, joint<br>ventures and associates   | 11      | 866,650                        | 899,718                        | (10,820)                    | (3,821)                     |
| Income before income and social<br>contribution taxes   |         | 875,496                        | 918,590                        | 1,270,117                   | 1,262,709                   |
| Income and social contribution<br>taxes   |         |                                |                                |                             |                             |
| Current   | 9.b     | (2,476)                        | (66,226)                       | (436,932)                   | (404,017)                   |
| Deferred  | 9.b     | (851)                          | (34)                           | (1,163)                     | (41,427)                    |
| Tax incentives  | 9.b;9.c |                                | -                              | 47,441                      | 40,738                      |
|   |         | (3,327)                        | (66,260)                       | (390,654)                   | (404,706)                   |
| Net income for the period   |         | 872,169                        | 852,330                        | 879,463                     | 858,003                     |
| Net income for the period<br>attributable to:   |         |                                |                                |                             |                             |
| Shareholders of the Company   |         | 872,169                        | 852,330                        | 872,169                     | 852,330                     |
| Non-controlling interests in<br>subsidiaries  |         | -                              | -                              | 7,294                       | 5,673                       |

Earnings per share (based on weighted average of shares outstanding) – R\$

|         |    |        |        |        |        |
|---------|----|--------|--------|--------|--------|
| Basic   | 30 | 1.5996 | 1.5960 | 1.5996 | 1.5960 |
| Diluted | 30 | 1.5874 | 1.5889 | 1.5874 | 1.5889 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of Comprehensive Income

For the three-month period ended September 30, 2014 and 2013

(In thousands of Brazilian Reais)

|  | Note              | Parent                         |                             | Consolidated                   |                                |
|--|-------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
|  |                   | 07/01/2014<br>to<br>09/30/2014 | 07/01/2013 to<br>09/30/2013 | 07/01/2014<br>to<br>09/30/2014 | 07/01/2013<br>to<br>09/30/2013 |
| Net income for the period attributable to shareholders of the Company                              |                   | 326,181                        | 325,426                     | 326,181                        | 325,426                        |
| Net income for the period attributable to non-controlling interests in subsidiaries                |                   | -                              | -                           | 2,597                          | 2,371                          |
| Net income for the period  |                   | 326,181                        | 325,426                     | 328,778                        | 327,797                        |
| Items that are subsequently reclassified to profit or loss:  |                   |                                |                             |                                |                                |
| Valuation adjustments for financial instruments  | 2.c;<br>20.f      | 27                             | (26)                        | 27                             | (26)                           |
| Cumulative translation adjustments, net of hedge of net investments in foreign operation           | 2.c; 2.r;<br>20.f | (32,207)                       | 4,899                       | (32,207)                       | 4,899                          |
| Total comprehensive income for the period  |                   | 294,001                        | 330,299                     | 296,598                        | 332,670                        |
| Total comprehensive income for the period attributable to shareholders of the Company              |                   | 294,001                        | 330,299                     | 294,001                        | 330,299                        |
| Total comprehensive income for the period attributable to non-controlling interest in subsidiaries |                   | -                              | -                           | 2,597                          | 2,371                          |

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



## Ultrapar Participações S.A. and Subsidiaries

## Statements of Comprehensive Income

For the nine-month period ended September 30, 2014 and 2013

(In thousands of Brazilian Reais)

|  | Note              | Parent                         |                             | Consolidated                   |                                |
|--|-------------------|--------------------------------|-----------------------------|--------------------------------|--------------------------------|
|  |                   | 01/01/2014<br>to<br>09/30/2014 | 01/01/2013 to<br>09/30/2013 | 01/01/2014<br>to<br>09/30/2014 | 01/01/2013<br>to<br>09/30/2013 |
| Net income for the period attributable to shareholders of the Company                              |                   | 872,169                        | 852,330                     | 872,169                        | 852,330                        |
| Net income for the period attributable to non-controlling interests in subsidiaries                |                   | -                              | -                           | 7,294                          | 5,673                          |
| Net income for the period  |                   | 872,169                        | 852,330                     | 879,463                        | 858,003                        |
| Items that are subsequently reclassified to profit or loss:  |                   |                                |                             |                                |                                |
| Valuation adjustments for financial instruments  | 2.c;20.f          | 10                             | (13)                        | 10                             | (13)                           |
| Cumulative translation adjustments, net of hedge of net investments in foreign operation           | 2.c; 2.r;<br>20.f | (18,351)                       | 992                         | (18,351)                       | 992                            |
| Total comprehensive income for the period  |                   | 853,828                        | 853,309                     | 861,122                        | 858,982                        |
| Total comprehensive income for the period attributable to shareholders of the Company              |                   | 853,828                        | 853,309                     | 853,828                        | 853,309                        |
| Total comprehensive income for the period attributable to non-controlling interest in subsidiaries |                   | -                              | -                           | 7,294                          | 5,673                          |

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

Ultrapar Participações S.A. and Subsidiaries  
 Statements of Changes in Equity  
 For the nine-month period ended September 30, 2014 and 2013  
 (In thousands of Brazilian Reais, except dividends per share)

|  |              |                  |                    |   |                  |                                     |                         | Cumulative other<br>Profit reserve comprehensive income |                                       |
|--|--------------|------------------|--------------------|---|------------------|-------------------------------------|-------------------------|---|---------------------------------------|
|  | Note         | Share<br>capital | Capital<br>reserve | Revaluation<br>reserve on<br>subsidiaries | Legal<br>reserve | Investments<br>statutory<br>reserve | Retention<br>of profits | Valuation<br>adjustments                                | Cumulativ<br>translatio<br>adjustment |
| Balance as of<br>December 31,<br>2012  |              | 3,696,773        | 20,246             | 6,713                                     | 273,842          | 617,641                             | 1,333,066               | (12,615)  | 12,62                                 |
| Net income for the<br>period   |              | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
| Other comprehensive<br>income:   |              |                  |                    |   |                  |                                     |                         |   |                                       |
| Valuation adjustments<br>for financial<br>instruments  | 2.c;<br>20.f | -                | -                  | -   | -                | -                                   | -                       | (13)  |                                       |
| Currency translation<br>of foreign subsidiaries  | 2.r;<br>20.f | -                | -                  | -   | -                | -                                   | -                       | -   | 99                                    |
| Total comprehensive<br>income for the period   |              | -                | -                  | -   | -                | -                                   | -                       | (13)  | 99                                    |
| Realization of<br>revaluation reserve  | 20.d         | -                | -                  | (541)                                     | -                | -                                   | -                       | -   |                                       |
| Income and<br>social contribution<br>taxes on realization of<br>revaluation reserve of<br>subsidiaries | 20.d         | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
| Interim dividends  |              | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
| Dividends attributable<br>to non-controlling<br>interests  |              | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
| Approval of<br>additional dividends<br>by the Shareholders'<br>Meeting                                 |              | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
| Additional dividends<br>attributable to<br>non-controlling<br>interests                                |              | -                | -                  | -   | -                | -                                   | -                       | -   |                                       |
|  |              | 3,696,773        | 20,246             | 6,172                                     | 273,842          | 617,641                             | 1,333,066               | (12,628)  | 13,61                                 |

Balance as of  
September 30, 2013

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## Ultrapar Participações S.A. and Subsidiaries

## Statements of Changes in Equity

For the nine-month period ended September 30, 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 on subsidiaries | Legal reserve | Investments statutory reserve | Retention of profits | Valuation adjustments                 | Cumulative translation adjustments |
| Balance as of December 31, 2013  |                | 3,696,773     | 20,246          | 6,107                               | 335,099       | 1,038,467                     | 1,333,066            | 5,428                                 | 38,070                             |
| Net income for the period  |                | -             | -               | -                                   | -             | -                             | -                    | -                                     | -                                  |
| Other comprehensive income:  |                |               |                 |                                     |               |                               |                      |                                       |                                    |
| Valuation adjustments for financial instruments  | 2.c; 20.f      | -             | -               | -                                   | -             | -                             | -                    | 10                                    | -                                  |
| Currency translation of foreign subsidiaries hedge of net investments in foreign operation | 2.c; 2.r; 20.f | -             | -               | -                                   | -             | -                             | -                    | -                                     | (18,350)                           |
| Total comprehensive income for the period  |                | -             | -               | -                                   | -             | -                             | -                    | 10                                    | (18,350)                           |
| Increase in share capital  | 3.a; 20.a      | 141,913       | -               | -                                   | -             | -                             | -                    | -                                     | -                                  |
| Capital surplus on subscription of shares  | 3.a; 20.c      | -             | 498,812         | -                                   | -             | -                             | -                    | -                                     | -                                  |
| Costs directly attributable to issuing new shares  | 3.a; 20.c      | -             | (2,260)         | -                                   | -             | -                             | -                    | -                                     | -                                  |
| Sale of treasury shares  |                | -             | 9,289           | -                                   | -             | -                             | -                    | -                                     | -                                  |
| Realization of revaluation reserve   | 20.d           | -             | -               | (194)                               | -             | -                             | -                    | -                                     | -                                  |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 20.d           | -             | -               | -                                   | -             | -                             | -                    | -                                     | -                                  |

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|   |      |           |         |       |         |           |           |       |       |
|---|------|-----------|---------|-------|---------|-----------|-----------|-------|-------|
| Interim dividends   | 20.g | -         | -       | -     | -       | -         | -         | -     | -     |
| Dividends attributable to non-controlling interests           |      | -         | -       | -     | -       | -         | -         | -     | -     |
| Acquisition of non-controlling interests                      |      | -         | -       | -     | -       | -         | -         | -     | -     |
| Approval of additional dividends by the Shareholders' Meeting | 20.g | -         | -       | -     | -       | -         | -         | -     | -     |
| Balance as of September 30, 2014                              |      | 3,838,686 | 526,087 | 5,913 | 335,099 | 1,038,467 | 1,333,066 | 5,438 | 19,72 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of Cash Flows - Indirect Method

For the nine-month period ended September 30, 2014 and 2013

(In thousands of Brazilian Reais)

|  | Note  | Parent<br>09/30/2014 | Parent<br>09/30/2013 | Consolidated<br>09/30/2014 | Consolidated<br>09/30/2013 |
|--|-------|----------------------|----------------------|----------------------------|----------------------------|
| Cash flows from operating activities   |       |                      |                      |                            |                            |
| Net income for the period  |       | 872,169              | 852,330              | 879,463                    | 858,003                    |
| Adjustments to reconcile net income to cash provided by operating activities |       |                      |                      |                            |                            |
| Share of profit of subsidiaries, joint ventures and associates               | 11    | (866,650)            | (899,718)            | 10,820                     | 3,821                      |
| Depreciation and amortization  | 12;13 | -                    | -                    | 651,466                    | 578,012                    |
| PIS and COFINS credits on depreciation                                       | 12;13 | -                    | -                    | 9,436                      | 9,277                      |
| Asset retirement expenses  | 18    | -                    | -                    | (3,080)                    | (2,753)                    |
| Interest, monetary, and exchange variations                                  |       | 69,514               | 51,456               | 655,589                    | 390,294                    |
| Deferred income and social contribution taxes                                | 9.b   | 851                  | 34                   | 1,163                      | 41,427                     |
| Income from disposal of assets   | 28    | -                    | (5)                  | (15,194)                   | (18,394)                   |
| Other  |       | -                    | 5                    | 2,952                      | 3,365                      |
| Dividends received from subsidiaries and joint-ventures                      |       |                      |                      |                            |                            |
|  |       | 1,068,334            | 374,062              | 2,039                      | 3,220                      |
| (Increase) decrease in current assets  |       |                      |                      |                            |                            |
| Trade receivables  | 5     | -                    | -                    | (150,860)                  | 40,094                     |
| Inventories  | 6     | -                    | -                    | (194,502)                  | (249,863)                  |
| Recoverable taxes  | 7     | 3,707                | 16,698               | (72,590)                   | 39,637                     |
| Other receivables  |       | 55                   | (385)                | (30,031)                   | 91                         |
| Prepaid expenses   | 10    | 1,845                | -                    | 11,628                     | (26,103)                   |
| Increase (decrease) in current liabilities                                   |       |                      |                      |                            |                            |
| Trade payables   | 15    | (1,124)              | (159)                | (110,571)                  | (415,594)                  |
| Salaries and related charges   | 16    | 17                   | 3                    | (26,538)                   | 15,372                     |
| Taxes payable  | 17    | (18)                 | (3,043)              | 21,967                     | 22,826                     |
| Income and social contribution taxes   |       | -                    | -                    | 303,445                    | 233,368                    |
| Provision for tax, civil, and labor risks                                    | 23.a  | -                    | -                    | 964                        | 14,570                     |
| Other payables   |       | (28)                 | -                    | (53,020)                   | (35,201)                   |
| Deferred revenue   | 19    | -                    | -                    | (2,586)                    | (1,821)                    |

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(Increase) decrease in non-current assets

|                   |    |          |        |          |          |
|-------------------|----|----------|--------|----------|----------|
| Trade receivables | 5  | -        | -      | (13,209) | 14,144   |
| Recoverable taxes | 7  | (18,710) | 25,999 | (43,830) | 13,223   |
| Escrow deposits   |    | -        | 84     | (67,760) | (50,183) |
| Other receivables |    | -        | -      | (1,509)  | 709      |
| Prepaid expenses  | 10 | -        | -      | 8,009    | (6,620)  |

Increase (decrease) in non-current liabilities

|   |      |    |   |         |          |
|---|------|----|---|---------|----------|
| Post-employment benefits                  | 24.b | -  | - | 11,455  | 10,577   |
| Provision for tax, civil, and labor risks | 23.a | 13 | 8 | 13,334  | 35,605   |
| Other payables                            |      | -  | - | (5,451) | (29,251) |
| Deferred revenue                          | 19   | -  | - | (312)   | (973)    |

Income and social contribution taxes paid

|   |  |           |         |           |           |
|---|--|-----------|---------|-----------|-----------|
|   |  | (559)     | -       | (320,519) | (193,340) |
| Net cash provided by operating activities |  | 1,129,416 | 417,369 | 1,472,168 | 1,297,539 |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of Cash Flows - Indirect Method

For the nine-month period ended September 30, 2014 and 2013

(In thousands of Brazilian Reais)

|  | Note | 09/30/2014 | Parent<br>09/30/2013 | Consolidated<br>09/30/2014 | Consolidated<br>09/30/2013 |
|--|------|------------|----------------------|----------------------------|----------------------------|
| Cash flows from investing activities   |      |            |                      |                            |                            |
| Financial investments, net of redemptions  |      | (68,706)   | (637)                | (72,674)                   | 27,182                     |
| Acquisition of subsidiaries, net   |      | -          | -                    | -                          | (6,168)                    |
| Cash and cash equivalents of acquired subsidiaries                               | 3.a  | -          | -                    | 9,123                      | -                          |
| Acquisition of property, plant, and equipment                                    | 12   | -          | -                    | (466,912)                  | (403,274)                  |
| Acquisition of intangible assets   | 13   | -          | -                    | (338,891)                  | (340,338)                  |
| Capital increase in subsidiaries   | 11.a | (236,100)  | -                    | -                          | -                          |
| Capital increase in joint ventures   | 11.b | -          | -                    | (19,000)                   | (17,580)                   |
| Capital reduction to associates  | 11.c | -          | -                    | -                          | 1,500                      |
| Capital reduction to subsidiaries  | 11.a | -          | 700,000              | -                          | -                          |
| Proceeds from disposal of assets   | 28   | -          | -                    | 58,343                     | 55,164                     |
| Net cash provided by (used in) investing activities                              |      | (304,806)  | 699,363              | (830,011)                  | (683,514)                  |
| Cash flows from financing activities   |      |            |                      |                            |                            |
| Loans and debentures   |      |            |                      |                            |                            |
| Borrowings   | 14   | -          | -                    | 1,591,867                  | 1,302,788                  |
| Repayments   | 14   | -          | -                    | (700,231)                  | (565,332)                  |
| Interest paid  | 14   | (75,489)   | (66,665)             | (511,242)                  | (478,180)                  |
| Payment of financial lease   | 14.j | -          | -                    | (4,141)                    | (3,335)                    |
| Dividends paid   |      | (775,943)  | (705,150)            | (782,877)                  | (711,208)                  |
| Sale of treasury shares  |      | 12,653     | -                    | -                          | -                          |
| Costs directly attributable to issuing new shares                                | 20.c | (2,260)    | -                    | (2,260)                    | -                          |
| Related parties  |      | 22,194     | 31,312               | -                          | -                          |
| Net cash used in financing activities  |      | (818,845)  | (740,503)            | (408,884)                  | (455,267)                  |
| Effect of exchange rate changes on cash and cash equivalents in foreign currency |      | -          | -                    | (23,553)                   | 959                        |
| Increase (decrease) in cash and cash equivalents                                 |      | 5,765      | 376,229              | 209,720                    | 159,717                    |



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|   |     |         |         |           |           |
|---|-----|---------|---------|-----------|-----------|
| Cash and cash equivalents at the beginning of the period                            | 4   | 110,278 | 76,981  | 2,276,069 | 2,021,114 |
| Cash and cash equivalents at the end of the period                                  | 4   | 116,043 | 453,210 | 2,485,789 | 2,180,831 |
| Additional information - transactions that do not affect cash and cash equivalents: |     |         |         |           |           |
| Extrafarma acquisition – capital increase and subscription warrants                 | 3.a | 749,289 | -       | 749,289   | -         |
| Extrafarma acquisition – gross debt assumed on close date                           | 3.a | -       | -       | 207,911   | -         |

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

## Ultrapar Participações S.A. and Subsidiaries

## Statements of Value Added

For the nine-months period ended September 30, 2014 and 2013

(In thousands of Brazilian Reais, except percentages)

|   | Note | Parent          |   |              | Consolidated |                  |   |                  |   |
|---|------|-----------------|---|--------------|--------------|------------------|---|------------------|---|
|   |      | 09/30/2014      | % | 09/30/2013   | %            | 09/30/2014       | % | 09/30/2013       | % |
| <b>Revenue</b>  |      |                 |   |              |              |                  |   |                  |   |
| Gross revenue from sales and services, except rents and royalties | 25   | -               | - | -            | -            | 51,254,554       |   | 45,876,044       |   |
| Rebates, discounts, and returns                                   | 25   | -               | - | -            | -            | (227,636)        |   | (192,205)        |   |
| Allowance for doubtful accounts - Reversal (allowance)            |      | -               | - | -            | -            | (14,056)         |   | (6,864)          |   |
| Income from disposal of assets                                    | 28   | -               | - | 5            | 5            | 15,194           |   | 18,394           |   |
|   |      | -               | - | 5            | 5            | 51,028,056       |   | 45,695,369       |   |
| <b>Materials purchased from third parties</b>                     |      |                 |   |              |              |                  |   |                  |   |
| Raw materials used  |      | -               | - | -            | -            | (2,806,815)      |   | (2,190,286)      |   |
| Cost of goods, products, and services sold                        |      | -               | - | -            | -            | (42,981,969)     |   | (38,886,264)     |   |
| Third-party materials, energy, services, and others               |      | (25,799)        |   | (4,365)      |              | (1,355,645)      |   | (1,200,171)      |   |
| Reversal of impairment losses                                     |      | 10,180          |   | 7,989        |              | (4,351)          |   | 9,999            |   |
|   |      | (15,619)        |   | 3,624        |              | (47,148,780)     |   | (42,266,722)     |   |
| <b>Gross value added</b>  |      | <b>(15,619)</b> |   | <b>3,629</b> |              | <b>3,879,276</b> |   | <b>3,428,647</b> |   |
| <b>Deductions</b>   |      |                 |   |              |              |                  |   |                  |   |
| Depreciation and amortization                                     |      | -               |   | -            |              | (651,466)        |   | (578,012)        |   |
| PIS and COFINS credits on depreciation                            |      | -               |   | -            |              | (9,440)          |   | (9,277)          |   |
|   |      | -               |   | -            |              | (660,906)        |   | (587,289)        |   |
|   |      | <b>(15,619)</b> |   | <b>3,629</b> |              | <b>3,218,370</b> |   | <b>2,841,358</b> |   |

Net value added by  
the Company

Value added  
received in transfer

Share of profit of  
subsidiaries,  
joint-ventures, and  
associates

|                     |    |         |         |          |         |
|---------------------|----|---------|---------|----------|---------|
|                     | 11 | 866,650 | 899,718 | (10,820) | (3,821) |
| Rents and royalties | 25 | -       | -       | 72,022   | 60,146  |
| Financial income    | 29 | 95,481  | 83,803  | 263,996  | 166,644 |
|                     |    | 962,131 | 983,521 | 325,198  | 222,969 |

Total value added  
available for  
distribution

|  |         |         |           |           |
|--|---------|---------|-----------|-----------|
|  | 946,512 | 987,150 | 3,543,568 | 3,064,327 |
|--|---------|---------|-----------|-----------|

Distribution of  
value added

|                                   |         |     |         |     |           |     |           |     |
|-----------------------------------|---------|-----|---------|-----|-----------|-----|-----------|-----|
| Labor and benefits                | 3,180   | -   | 3,018   | -   | 1,025,816 | 29  | 896,465   | 29  |
| Taxes, fees, and<br>contributions | 1,319   | -   | 80,051  | 8   | 959,241   | 27  | 868,607   | 28  |
| Financial expenses<br>and rents   | 69,844  | 7   | 51,751  | 5   | 679,048   | 19  | 441,252   | 14  |
| Dividends paid                    | 389,554 | 41  | 354,032 | 36  | 394,826   | 11  | 354,148   | 12  |
| Retained earnings                 | 482,615 | 52  | 498,298 | 51  | 484,637   | 14  | 503,855   | 17  |
| Value added<br>distributed        | 946,512 | 100 | 987,150 | 100 | 3,543,568 | 100 | 3,064,327 | 100 |

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
Interim Financial Information

(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. Summary of Significant Accounting Policies

The Company’s consolidated interim financial information was prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”), in accordance with CPC 21 (R1) - Interim Financial Reporting issued by the Accounting Pronouncements Committee (“CPC”) and presented in accordance with standards established by the Brazilian Securities and Exchange Commission (“CVM”).

The Company’s individual interim financial information was prepared in accordance with CPC 21 (R1) and presented in accordance with standards established by the CVM. The investments in subsidiaries, associates, and joint ventures are measured through the equity method of accounting, which, for purposes of the International Financial Reporting Standards (“IFRS”), would be measured at cost or fair value.

The presentation currency of the Company’s individual and consolidated interim financial information 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 periods presented in the individual and consolidated interim financial information.

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 and cost of sales are recognized when all risks and benefits associated with the products are transferred to the purchaser. Revenue from services provided and their costs are recognized when the services are provided. 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 Instruments

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 and liabilities 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.
- 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:

- 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.
- Hedge accounting - fair value hedge: 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 - 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 Individual and Consolidated  
Interim Financial Information

(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 team.

f. Investments

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

Investments in associates and joint ventures are accounted for under the equity method of accounting in the individual and consolidated interim financial information (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 Note 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

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 straight-line method based on the useful lives applicable to each group of assets 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).

- 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 intangible assets that have an indefinite useful life, except for goodwill and the “am/pm” brand.



Ultrapar Participações S.A. and Subsidiaries

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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 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 or equity instruments, are allocated to the instrument and amortized to profit or loss over its term, using the effective interest rate method (see Note 14.k).

l. 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.

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 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.

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.

## Ultrapar Participações S.A. and Subsidiaries

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## 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 Interim Financial Information 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 recognized balance in cumulative other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments as of September 30, 2014 was a gain of R\$ 19,725 (gain of R\$ 38,076 as of December 31, 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       |

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.

Currently Venezuela has 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.

Ultrapar Participações S.A. and Subsidiaries

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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.

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 for the nine-month period ended September 30, 2014 amounted to R\$ 716 (R\$ 3,574 gain for the nine-month period ended September 30, 2013).

s. Use of Estimates, Assumptions and Judgments

The preparation of the interim financial information 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 interim financial information, as well as the experience of past and current events, also considering assumptions regarding future events. The interim financial information 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 useful life of property, plant, and equipment (Note 12), the useful life of intangible assets, and the determination of the recoverable amount of goodwill (Note 13), provisions for assets retirement obligations (Note 18), tax, civil, and labor provisions (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.

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 periods presented (see Note 13.i).

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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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 interim financial information, the time value of the ICMS credits to be recovered. The balance of these adjustment to present value totaled R\$ 340 as of September 30, 2014 (R\$ 354 as of December 31, 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 interim financial information 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

Certain standards, amendments, and interpretations that were applied to IFRS and were issued by IASB but are not yet effective and were not applied as of September 30, 2014, are as follows:

|  | Effective date |
|--|----------------|
| • Amendments to IAS 32 – Financial instruments: presentation: provides clarifications on the application of the offsetting rules.  | 2014           |
| • 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(*)        |
| • 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 these IAS/IFRS, 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 Interim Financial Information

The interim financial information was authorized for issue by the Board of Directors on November 5, 2014.

Ultrapar Participações S.A. and Subsidiaries

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### 3. Principles of Consolidation and Investments in Subsidiaries

The consolidated interim financial information was 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 interim financial information of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

## Ultrapar Participações S.A. and Subsidiaries

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The consolidated interim financial information includes the following direct and indirect subsidiaries:

|   | Location       | % interest in the share |                  |                |                  |
|---|----------------|-------------------------|------------------|----------------|------------------|
|   |                | 09/30/2014              |                  | 12/31/2013     |                  |
|   |                | Direct control          | Indirect control | Direct control | Indirect control |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A.           | Brazil         | 100                     | -                | -              | -                |
| Ipiranga Produtos de Petróleo S.A.                          | Brazil         | 100                     | -                | 100            | -                |
| am/pm Comestíveis Ltda.                                     | Brazil         | -                       | 100              | -              | 100              |
| Centro de Conveniências Millennium Ltda.                    | Brazil         | -                       | 100              | -              | 100              |
| Conveniência Ipiranga Norte Ltda.                           | Brazil         | -                       | 100              | -              | 100              |
| Ipiranga Trading Limited                                    | Virgin Islands | -                       | 100              | -              | 100              |
| Tropical Transportes Ipiranga Ltda.                         | Brazil         | -                       | 100              | -              | 100              |
| Ipiranga Imobiliária Ltda.                                  | Brazil         | -                       | 100              | -              | 100              |
| Ipiranga Logística Ltda.                                    | Brazil         | -                       | 100              | -              | 100              |
| Isa-Sul Administração e Participações Ltda.                 | Brazil         | -                       | 100              | -              | 100              |
| Companhia Ultragaz S.A.                                     | Brazil         | -                       | 99               | -              | 99               |
| Bahiana Distribuidora de Gás Ltda.                          | Brazil         | -                       | 100              | -              | 100              |
| Utingás Armazenadora S.A.                                   | Brazil         | -                       | 57               | -              | 57               |
| LPG International Inc.                                      | Cayman Islands | -                       | 100              | -              | 100              |
| Imaven Imóveis Ltda.  | Brazil         | -                       | 100              | -              | 100              |
| Oil Trading Importadora e Exportadora Ltda.                 | Brazil         | -                       | 100              | -              | 100              |
| Oxiten S.A. Indústria e Comércio                            | Brazil         | 100                     | -                | 100            | -                |
| Oxiten Nordeste S.A. Indústria e Comércio                   | Brazil         | -                       | 99               | -              | 99               |
| Oxiten Argentina Sociedad de Responsabilidad Ltda.          | Argentina      | -                       | 100              | -              | 100              |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil         | -                       | 100              | -              | 100              |
| Oxiten Uruguay S.A.   | Uruguay        | -                       | 100              | -              | 100              |
| Barrington S.L.   | Spain          | -                       | 100              | -              | 100              |
| Oxiten México S.A. de C.V.                                  | Mexico         | -                       | 100              | -              | 100              |
| Oxiten Servicios Corporativos S.A. de C.V.                  | Mexico         | -                       | 100              | -              | 100              |
| Oxiten Servicios Industriales S.A. de C.V.                  | Mexico         | -                       | 100              | -              | 100              |
| Oxiten USA LLC  | United States  | -                       | 100              | -              | 100              |
| Global Petroleum Products Trading Corp.                     | Virgin Islands | -                       | 100              | -              | 100              |
| Oxiten Overseas Corp.                                       | Virgin Islands | -                       | 100              | -              | 100              |
| Oxiten Andina, C.A.   | Venezuela      | -                       | 100              | -              | 100              |
| Oxiten Europe SPRL  | Belgium        | -                       | 100              | -              | 100              |
| Oxiten Colombia S.A.S                                       | Colombia       | -                       | 100              | -              | 100              |
| Oxiten Shanghai Trading LTD.                                | China          | -                       | 100              | -              | 100              |

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|   |        |     |     |     |     |
|---|--------|-----|-----|-----|-----|
| Empresa Carioca de Produtos Químicos S.A.               | Brazil | -   | 100 | -   | 100 |
| Ultracargo - Operações Logísticas e Participações Ltda. | Brazil | 100 | -   | 100 | -   |
| Terminal Químico de Aratu S.A. – Tequimar               | Brazil | -   | 99  | -   | 99  |
| SERMA - Ass. dos usuários equip. proc. de dados         | Brazil | -   | 100 | -   | 100 |

The percentages in the table above are rounded.

Ultrapar Participações S.A. and Subsidiaries

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a) Business Combination – Acquisition of Extrafarma

On January 31, 2014 the merger of all shares issued by Extrafarma into Ultrapar was approved at the Extraordinary Shareholders' Meeting of Ultrapar and Extrafarma. After the merger of shares, Extrafarma became a wholly-owned subsidiary of Ultrapar and the 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 a preliminary 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. 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 are valued based on the share price of Ultrapar (UGPA3), and on the reporting date were represented by 2,309,786 shares and totaled R\$ 107,181.

The temporary purchase price in the amount of R\$ 749,289, subject to the customary final adjustments of working capital, will be allocated among the identified assets acquired and liabilities assumed, measured at fair value. The Company is measuring the open balance, fair value of assets and liabilities, and, consequently, the goodwill. The purchase price allocation is being determined and its conclusion is estimated for the fourth quarter of 2014. During the process of identification of assets and liabilities, intangible assets, which are not recognized in the acquired entity's books, will also be taken into account. The temporary goodwill is R\$ 795,729.

## Ultrapar Participações S.A. and Subsidiaries

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The table below summarizes the temporary assets acquired and liabilities assumed as of the acquisition date, subject to the customary final adjustments of working capital and purchase price allocation:

|   |           |  |         |
|---|-----------|--|---------|
| Current assets                                |           | Current liabilities                          |         |
| Cash and cash equivalents                     | 9,123     | Loans (1)                                    | 179,818 |
| Trade receivables                             | 68,398    | Trade payables                               | 117,481 |
| Inventories                                   | 164,590   | Salaries and related charges                 | 16,539  |
|   |           | Income and social contribution taxes payable | 3,150   |
| Recoverable taxes                             | 12,961    | Deferred revenue                             | 5,152   |
| Other   | 5,110     | Other  | 6,316   |
|   | 260,182   |  | 328,456 |
| Non-current assets                            |           | Non-current liabilities                      |         |
| Property, plant, and equipment                | 48,547    | Loans (1)                                    | 28,093  |
| Intangible assets                             | 12,008    | Provision for tax, civil and labor risks     | 46,199  |
| Deferred income and social contribution taxes | 41,384    | Other  | 7,096   |
| Escrow deposits                               | 1,283     |  | 81,388  |
| Temporary goodwill                            | 795,729   |  |         |
|   | 898,951   | Total liabilities assumed                    | 409,844 |
| Total assets acquired and temporary goodwill  | 1,159,133 | Consideration transferred                    | 749,289 |

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

For further details on property, plant, and equipment and intangibles acquired, see Notes 12 and 13 respectively.

For further details, see Material Notice released on September 30, 2013, Material Notice, Protocol and Justification of Merger of Shares and Management's Proposal to Extraordinary Shareholders' Meeting and its Annex released on December 19, 2013 and Market Announcement released on January 31, 2014.



## Ultrapar Participações S.A. and Subsidiaries

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## 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\$ 3,826,092 at September 30, 2014 (R\$ 3,543,700 at December 31, 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 |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2014 | 12/31/2013 | 09/30/2014   | 12/31/2013 |
| Cash and bank deposits                            |            |            |              |            |
| In local currency                                 | 138        | 153        | 40,959       | 136,532    |
| In foreign currency                               | -          | -          | 43,096       | 88,394     |
| Financial investments considered cash equivalents |            |            |              |            |
| In local currency                                 |            |            |              |            |
| Fixed-income securities                           | 115,905    | 110,125    | 2,397,256    | 2,051,143  |
| In foreign currency                               |            |            |              |            |
| Fixed-income securities                           | -          | -          | 4,478        | -          |
| Total cash and cash equivalents                   | 116,043    | 110,278    | 2,485,789    | 2,276,069  |

## Ultrapar Participações S.A. and Subsidiaries

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## 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 |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2014 | 12/31/2013 | 09/30/2014   | 12/31/2013 |
| Financial investments                                 |            |            |              |            |
| In local currency                                     |            |            |              |            |
| Fixed-income securities and funds                     | 68,970     | 264        | 758,416      | 747,256    |
| In foreign currency                                   |            |            |              |            |
| Fixed-income securities and funds                     | -          | -          | 459,733      | 368,781    |
| Currency and interest rate hedging instruments<br>(a) | -          | -          | 122,154      | 151,594    |
| Total financial investments                           | 68,970     | 264        | 1,340,303    | 1,267,631  |
| Current   | 68,970     | 264        | 1,211,068    | 1,149,132  |
| Non-current   | -          | -          | 129,235      | 118,499    |

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

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5. Trade Receivables (Consolidated)

The composition of trade receivables is as follows:

|                                     | 09/30/2014       | 12/31/2013       |
|-------------------------------------|------------------|------------------|
| Domestic customers                  | 2,354,705        | 2,159,355        |
| Reseller financing - Ipiranga       | 295,343          | 276,044          |
| Foreign customers                   | 196,529          | 157,696          |
| (-) Allowance for doubtful accounts | (166,157)        | (147,080)        |
| <b>Total</b>                        | <b>2,680,420</b> | <b>2,446,015</b> |
| <b>Current</b>                      | <b>2,542,733</b> | <b>2,321,537</b> |
| <b>Non-current</b>                  | <b>137,687</b>   | <b>124,478</b>   |

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   | less than<br>30 days | 31-60<br>days | Past due<br>61-90<br>days | 91-180<br>days | more than<br>180 days |
|------------|-----------|-----------|----------------------|---------------|---------------------------|----------------|-----------------------|
| 09/30/2014 | 2,846,577 | 2,514,086 | 73,260               | 19,204        | 12,885                    | 23,760         | 203,382               |
| 12/31/2013 | 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 at December 31, 2013                     | 147,080 |
| Initial balance of Extrafarma (January 31, 2014) | 5,499   |
| Additions  | 15,313  |
| Write-offs                                       | (1,735) |
| Balance at September 30, 2014                    | 166,157 |

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



## Ultrapar Participações S.A. and Subsidiaries

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## 6. Inventories (Consolidated)

The composition of inventories is as follows:

|  | 09/30/2014 |                         |             | 12/31/2013 |                         |             |
|--|------------|-------------------------|-------------|------------|-------------------------|-------------|
|  | Cost       | Provision<br>for losses | Net balance | Cost       | Provision<br>for losses | Net balance |
| Finished goods                                     | 324,407    | (8,384)                 | 316,023     | 318,451    | (7,100)                 | 311,351     |
| Work in process                                    | 3,002      | -                       | 3,002       | 2,626      | -                       | 2,626       |
| Raw materials                                      | 226,022    | (111)                   | 225,911     | 209,735    | (169)                   | 209,566     |
| Liquefied petroleum gas<br>(LPG)                   | 38,136     | (5,761)                 | 32,375      | 41,678     | (5,761)                 | 35,917      |
| Fuels, lubricants, and<br>greases                  | 972,209    | (737)                   | 971,472     | 817,016    | (758)                   | 816,258     |
| Consumable materials<br>and bottles for resale     | 77,202     | (1,978)                 | 75,224      | 64,465     | (1,450)                 | 63,015      |
| Pharmaceutical,<br>hygiene, and beauty<br>products | 202,244    | (3,938)                 | 198,306     | -          | -                       | -           |
| Advances to suppliers                              | 94,405     | -                       | 94,405      | 128,618    | -                       | 128,618     |
| Properties for resale                              | 24,628     | -                       | 24,628      | 25,162     | -                       | 25,162      |
|  | 1,962,255  | (20,909)                | 1,941,346   | 1,607,751  | (15,238)                | 1,592,513   |

Movements in the provision for losses are as follows:

|  |        |
|--|--------|
| Balance at December 31, 2013                     | 15,238 |
| Initial balance of Extrafarma (January 31, 2014) | 3,164  |
| Recoveries of realizable value adjustment        | 3,140  |
| Reversals of obsolescence and other losses       | (633)  |
| Balance at September 30, 2014                    | 20,909 |

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

|                               | 09/30/2014 | 12/31/2013 |
|-------------------------------|------------|------------|
| Realizable value adjustment   | 12,637     | 9,497      |
| Obsolescence and other losses | 8,272      | 5,741      |
| Total                         | 20,909     | 15,238     |



## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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## 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   |                |
|--|---------------|---------------|----------------|----------------|
|  | 09/30/2014    | 12/31/2013    | 09/30/2014     | 12/31/2013     |
| IRPJ and CSLL                              | 63,534        | 48,531        | 182,062        | 160,590        |
| ICMS                                       | -             | -             | 277,485        | 210,045        |
| Provision for ICMS losses (1)              | -             | -             | (67,757)       | (65,180)       |
| PIS and COFINS                             | -             | -             | 201,405        | 156,707        |
| Value-Added Tax (IVA) of subsidiaries      |               |               |                |                |
| Oxiteno Mexico, Oxiteno Andina and Oxiteno |               |               |                |                |
| Uruguay                                    | -             | -             | 38,988         | 43,592         |
| Excise tax - IPI                           | -             | -             | 4,573          | 3,997          |
| Other                                      | -             | -             | 3,079          | 7,589          |
| <b>Total</b>                               | <b>63,534</b> | <b>48,531</b> | <b>639,835</b> | <b>517,340</b> |
| <b>Current</b>                             | <b>23,360</b> | <b>27,067</b> | <b>558,640</b> | <b>479,975</b> |
| <b>Non-current</b>                         | <b>40,174</b> | <b>21,464</b> | <b>81,195</b>  | <b>37,365</b>  |

(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 at December 31, 2013                     | 65,180   |
| Initial balance of Extrafarma (January 31, 2014) | 20,888   |
| Write-offs and reversals                         | (18,311) |
| Balance at September 30, 2014                    | 67,757   |

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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8. Related Parties

a. Related Parties

· Parent Company

|                                    | Assets<br>Debentures | Financial<br>income |
|------------------------------------|----------------------|---------------------|
| Ipiranga Produtos de Petróleo S.A. | 750,000              | 88,537              |
| Total as of September 30, 2014     | 750,000              | 88,537              |

|                                    | Assets<br>Debentures | Financial<br>income |
|------------------------------------|----------------------|---------------------|
| Ipiranga Produtos de Petróleo S.A. | 772,194              | 63,430              |
| Total as of December 31, 2013      | 772,194              |                     |
| Total as of September 30, 2013     |                      | 63,430              |

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

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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 <sup>1</sup> | Payables <sup>1</sup> |
| Oxicap Indústria de Gases Ltda.                  | 10,368 | -           | -                        | 947                   |
| Química da Bahia Indústria e Comércio S.A.       | -      | 3,046       | -                        | -                     |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | -      | -           | 1,516                    | 105                   |
| Others   | 490    | 826         | -                        | -                     |
| Total as of September 30, 2014                   | 10,858 | 3,872       | 1,516                    | 1,052                 |

|  | Loans  |             | Commercial transactions  |                       |
|--|--------|-------------|--------------------------|-----------------------|
|  | Assets | Liabilities | Receivables <sup>1</sup> | Payables <sup>1</sup> |
| 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 as of December 31, 2013                    | 10,858 | 3,872       | 7,952                    | 3,330                 |

<sup>1</sup> Included in “trade receivables” and “trade payables,” respectively.

|  | Commercial transactions |           |
|--|-------------------------|-----------|
|  | Sales                   | Purchases |
| Oxicap Indústria de Gases Ltda.                  | 5                       | 9,728     |
| Refinaria de Petróleo Riograndense S.A.          | -                       | 18,093    |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 6,077                   | -         |
| Total as of September 30, 2014                   | 6,082                   | 27,821    |

|   | Commercial transactions |           |
|---|-------------------------|-----------|
|   | Sales                   | Purchases |
| Oxicap Indústria de Gases Ltda.         | 5                       | 9,190     |
| Refinaria de Petróleo Riograndense S.A. | -                       | 23,091    |

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|  |       |        |
|--|-------|--------|
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 6,750 | -      |
| Total as of September 30, 2013                   | 6,755 | 32,281 |

Ultrapar Participações S.A. and Subsidiaries

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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 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).

As of September 30, 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\$ 27,930 (R\$ 23,529 as of September 30, 2013). Out of this total, R\$ 21,352 relates to short-term compensation (R\$ 19,567 as of September 30, 2013), R\$ 4,061 to stock compensation (R\$ 2,840 as of September 30, 2013), R\$ 1,285 to post-employment benefits (R\$ 1,122 as of September 30, 2013), and R\$ 1,232 to long-term compensation.

## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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## 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 initial concession.

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 |
|-------------------|-------------------------------------|----------------|---|------------------------------------|------------------------------------|--------------------------------------|
| March 5, 2014     | 83,400                              | 2019 to 2021   | 52.15   | 5,999                              | (594)                              | 5,405                                |
| February 3, 2014  | 150,000                             | 2018 to 2020   | 55.36   | 11,454                             | (1,570)                            | 9,884                                |
| November 7, 2012  | 350,000                             | 2017 to 2019   | 42.90   | 20,710                             | (6,742)                            | 13,968                               |
| December 14, 2011 | 120,000                             | 2016 to 2018   | 31.85   | 5,272                              | (2,537)                            | 2,735                                |
| November 10, 2010 | 260,000                             | 2015 to 2017   | 26.78   | 9,602                              | (6,387)                            | 3,215                                |
| December 16, 2009 | 250,000                             | 2014 to 2016   | 20.75   | 7,155                              | (5,874)                            | 1,281                                |
| October 8, 2008   | 384,008                             | 2013 to 2015   | 9.99  | 8,090                              | (7,712)                            | 378                                  |
| December 12, 2007 | 53,320                              | 2012 to 2014   | 16.17   | 3,570                              | (3,541)                            | 29                                   |
| November 9, 2006  | 207,200                             | 2016           | 11.62   | 3,322                              | (2,630)                            | 692                                  |

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|                   |           |      |       |        |          |        |
|-------------------|-----------|------|-------|--------|----------|--------|
| December 14, 2005 | 93,600    | 2015 | 8.21  | 1,060  | (936)    | 124    |
| October 4, 2004   | 167,900   | 2014 | 10.20 | 2,361  | (2,361)  | -      |
|                   | 2,119,428 |      |       | 78,595 | (40,884) | 37,711 |

The amortization for the nine-month period ended September 30, 2014 in the amount of R\$ 8,855 (R\$ 7,423 for the nine-month period ended September 30, 2013) was recognized as a general and administrative expense.

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

|                                    |           |
|------------------------------------|-----------|
| Balance as of December 31, 2013    | 1,886,028 |
| Shares granted on February 3, 2014 | 150,000   |
| Shares granted on March 5, 2014    | 83,400    |
| Balance as of September 30, 2014   | 2,119,428 |

## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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## 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:

|   | Parent     |            | Consolidated   |                |
|---|------------|------------|----------------|----------------|
|   | 09/30/2014 | 12/31/2013 | 09/30/2014     | 12/31/2013     |
| Assets - Deferred income and social contribution taxes on:              |            |            |                |                |
| Provision for impairment of assets                                      | -          | -          | 43,653         | 32,130         |
| Provisions for tax, civil, and labor risks                              | 14         | 10         | 125,931        | 111,395        |
| Provision for post-employment benefit                                   | -          | -          | 47,648         | 43,753         |
| Provision for differences between cash and accrual basis                | -          | -          | 845            | -              |
| Goodwill  | -          | -          | 30,610         | 57,334         |
| Provision for asset retirement obligation                               | -          | -          | 20,976         | 13,760         |
| Other provisions  | -          | 385        | 107,009        | 72,153         |
| Tax losses and negative basis for social contribution carryforwards (d) | -          | -          | 35,671         | 45,607         |
| <b>Total</b>  | <b>14</b>  | <b>395</b> | <b>412,343</b> | <b>376,132</b> |
| Liabilities - Deferred income and social contribution taxes on:         |            |            |                |                |
| Revaluation of property, plant, and equipment                           | -          | -          | 3,039          | 3,130          |
| Lease   | -          | -          | 5,102          | 5,640          |
| Provision for differences between cash and accrual basis                | -          | -          | 52,886         | 61,864         |
| Provision for goodwill/negative goodwill                                | -          | -          | 10,866         | 6,709          |
| Temporary differences of foreign subsidiaries                           | -          | -          | 6,665          | 4,088          |
| Provision for post-employment benefit                                   | -          | -          | 5,911          | 5,911          |
| Other provisions  | 470        | -          | 13,953         | 14,157         |
| <b>Total</b>  | <b>470</b> | <b>-</b>   | <b>98,422</b>  | <b>101,499</b> |



Ultrapar Participações S.A. and Subsidiaries

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

|  | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Initial balance  | 274,633    | 384,407    |
| Deferred IRPJ and CSLL recognized in income of the period  | (1,163)    | (41,427)   |
| Initial balance of Extrafarma (January 31, 2014)           | 41,384     | -          |
| Deferred IRPJ and CSLL recognized in business combinations | -          | (8,365)    |
| Other  | (933)      | (1,187)    |
| Final balance  | 313,921    | 333,428    |

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

|                    | Parent | Consolidated |
|--------------------|--------|--------------|
| Up to 1 year       | -      | 146,103      |
| From 1 to 2 years  | -      | 80,936       |
| From 2 to 3 years  | 14     | 31,013       |
| From 3 to 5 years  | -      | 38,332       |
| From 5 to 7 years  | -      | 77,017       |
| From 7 to 10 years | -      | 38,942       |
|                    | 14     | 412,343      |



## Ultrapar Participações S.A. and Subsidiaries

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## b. Reconciliation of Income and Social Contribution Taxes

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

|   | Parent     |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2014 | 09/30/2013 | 09/30/2014   | 09/30/2013 |
| Income before taxes and share of profit of subsidiaries, joint ventures, and associates | 8,846      | 18,872     | 1,280,937    | 1,266,530  |
| Statutory tax rates - %   | 34         | 34         | 34           | 34         |
| Income and social contribution taxes at the statutory tax rates                         | (3,008)    | (6,416)    | (435,519)    | (430,620)  |
| Adjustments to the statutory income and social contribution taxes:                      |            |            |              |            |
| Nondeductible expenses (i)  | (340)      | (340)      | (23,346)     | (21,880)   |
| Nontaxable revenues (ii)  | -          | 95         | 1,948        | 2,498      |
| Adjustment to estimated income (iii)  | -          | -          | 10,733       | 4,573      |
| Interest on equity (iv)   | -          | (59,617)   | -            | (218)      |
| Other adjustments   | 21         | 18         | 8,089        | 203        |
| Income and social contribution taxes before tax incentives                              | (3,327)    | (66,260)   | (438,095)    | (445,444)  |
| Tax incentives - SUDENE   | -          | -          | 47,441       | 40,738     |
| Income and social contribution taxes in the income statement                            | (3,327)    | (66,260)   | (390,654)    | (404,706)  |
| Current   | (2,476)    | (66,226)   | (436,932)    | (404,017)  |
| Deferred  | (851)      | (34)       | (1,163)      | (41,427)   |
| Tax incentives - SUDENE   | -          | -          | 47,441       | 40,738     |
| Effective IRPJ and CSLL rates - %   |            |            | 30.5         | 32.0       |

(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 foreseen in Brazilian corporate law to distribute 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.

## Ultrapar Participações S.A. and Subsidiaries

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## 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 -<br>% | 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       |

(1) In 2014, 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 for the second quarter of 2014, retroactive to January 2013 in the amount of R\$ 4,356.

## d. Income and Social Contribution Taxes Carryforwards

As of September 30, 2014, the Company and certain subsidiaries have loss carryforwards (income tax) amounting to R\$ 113,316 (R\$ 142,952 as of December 31, 2013) and negative basis of CSLL of R\$ 81,581 (R\$ 109,652 as of December 31, 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\$ 35,671 as of September 30, 2014 (R\$ 45,607 as of December 31, 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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10. Prepaid Expenses (Consolidated)

|  | 09/30/2014 | 12/31/2013 |
|--|------------|------------|
| Rents  | 91,945     | 92,375     |
| Deferred Stock Plan, net (see Note 8.c)      | 30,368     | 23,408     |
| Advertising and publicity                    | 12,579     | 25,864     |
| Software maintenance                         | 9,709      | 3,900      |
| Insurance premiums                           | 8,320      | 10,319     |
| Purchases of meal and transportation tickets | 1,575      | 1,541      |
| Taxes and other prepaid expenses             | 3,061      | 5,575      |
|  | 157,557    | 162,982    |
| Current                                      | 57,926     | 65,177     |
| Non-current                                  | 99,631     | 97,805     |

Ultrapar Participações S.A. and Subsidiaries

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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:

|  | 09/30/2014  |  |  |   | Joint-venture |
|--|---|--|--|---|---------------|
|  | Ultracargo -<br>Operações<br>Logísticas e<br>Participações<br>Ltda. | Oxiteno<br>S.A.<br>Indústria e<br>Comércio | Ipiranga<br>Produtos de<br>Petróleo S.A. | Imifarma<br>Produtos<br>Farmacêuticos<br>e Cosméticos<br>S.A. |               |
| Number of shares or<br>units held      | 11,839,764  | 35,102,127                                 | 224,467,228,244                          | 302,240,000   | 5,078,888     |
| Assets                                 | 1,146,587   | 3,499,490                                  | 9,986,633                                | 487,198   | 208,151       |
| Liabilities                            | 3,972   | 440,611                                    | 8,002,700                                | 293,157   | 142,023       |
| Shareholders' equity                   | 1,142,615   | 3,058,920<br>(* )                          | 1,983,933                                | 194,041   | 66,128        |
| Net revenue from sales<br>and services | -   | 752,507                                    | 43,300,101                               | 782,841   | 145,254       |
| Net income (loss) for<br>the period    | 77,656  | 184,939 (* )                               | 600,468                                  | 4,381   | (2,391)       |
| % of capital held                      | 100   | 100  | 100                                      | 100   | 33            |

(\* ) adjusted for intercompany unrealized profits  
The percentages in the table above are rounded.

12/31/2013

|   | Subsidiaries                            |  | Joint-venture                                    |
|---|---|--|--|
| Ultracargo -<br>Operações<br>Logísticas e<br>Participações<br>Ltda. | Oxiteno S.A.<br>Indústria e<br>Comércio | Ipiranga<br>Produtos de<br>Petróleo S.A. | Refinaria<br>de Petróleo<br>Riograndense<br>S.A. |

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|                                |            |              |                 |           |
|--------------------------------|------------|--------------|-----------------|-----------|
| 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    |

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|                                     |        |             |            |         |
|-------------------------------------|--------|-------------|------------|---------|
| Net revenue from sales and services | -      | 700,513     | 39,031,537 | 146,998 |
| Net income for the period           | 57,896 | 160,450 (*) | 679,090    | 9,766   |
| % 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

Notes to the Individual and Consolidated  
Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

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

|   | Investments in subsidiaries   |  |  |   | Total     | Joint-venture                                    |           |
|---|---|--|--|---|-----------|--|-----------|
|   | Ultracargo -<br>Operações<br>Logísticas e<br>Participações<br>Ltda. | Oxitenó<br>S.A. -<br>Indústria e<br>Comércio | Ipiranga<br>Produtos<br>de<br>Petróleo<br>S.A. | Imifarma<br>Produtos<br>Farmacêuticos<br>e Cosméticos<br>S.A. |           | Refinaria de<br>Petróleo<br>Riograndense<br>S.A. | Total     |
| Balance as of<br>December 31,<br>2013                             | 1,064,959   | 2,892,330                                    | 2,154,904                                      | -   | 6,112,193 | 22,751   | 6,134,944 |
| Share of profit<br>of subsidiaries<br>and joint<br>venture        | 77,656  | 184,939                                      | 600,468  | 4,381   | 867,444   | (794)  | 866,650   |
| Dividends and<br>interest on<br>equity (gross)                    | -   | -  | (771,416)                                      | -   | (771,416) | -  | (771,416) |
| Capital increase<br>in cash                                       | -   | -  | -  | 236,100   | 236,100   | -  | 236,100   |
| Acquisition of<br>shares  | -   | -  | -  | (46,440)  | (46,440)  | -  | (46,440)  |
| Goodwill  | -   | -  | -  | 795,729   | 795,729   | -  | 795,729   |
| Tax liabilities<br>on equity-<br>method<br>revaluation<br>reserve | -   | -  | (31)   | -   | (31)      | -  | (31)      |
| Valuation<br>adjustment of<br>subsidiaries                        | -   | 2  | 8  | -   | 10        | -  | 10        |
| Translation<br>adjustments of<br>foreign-based<br>subsidiaries    | -   | (18,351)                                     | -  | -   | (18,351)  | -  | (18,351)  |
| Balance as of<br>September 30,<br>2014                            | 1,142,615   | 3,058,920                                    | 1,983,933                                      | 989,770   | 7,175,238 | 21,957   | 7,197,195 |

|                             |               |       |
|-----------------------------|---------------|-------|
| Investments in subsidiaries | Joint-venture | Total |
| Ipiranga                    |               |       |



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|  | Ultracargo -<br>Operações<br>Logísticas e<br>Participações<br>Ltda. | Oxiteno S.A.<br>- Indústria e<br>Comércio | Produtos de<br>Petróleo S.A. | Total     | Refinaria<br>de Petróleo<br>Riograndense<br>S.A. |           |
|--|---|---|------------------------------|-----------|--|-----------|
| Balance as of<br>December 31, 2012                             | 988,511   | 2,349,275                                 | 2,435,502                    | 5,773,288 | 19,759   | 5,793,047 |
| Share of profit of<br>subsidiaries and joint<br>venture        | 57,896  | 160,450                                   | 679,090                      | 897,436   | 2,282  | 899,718   |
| Dividends and interest<br>on equity (gross)                    | -   | -   | (315,436)                    | (315,436) | (1,612)  | (317,048) |
| Capital decrease   | -   | -   | (700,000)                    | (700,000) | -  | (700,000) |
| Tax liabilities on<br>equity- method<br>revaluation reserve    | -   | -   | (149)                        | (149)     | -  | (149)     |
| Valuation adjustment<br>of subsidiaries                        | -   | (10)                                      | (3)                          | (13)      | -  | (13)      |
| Translation<br>adjustments of<br>foreign-based<br>subsidiaries | -   | 992                                       | -                            | 992       | -  | 992       |
| Balance as of<br>September 30, 2013                            | 1,046,407   | 2,510,707                                 | 2,099,004                    | 5,656,118 | 20,429   | 5,676,547 |

## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

## b. Joint Ventures (Consolidated)

The Company holds an interest in RPR, which is primarily engaged in oil refining.

The subsidiary Ultracargo Participações holds an interest in União Vopak, which is primarily engaged in liquid bulk storage in the port of Paranaguá.

The subsidiary Ipiranga Produtos de Petróleo S.A. (“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, Paraná, Rio de Janeiro, Pernambuco, Bahia, Minas Gerais, Espírito Santo and Distrito Federal.

These investments are accounted for under the equity method of accounting based on their information as of September 30, 2014.

Balances and changes in joint ventures are as follows:

|  | União Vopak | Movements in investments |           | Total    |
|--|-------------|--------------------------|-----------|----------|
|  |             | RPR                      | ConectCar |          |
| Balance as of December 31, 2013          | 5,916       | 22,751                   | 15,719    | 44,386   |
| Capital increase                         | -           | -                        | 19,000    | 19,000   |
| Share of profit (loss) of joint ventures | 478         | (794)                    | (11,926)  | (12,242) |
| Dividends received                       | (1,136)     | -                        | -         | (1,136)  |
| Balance as of September 30, 2014         | 5,258       | 21,957                   | 22,793    | 50,008   |

|  | União Vopak | Movements in investments |           | Total   |
|--|-------------|--------------------------|-----------|---------|
|  |             | RPR                      | ConectCar |         |
| Balance as of December 31, 2012          | 5,714       | 19,759                   | 2,736     | 28,209  |
| Capital increase                         | -           | -                        | 17,580    | 17,580  |
| Share of profit (loss) of joint ventures | 969         | 2,282 (*)                | (7,650)   | (4,399) |
| Dividends received                       | -           | (1,612)                  | -         | (1,612) |
| Balance as of September 30, 2013         | 6,683       | 20,429                   | 12,666    | 39,778  |

\*Includes adjustments related to the conclusion of the audit of 2012.



Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

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

|   | 09/30/2014  |           |            |
|---|-------------|-----------|------------|
|   | União Vopak | RPR       | ConectCar  |
| Current assets  | 3,522       | 99,218    | 23,374     |
| Non-current assets  | 8,160       | 108,933   | 42,234     |
| Current liabilities   | 1,168       | 50,518    | 20,023     |
| Non-current liabilities                                       | -           | 91,505    | -          |
| Shareholders' equity  | 10,514      | 66,128    | 45,585     |
| Net revenue from sales and services                           | 8,942       | 145,254   | 5,493      |
| Costs and operating expenses                                  | (7,618)     | (145,901) | (41,593)   |
| Net financial income and income and social contribution taxes | (368)       | (1,744)   | 12,248     |
| Net income (loss)   | 956         | (2,391)   | (23,852)   |
| 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.

|                                | 12/31/2013  |           |            |
|--------------------------------|-------------|-----------|------------|
|                                | 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     |
| Number of shares or units held | 29,995      | 5,078,888 | 50,000,000 |
| % of capital held              | 50          | 33        | 50         |

|   | 09/30/2013  |           |            |
|---|-------------|-----------|------------|
|   | União Vopak | RPR       | ConectCar  |
| Net revenue from sales and services                           | 9,321       | 146,998   | 2,762      |
| Costs and operating expenses                                  | (6,556)     | (131,455) | (25,906)   |
| Net financial income and income and social contribution taxes | (826)       | (5,777)   | 7,844      |
| Net income (loss)   | 1,939       | 9,766     | (15,300)   |
| Number of shares or units held                                | 29,995      | 5,078,888 | 25,000,000 |

|                   |    |    |    |
|-------------------|----|----|----|
| % of capital held | 50 | 33 | 50 |
|-------------------|----|----|----|

The percentages in the table above are rounded.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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(In thousands of Brazilian Reais, unless otherwise stated)

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. 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 interim financial information as of August 31, 2014, while the other associates are valued based on the interim financial information as of September 30, 2014.

Balances and changes in associates are as follows:

|                                  | Transportadora<br>Sulbrasileira<br>de<br>Gás S.A. | Oxicap<br>Indústria de<br>Gases Ltda. | Química da<br>Bahia<br>Indústria e<br>Comércio<br>S.A. | Total  |
|----------------------------------|---|---------------------------------------|--|--------|
| Balance as of December 31, 2013  | 5,962   | 2,144                                 | 3,635  | 11,741 |
| Share of profit of associates    | 809   | 570                                   | 43   | 1,422  |
| Dividends received               | (725)   | -                                     | -  | (725)  |
| Balance as of September 30, 2014 | 6,046   | 2,714                                 | 3,678  | 12,438 |

|  | Transportadora | Oxicap | Química da Bahia | Total |
|--|----------------|--------|------------------|-------|
|--|----------------|--------|------------------|-------|

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|                                  | Sulbrasileira<br>de Gás S.A. | Indústria<br>de Gases<br>Ltda. | Indústria<br>e<br>Comércio<br>S.A. |         |
|----------------------------------|------------------------------|--------------------------------|------------------------------------|---------|
| Balance as of December 31, 2012  | 7,014                        | 2,020                          | 3,636                              | 12,670  |
| Capital reduction                | (1,500)                      | -                              | -                                  | (1,500) |
| Share of profit of associates    | 598                          | (20)                           | -                                  | 578     |
| Dividends received               | (316)                        | -                              | -                                  | (316)   |
| Balance as of September 30, 2013 | 5,796                        | 2,000                          | 3,636                              | 11,432  |

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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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<br>Sulbrasileira<br>de<br>Gás S.A. | Oxicap<br>Indústria<br>de Gases<br>Ltda. | 09/30/2014<br>Química<br>da Bahia<br>Indústria<br>e<br>Comércio<br>S.A. | Metalúrgica<br>Plus S.A. | Plenogás<br>Distribuidora<br>de Gás S.A. |
|---|---|--|---|--------------------------|--|
| Current assets  | 5,578   | 15,369                                   | 117   | 2,457                    | 206                                      |
| Non-current assets  | 19,660  | 77,668                                   | 10,348  | 182                      | 2,829                                    |
| Current liabilities   | 721   | 7,855                                    | -   | 417                      | 83                                       |
| Non-current liabilities   | 332   | 74,329                                   | 3,109   | 1,708                    | 3,171                                    |
| Shareholders' equity  | 24,185  | 10,853                                   | 7,356   | 514                      | (219)                                    |
| Net revenue from sales and<br>services                              | 6,745   | 25,150                                   | -   | -                        | -  |
| Costs, operating expenses,<br>and income                            | (3,422)   | (21,726)                                 | (30)  | 388                      | 379                                      |
| Net financial income and<br>income and social<br>contribution taxes | (86)  | (1,146)                                  | 116   | 965                      | (6)                                      |
| Net income for the period   | 3,237   | 2,278                                    | 86  | 1,353                    | 373                                      |
| Number of shares or units<br>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.

|                     | Transportadora<br>Sulbrasileira<br>de<br>Gás S.A. | Oxicap<br>Indústria<br>de<br>Gases<br>Ltda. | 12/31/2013<br>Química<br>da Bahia<br>Indústria<br>e<br>Comércio<br>S.A. | Metalúrgica<br>Plus S.A. | Plenogás<br>Distribuidora<br>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                                       |



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|                         |        |        |       |       |       |
|-------------------------|--------|--------|-------|-------|-------|
| Non-current liabilities | 332    | 73,681 | 2,901 | 1,708 | 3,459 |
| Shareholders' equity    | 23,850 | 8,574  | 7,269 | (839) | (592) |

## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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(In thousands of Brazilian Reais, unless otherwise stated)

|   | Transportadora<br>Sulbrasileira<br>de<br>Gás S.A. | Oxicap<br>Indústria<br>de Gases<br>Ltda. | 09/30/2013<br>Química<br>da Bahia<br>Indústria<br>e<br>Comércio<br>S.A. | Metalúrgica<br>Plus S.A. | Plenogás<br>Distribuidora<br>de Gás S.A. |
|---|---|--|---|--------------------------|--|
| Net revenue from sales and services                           | 5,388   | 23,380                                   | -   | -                        | -  |
| Costs, operating expenses, and income                         | (3,094)   | (23,460)                                 | (27)  | (111)                    | 223                                      |
| Net financial income and income and social contribution taxes | 94  | (1)                                      | 29  | (4)                      | 17                                       |
| Net income (loss) for the period                              | 2,388   | (81)                                     | 2   | (115)                    | 240                                      |
| 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

Notes to the Individual and Consolidated  
Interim Financial Information

(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<br>average<br>useful<br>life | Balance in<br>12/31/2013 | Additions | Depreciation | Transfer  | Write-offs<br>and<br>disposals | Extrafarma<br>acquisiton<br>(1) | Effect of<br>foreign<br>currency<br>exchange<br>rate<br>variation | Balance in<br>09/30/2014 |
|---|---------------------------------------|--------------------------|-----------|--------------|-----------|--------------------------------|---------------------------------|---|--------------------------|
| Cost:   |                                       |                          |           |              |           |                                |                                 |   |                          |
| Land  | -                                     | 458,619                  | 4,921     | -            | 73        | (5,192)                        | -                               | (200)   | 458,221                  |
| Buildings   | 30                                    | 1,219,746                | 3,969     | -            | 37,412    | (5,311)                        | -                               | (5,000)   | 1,250,816                |
| Leasehold<br>improvements   | 11                                    | 549,841                  | 6,787     | -            | 32,542    | (1,357)                        | 23,059                          | (3)   | 610,869                  |
| Machinery and<br>equipment  | 13                                    | 3,745,901                | 62,155    | -            | 32,164    | (2,987)                        | 6,366                           | (55,699)  | 3,787,900                |
| Automotive<br>fuel/lubricant<br>distribution<br>equipment and<br>facilities | 14                                    | 1,939,720                | 59,625    | -            | 67,632    | (14,097)                       | -                               | -   | 2,052,880                |
| LPG tanks and<br>bottles  | 12                                    | 460,596                  | 75,545    | -            | -         | (41,451)                       | -                               | -   | 494,690                  |
| Vehicles  | 8                                     | 213,635                  | 19,019    | -            | 13,102    | (14,707)                       | 5,695                           | (273)   | 236,471                  |
| Furniture and<br>utensils   | 9                                     | 126,758                  | 6,631     | -            | 1,170     | (227)                          | 14,926                          | (1,598)   | 147,660                  |
| Construction in<br>progress   | -                                     | 302,076                  | 214,426   | -            | (172,832) | (294)                          | 6,751                           | 8,460   | 358,587                  |
| Advances to<br>suppliers  | -                                     | 27,558                   | 5,419     | -            | (13,778)  | (2,250)                        | -                               | -   | 16,949                   |
| Imports in<br>progress  | -                                     | 130                      | 1,606     | -            | (1,589)   | -                              | -                               | (33)  | 114                      |
| IT equipment  | 5                                     | 206,286                  | 12,438    | -            | 785       | (1,035)                        | 8,680                           | (211)   | 226,943                  |
|   |                                       | 9,250,866                | 472,541   | -            | (3,319)   | (88,908)                       | 65,477                          | (54,557)  | 9,642,100                |
| Accumulated<br>depreciation:  |                                       |                          |           |              |           |                                |                                 |   |                          |
| Buildings   |                                       | (533,776)                | -         | (27,896)     | (44)      | 2,716                          | -                               | 5,208   | (553,792)                |
|   |                                       | (269,598)                | -         | (29,669)     | (263)     | 911                            | (4,602)                         | 3   | (303,218)                |

|   |             |         |           |         |          |          |        |             |
|---|-------------|---------|-----------|---------|----------|----------|--------|-------------|
| Leasehold improvements  |             |         |           |         |          |          |        |             |
| Machinery and equipment   | (1,939,238) | -       | (169,478) | 315     | 2,220    | (1,756)  | 50,911 | (2,057,026) |
| Automotive fuel/lubricant distribution equipment and facilities | (1,066,425) | -       | (85,754)  | 1       | 11,731   | -        | -      | (1,140,447) |
| LPG tanks and bottles   | (221,321)   | -       | (21,829)  | (1)     | 16,086   | -        | -      | (227,065)   |
| Vehicles  | (87,860)    | -       | (9,056)   | (1)     | 10,529   | (2,954)  | 245    | (89,097)    |
| Furniture and utensils  | (93,246)    | -       | (7,069)   | (4)     | 155      | (3,624)  | 1,583  | (102,205)   |
| IT equipment  | (173,942)   | -       | (9,687)   | (34)    | 986      | (3,994)  | 25     | (186,646)   |
|   | (4,385,406) | -       | (360,438) | (31)    | 45,334   | (16,930) | 57,975 | (4,659,496) |
| Provision for losses:   |             |         |           |         |          |          |        |             |
| Land  | (197)       | -       | -         | -       | -        | -        | -      | (197)       |
| Machinery and equipment   | (5,027)     | -       | -         | -       | 412      | -        | -      | (4,615)     |
| IT equipment  | (6)         | -       | -         | -       | -        | -        | -      | (6)         |
| Furniture and utensils  | (5)         | -       | -         | -       | 2        | -        | -      | (3)         |
|   | (5,235)     | -       | -         | -       | 414      | -        | -      | (4,821)     |
| Net amount  | 4,860,225   | 472,541 | (360,438) | (3,350) | (43,160) | 48,547   | 3,418  | 4,977,783   |

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

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 Individual and Consolidated  
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(In thousands of Brazilian Reais, unless otherwise stated)

## 13. Intangible Assets (Consolidated)

Balances and changes in intangible assets are as follows:

|                                 | Weighted<br>average<br>useful<br>life<br>(years) | Balance in<br>12/31/2013 | Additions | Amortization | Transfer | Write-offs<br>and<br>disposals | Extrafarma<br>Aquisition<br>(1) | Effect of<br>foreign<br>currency<br>exchange<br>rate<br>variation | Balance in<br>09/30/2014 |
|---------------------------------|--|--------------------------|-----------|--------------|----------|--------------------------------|---------------------------------|---|--------------------------|
| Cost:                           |  |                          |           |              |          |                                |                                 |   |                          |
| Goodwill (i)                    | -  | 896,609                  | -         | -            | -        | -                              | 795,729                         | -   | 1,692,338                |
| Software (ii)                   | 5  | 353,637                  | 47,624    | -            | 15,658   | (191)                          | 7,817                           | 438   | 424,983                  |
| Technology (iii)                | 5  | 32,436                   | 181       | -            | -        | -                              | -                               | -   | 32,617                   |
| Commercial property rights (iv) | 12   | 16,334                   | 1,424     | -            | -        | -                              | 11,904                          | -   | 29,662                   |
| Distribution rights (v)         | 5  | 2,213,573                | 289,383   | -            | (190)    | -                              | -                               | -   | 2,502,766                |
| Others (vi)                     | 9  | 45,523                   | 279       | -            | (8,044)  | -                              | -                               | (1,093)   | 36,665                   |
|                                 |  | 3,558,112                | 338,891   | -            | 7,424    | (191)                          | 815,450                         | (655)   | 4,719,031                |
| Accumulated amortization:       |  |                          |           |              |          |                                |                                 |   |                          |
| Goodwill                        |  | (101,983)                | -         | -            | -        | -                              | -                               | -   | (101,983)                |
| Software                        |  | (261,693)                | -         | (26,415)     | (5,531)  | 189                            | (1,417)                         | 628   | (294,239)                |
| Technology                      |  | (27,690)                 | -         | (1,336)      | -        | -                              | -                               | -   | (29,026)                 |
| Commercial property rights      |  | (5,515)                  | -         | (2,090)      | 8        | -                              | (6,296)                         | -   | (13,893)                 |
| Distribution rights             |  | (992,022)                | -         | (269,499)    | (3,965)  | -                              | -                               | -   | (1,265,486)              |
| Others                          |  | (454)                    | -         | (648)        | (640)    | -                              | -                               | 1,273   | (469)                    |
|                                 |  | (1,389,357)              | -         | (299,988)    | (10,128) | 189                            | (7,713)                         | 1,901   | (1,705,096)              |
| Net amount                      |  | 2,168,755                | 338,891   | (299,988)    | (2,704)  | (2)                            | 807,737                         | 1,246   | 3,013,935                |

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

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 analysis purposes.

The Company has the following balances of goodwill:

|                                 | Segment    | 09/30/2014 | 12/31/2013 |
|---------------------------------|------------|------------|------------|
| Goodwill on the acquisition of: |            |            |            |
| Extrafarma (*)                  | Extrafarma | 795,729    | -          |
| Ipiranga                        | Ipiranga   | 276,724    | 276,724    |
| União Terminais                 | Ultracargo | 211,089    | 211,089    |
| Texaco                          | Ipiranga   | 177,759    | 177,759    |
| Oxiteno Uruguay                 | Oxiteno    | 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      |
|                                 |            | 1,590,355  | 794,626    |

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

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On December 31, 2013, 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, 2013, the discount and real growth rates used to extrapolate the projections ranged from 11.3% to 24.9% and 0% to 5.0% 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, 2013.

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 Oxiteno S.A., Oxiteno 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.

iv) Commercial property rights include those described below:

- On July 11, 2002, subsidiary Tequimar executed 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 over the period from August 2002 to July 2042.
- In addition, 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 over the period 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) Others are represented substantially by the acquisition cost of the 'am/pm' brand in Brazil.

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

|  | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Inventories and cost of products and services sold | 6,427      | 9,528      |
| Selling and marketing                              | 266,565    | 218,779    |
| General and administrative                         | 26,996     | 22,854     |
|  | 299,988    | 251,161    |



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## 14 Loans, Debentures, and Finance Leases (Consolidated)

## a. Composition

| Description  | 09/30/2014 | 12/31/2013 | Index/Currency   | Weighted<br>average<br>financial<br>charges<br>09/30/2014 -<br>% p.a. | Maturity        |
|--|------------|------------|------------------|---|-----------------|
| Foreign currency – denominated loans:              |            |            |                  |   |                 |
| Notes in the foreign market (b)                    | 623,580    | 584,521    | US\$             | +7.3  | 2015            |
| Foreign loan (c.1 and c.3) (*)                     | 562,286    | 187,340    | US\$ + LIBOR (i) | +0.6  | 2015 to<br>2017 |
| Advances on foreign exchange contracts             | 156,238    | 136,753    | US\$             | +1.2  | < 358 days      |
| Foreign loan (c.2)                                 | 146,167    | 140,341    | US\$ + LIBOR (i) | +1.0  | 2017            |
| Financial institutions (e)                         | 106,558    | 95,792     | US\$             | +2.1  | 2014 to<br>2017 |
| Financial institutions (e)                         | 49,269     | 46,740     | US\$ + LIBOR (i) | +2.0  | 2017            |
| BNDES (d)  | 35,261     | 46,623     | US\$             | +6.1  | 2014 to<br>2020 |
| Financial institutions (e)                         | 32,677     | 31,241     | MX\$ + TIE (ii)  | +1.0  | 2015 to<br>2016 |
| Foreign currency advances delivered                | 5,026      | 25,511     | US\$             | +0.7  | < 88 days       |
| Subtotal   | 1,717,062  | 1,294,862  |                  |   |                 |
| Brazilian Reais – denominated loans:               |            |            |                  |   |                 |
| Banco do Brasil – floating rate (f)                | 2,792,030  | 2,402,553  | CDI              | 104.6   | 2015 to<br>2019 |
| Debentures - 1st public issuance IPP (g.2 and g.3) | 1,450,143  | 606,929    | CDI              | 107.9   | 2017 to<br>2018 |
| Debentures - 4th issuance (g.1)                    | 847,893    | 852,483    | CDI              | 108.3   | 2015            |
| BNDES (d)  | 561,495    | 633,829    | TJLP (iii)       | +2.6  | 2014 to<br>2020 |
| Banco do Brasil – fixed rate (f) (*)               | 491,275    | 905,947    | R\$              | +12.1   | 2015            |
| Banco do Nordeste do Brasil                        | 89,789     | 104,072    | R\$              | +8.5 (v)  |                 |

|   |           |           |            |       |                 |
|---|-----------|-----------|------------|-------|-----------------|
|   |           |           |            |       | 2018 to<br>2021 |
| FINEP   | 59,750    | 38,845    | R\$        | +4.0  | 2019 to<br>2021 |
| BNDES (d)   | 56,371    | 47,428    | R\$        | +4.6  | 2015 to<br>2022 |
| Finance leases (j)                                      | 46,315    | 44,338    | IGP-M (iv) | +5.6  | 2031            |
| Working capital loans Extrafarma –<br>floating rate (i) | 28,164    | -         | CDI        | +2.5  | 2014 to<br>2017 |
| Export Credit Note (h) (*)                              | 25,699    | 24,994    | R\$        | +8.0  | 2016            |
| FINEP   | 8,214     | 6,718     | TJLP (iii) | -1.2  | 2023            |
| Working capital loans Extrafarma –<br>fixed rate (i)    | 4,278     | -         | R\$        | +10.9 | 2014 to<br>2016 |
| Fixed finance leases (j)                                | 951       | 53        | R\$        | +15.6 | 2014 to<br>2017 |
| FINAME  | 543       | -         | TJLP       | +5.6% | 2016 to<br>2022 |
| Floating finance leases (j)                             | 508       | -         | CDI        | +2.8% | 2017            |
| Subtotal  | 6,463,418 | 5,668,189 |            |       |                 |
| Currency and interest rate hedging<br>instruments       | 12,256    | 6,575     |            |       |                 |
| Total   | 8,192,736 | 6,969,626 |            |       |                 |
| Current   | 2,570,388 | 1,829,989 |            |       |                 |
| Non-current   | 5,622,348 | 5,139,637 |            |       |                 |

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

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- (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 September 30, 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 September 30, 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:

|                   | 09/30/2014 | 12/31/2013 |
|-------------------|------------|------------|
| From 1 to 2 years | 1,327,272  | 2,831,799  |
| From 2 to 3 years | 1,724,983  | 493,356    |
| From 3 to 4 years | 715,349    | 797,605    |
| From 4 to 5 years | 1,779,375  | 68,640     |
| More than 5 years | 75,369     | 948,237    |
|                   | 5,622,348  | 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 Oxiteno 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.

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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 contracted a foreign loan 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.

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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.

## 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 (include interest until September 30, 2014):

| Maturity | 09/30/2014 |
|----------|------------|
| Feb/15   | 412,293    |
| May/15   | 733,063    |
| Feb/16   | 166,667    |
| May/16   | 100,000    |
| Jan/17   | 977,355    |
| May/19   | 893,927    |
| Total    | 3,283,305  |

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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             |





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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.

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, with maturities substantially in 2014 and containing fixed and floating rates.

## j. Finance Leases

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

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 the second quarter of 2014, the term of the contracts ended and Serma exercised its option to purchase the equipment.

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

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

|   | 09/30/2014 |           |          |           |        |
|---|------------|-----------|----------|-----------|--------|
|   | LPG        | IT        | Vehicles | Furniture | Total  |
|   | bottling   | equipment |          | and       |        |
|   | facilities |           |          | utensils  |        |
| Equipment and intangible assets,<br>net of depreciation and<br>amortization | 25,945     | 1,070     | 1,705    | 753       | 29,473 |

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|                           |        |       |     |     |        |
|---------------------------|--------|-------|-----|-----|--------|
| Financing (present value) | 46,315 | 1,032 | 225 | 202 | 47,774 |
| Current                   | 1,926  | 610   | 195 | 202 | 2,933  |
| Non-current               | 44,389 | 422   | 30  | -   | 44,841 |

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|   | 12/31/2013                 |              |        |
|---|----------------------------|--------------|--------|
|   | LPG bottling<br>facilities | 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:

|                   | 09/30/2014                    |                 |          |                              |        |
|-------------------|-------------------------------|-----------------|----------|------------------------------|--------|
|                   | LPG<br>bottling<br>facilities | IT<br>equipment | Vehicles | Furniture<br>and<br>utensils | Total  |
| Up to 1 year      | 4,238                         | 675             | 211      | 208                          | 5,332  |
| From 1 to 2 years | 4,238                         | 297             | 32       | -                            | 4,567  |
| From 2 to 3 years | 4,238                         | 219             | -        | -                            | 4,457  |
| From 3 to 4 years | 4,238                         | 11              | -        | -                            | 4,249  |
| From 4 to 5 years | 4,238                         | -               | -        | -                            | 4,238  |
| More than 5 years | 49,085                        | -               | -        | -                            | 49,085 |
| Total             | 70,275                        | 1,202           | 243      | 208                          | 71,928 |

|                   | 12/31/2013                    |                 |        |
|-------------------|-------------------------------|-----------------|--------|
|                   | LPG<br>bottling<br>facilities | IT<br>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.

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## 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<br>rate of<br>transaction<br>costs (%<br>p.a.) | Balance as<br>of<br>December<br>31, 2013 | Incurred<br>cost | Amortization | Balance as<br>of<br>September<br>30,<br>2014 |
|---------------------------------|--|--|------------------|--------------|--|
| Banco do Brasil (f)             | 0.4  | 19,797                                   | -                | (4,305)      | 15,492                                       |
| Debentures (g)                  | 0.3  | 4,730                                    | 1,422            | (2,925)      | 3,227  |
| Notes in the foreign market (b) | 0.2  | 2,309                                    | -                | (799)        | 1,510  |
| Other                           | 0.3  | 916                                      | 3,140            | (503)        | 3,553  |
| Total                           |  | 27,752                                   | 4,562            | (8,532)      | 23,782                                       |

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

|                                 | Up to 1<br>year | 1 to 2<br>years | 2 to 3<br>years | 3 to 4<br>years | 4 to 5<br>years | More<br>than 5<br>years | Total  |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------|--------|
| Banco do Brasil (f)             | 3,502           | 2,575           | 3,078           | 3,668           | 2,669           | -                       | 15,492 |
| Debentures (g)                  | 2,099           | 329             | 362             | 346             | 91              | -                       | 3,227  |
| Notes in the foreign market (b) | 1,208           | 302             | -               | -               | -               | -                       | 1,510  |
| Other                           | 1,416           | 1,273           | 856             | 8               | -               | -                       | 3,553  |
| Total                           | 8,225           | 4,479           | 4,296           | 4,022           | 2,760           | -                       | 23,782 |

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(In thousands of Brazilian Reais, unless otherwise stated)

## 1. Guarantees

The financings are guaranteed by collateral in the amount of R\$ 77,602 as of September 30, 2014 (R\$ 40,675 as of December 31, 2013) and by guarantees and promissory notes in the amount of R\$ 3,730,946 as of September 30, 2014 (R\$ 2,528,511 as of December 31, 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\$ 167,722 as of September 30, 2014 (R\$ 155,221 as of December 31, 2013).

Some subsidiaries issued 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\$ 17,104 as of September 30, 2014 (R\$ 14,315 as of December 31, 2013), with maturities of less than 213 days. As of September 30, 2014, the Company and its subsidiaries did not have losses in connection with these collaterals. The fair value of collaterals recognized in current liabilities as other payables is R\$ 414 as of September 30, 2014 (R\$ 350 as of December 31, 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. As of September 30, 2014, there was no event of default of the debts of the Company and its subsidiaries.

## 15 Trade Payables (Consolidated)

|                    | 09/30/2014 | 12/31/2013 |
|--------------------|------------|------------|
| Domestic suppliers | 903,595    | 907,138    |
| Foreign suppliers  | 71,986     | 61,812     |
|                    | 975,581    | 968,950    |

The Company and its subsidiaries acquire oil based fuels and LPG from Petróleo Brasileiro S.A. - Petrobras and its subsidiaries and ethylene from Braskem S.A. and Braskem Qpar S.A. These suppliers control almost all of the markets for these products in Brazil. The Company and its 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 Individual and Consolidated  
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## 16 Salaries and Related Charges (Consolidated)

|                                   | 09/30/2014 | 12/31/2013 |
|-----------------------------------|------------|------------|
| Provisions on payroll             | 166,656    | 111,831    |
| Profit sharing, bonus and premium | 79,742     | 142,120    |
| Social charges                    | 29,332     | 31,059     |
| Salaries and related payments     | 9,844      | 11,000     |
| Benefits                          | 1,542      | 1,303      |
| Others                            | 539        | 341        |
|                                   | 287,655    | 297,654    |

## 17 Taxes Payable (Consolidated)

|  | 09/30/2014 | 12/31/2013 |
|--|------------|------------|
| ICMS   | 104,296    | 75,883     |
| Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno Andina and Oxiteno Uruguay | 11,160     | 11,445     |
| PIS and COFINS   | 7,874      | 9,128      |
| ISS  | 5,469      | 5,656      |
| IPI  | 5,341      | 4,304      |
| National Institute of Social Security (INSS)   | 2,384      | 3,998      |
| Income Tax Withholding (IRRF)  | 1,717      | 1,659      |
| Others   | 3,475      | 4,249      |
|  | 141,716    | 116,322    |

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

This 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).

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

|                              |         |
|------------------------------|---------|
| Balance at December 31, 2013 | 69,661  |
| Additions (new tanks)        | 512     |
| Expense with tanks removed   | (3,080) |
| Accretion expense            | 3,405   |

|                               |        |
|-------------------------------|--------|
|                               |        |
| Balance at September 30, 2014 | 70,498 |
|                               |        |
| Current                       | 4,558  |
| Non-current                   | 65,940 |

## Ultrapar Participações S.A. and Subsidiaries

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## 19 Deferred Revenue (Consolidated)

The Company and its subsidiaries have recognized the following deferred revenue:

|                                   | 09/30/2014 | 12/31/2013 |
|-----------------------------------|------------|------------|
| 'am/pm' franchising upfront fee   | 14,066     | 14,049     |
| Loyalty program "Km de Vantagens" | 8,977      | 12,816     |
| Loyalty program "Club Extra"      | 6,076      | -          |
|                                   | 29,119     | 26,865     |
| Current                           | 20,297     | 17,731     |
| Non-current                       | 8,822      | 9,134      |

## Loyalty Programs

Ipiranga has a loyalty program called Km de Vantagens ([www.kmdevantagens.com.br](http://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](http://www.postoipiranganaweb.com.br)) are considered part of sales revenue.

Extrafarma has a loyalty program called Club Extra ([www.clubextra.com.br](http://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 that 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 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

The franchising upfront fee related to the 'am/pm' convenience store chain received by Ipiranga is deferred and recognized in profit or loss on an accrual basis, based on the substance of the agreements with the franchisees.



Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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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 September 30, 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 September 30, 2014, on BM&FBOVESPA was R\$ 51.81.

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 September 30, 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 September 30, 2014, there were 32,769,297 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. In 2014, there were no stock repurchases.

As of September 30, 2014, 7,738,156 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\$ 20.67 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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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.

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\$ 2,371,533 as of September 30, 2014 and December 31, 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

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

|  | Fair value<br>of financial<br>investment<br>available<br>for sale | Valuation adjustments                             |       | Cumulative<br>translation<br>adjustment |
|--|---|---|-------|---|
|  |   | Actuarial gains of<br>post-employment<br>benefits | Total |   |
| Balance as of December 31, 2013  | 5   | 5,423   | 5,428 | 38,076                                  |
| Translation of foreign subsidiaries, including the<br>exchange rate effect of hedge of investments | -   | -   | -     | (18,351)                                |
| Changes in fair value  | 10  | -   | 10    | -                                       |
| Balance as of September 30, 2014   | 15  | 5,423   | 5,438 | 19,725                                  |

|                                     | Fair value<br>of financial<br>investment<br>available<br>for sale | Valuation adjustments                                 |          | Cumulative<br>translation<br>adjustment |
|-------------------------------------|---|---|----------|---|
|                                     |   | Actuarial losses<br>of<br>post-employment<br>benefits | Total    |   |
| Balance as of December 31, 2012     | 23  | (12,638)  | (12,615) | 12,621                                  |
| Translation of foreign subsidiaries | -   | -   | -        | 992                                     |
| Changes in fair value               | (13)  | -   | (13)     | -                                       |
| Balance as of September 30, 2013    | 10  | (12,638)  | (12,628) | 13,613                                  |

## 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, in the amount of R\$ 389,554 (R\$ 0.71– seventy one cents of Brazilian Real per share), paid as from August 22, 2014.

## Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
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## 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 interim financial information 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:

|  | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Net revenue from sales and services:                               |            |            |
| Ultragaz   | 3,035,665  | 2,975,494  |
| Ipiranga   | 43,341,152 | 39,071,361 |
| Oxiten   | 2,525,639  | 2,442,980  |
| Ultracargo   | 262,953    | 250,481    |
| Extrafarma (1)   | 782,841    | -          |
| Others (2)   | 29,887     | 27,077     |
| Intersegment sales   | (64,110)   | (53,651)   |
| Total  | 49,914,027 | 44,713,742 |
| Intersegment sales:  |            |            |
| Ultragaz   | 1,400      | 988        |
| Ipiranga   | 998        | -          |
| Oxiten   | 1,253      | 151        |
| Ultracargo   | 30,756     | 25,600     |
| Extrafarma (1)   | -          | -          |
| Others (2)   | 29,703     | 26,912     |
| Total  | 64,110     | 53,651     |
| Net revenue from sales and services, excluding intersegment sales: |            |            |
| Ultragaz   | 3,034,265  | 2,974,506  |
| Ipiranga   | 43,340,154 | 39,071,361 |
| Oxiten   | 2,524,386  | 2,442,829  |
| Ultracargo   | 232,197    | 224,881    |

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|                |            |            |
|----------------|------------|------------|
| Extrafarma (1) | 782,841    | -          |
| Others (2)     | 184        | 165        |
| Total          | 49,914,027 | 44,713,742 |

## Ultrapar Participações S.A. and Subsidiaries

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|  | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Operating income:  |            |            |
| Ultragaz   | 121,725    | 117,399    |
| Ipiranga   | 1,185,417  | 1,070,644  |
| Oxiteno  | 201,539    | 234,547    |
| Ultracargo   | 91,646     | 83,803     |
| Extrafarma (1)   | 17,641     | -          |
| Others (2)   | (16,288)   | 3,885      |
| Total  | 1,601,680  | 1,510,278  |
| Financial income   | 263,996    | 166,644    |
| Financial expenses   | (584,739)  | (410,392)  |
| Share of profit of joint-ventures and associates   | (10,820)   | (3,821)    |
| Income before income and social contribution taxes   | 1,270,117  | 1,262,709  |
| Additions to property, plant, and equipment and intangible assets:                               |            |            |
| Ultragaz   | 177,313    | 141,621    |
| Ipiranga   | 485,633    | 479,096    |
| Oxiteno  | 85,855     | 94,890     |
| Ultracargo   | 19,919     | 26,082     |
| Extrafarma (1)   | 21,568     | -          |
| Others (2)   | 21,144     | 7,836      |
| Total additions to property, plant, and equipment and intangible assets<br>(see Notes 12 and 13) | 811,432    | 749,525    |
| Asset retirement obligation – fuel tanks (see Note 18)   | (512)      | (505)      |
| Capitalized borrowing costs  | (5,117)    | (5,408)    |
| Total investments in property, plant, and equipment and intangible<br>assets (cash flow)         | 805,803    | 743,612    |
| Depreciation and amortization charges:   |            |            |
| Ultragaz   | 102,027    | 99,970     |
| Ipiranga   | 390,294    | 334,729    |
| Oxiteno  | 103,765    | 99,128     |
| Ultracargo   | 36,970     | 35,203     |
| Extrafarma (1)   | 8,825      | -          |
| Others (2)   | 9,585      | 8,982      |
| Total  | 651,466    | 578,012    |



## Ultrapar Participações S.A. and Subsidiaries

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|  | 09/30/2014 | 12/31/2013 |
|--|------------|------------|
| Total assets (excluding intersegment sales): |            |            |
| Ultragaz                                     | 2,658,143  | 2,502,590  |
| Ipiranga                                     | 8,596,482  | 8,077,204  |
| Oxitenó                                      | 4,026,814  | 4,030,122  |
| Ultracargo                                   | 1,365,984  | 1,320,344  |
| Extrafarma                                   | 485,232    | -          |
| Others (2)                                   | 1,337,815  | 448,285    |
| Total  | 18,470,470 | 16,378,545 |

(1) Information of the period from February 1 to September 30, 2014. See Note 3.a).

(2) Composed of the parent company Ultrapar (including certain goodwill) 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 Oxitenó' plants abroad, as shown below:

|                          | 09/30/2014 | 12/31/2013 |
|--------------------------|------------|------------|
| United States of America | 124,480    | 109,451    |
| Mexico                   | 107,961    | 85,610     |
| Uruguay                  | 52,375     | 50,304     |
| Venezuela (*)            | 17,100     | 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:

|                                     | 09/30/2014 | 09/30/2013 |
|-------------------------------------|------------|------------|
| Net revenue:                        |            |            |
| Brazil                              | 49,235,713 | 43,995,117 |
| Mexico                              | 102,546    | 102,498    |
| Venezuela                           | 36,726     | 136,073    |
| Other Latin American countries      | 272,456    | 252,893    |
| United States of America and Canada | 114,452    | 113,037    |
| Far East                            | 40,927     | 28,123     |
| Europe                              | 61,618     | 50,791     |
| Others                              | 49,589     | 35,210     |

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|       |            |            |
|-------|------------|------------|
| Total | 49,914,027 | 44,713,742 |
|-------|------------|------------|

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Ultrapar Participações S.A. and Subsidiaries

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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

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## 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 as of September 30, 2014 and December 31, 2013:

## Assets and Liabilities in Foreign Currencies

| In million of Brazilian Reais  | 09/30/2014 | 12/31/2013 |
|--|------------|------------|
| Assets in foreign currency   |            |            |
| Cash, cash equivalents and financial investments in foreign currency (except hedging instruments)  | 507.3      | 457.2      |
| Foreign trade receivables, net of allowance for doubtful accounts  | 195.3      | 156.0      |
| Net investments in foreign subsidiaries (except cash, cash equivalents, financial investments, trade receivables, financing, and payables) | 485.9      | 443.4      |
|  | 1,188.5    | 1,056.6    |
| Liabilities in foreign currency  |            |            |
| Financing in foreign currency  | (1,717.1)  | (1,294.9)  |
| Payables arising from imports, net of advances to foreign suppliers  | (64.6)     | (45.3)     |
|  | (1,781.7)  | (1,340.2)  |
| Foreign currency hedging instruments   | 758.0      | 427.1      |
| Net asset position – Total   | 164.8      | 143.5      |



Ultrapar Participações S.A. and Subsidiaries

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Sensitivity Analysis of Assets and Liabilities in Foreign Currency

The table below shows the effect of exchange rate changes in different scenarios, based on the net asset position of R\$ 164.8 million in foreign currency:

| In million of Brazilian Reais | Risk              | Scenario I<br>10% | Scenario II<br>25% | Scenario III<br>50% |
|-------------------------------|-------------------|-------------------|--------------------|---------------------|
| (1) Income effect             | Real devaluation  | (2.8)             | (6.9)              | (13.8)              |
| (2) Equity effect             |                   | 19.3              | 48.1               | 96.2                |
| (1) + (2)                     | Net effect        | 16.5              | 41.2               | 82.4                |
| (3) Income effect             | Real appreciation | 2.8               | 6.9                | 13.8                |
| (4) Equity effect             |                   | (19.3)            | (48.1)             | (96.2)              |
| (3) + (4)                     | Net effect        | (16.5)            | (41.2)             | (82.4)              |

Gains (losses) directly recognized in equity in cumulative translation adjustments are due to changes in the exchange rate on equity of foreign subsidiaries (see Notes 2.r and 20.f).

## Ultrapar Participações S.A. and Subsidiaries

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## Interest Rate Risk

The Company and its subsidiaries adopt conservative policies for borrowing and investing financial resources and for capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the CDI, as set forth in Note 4. Borrowings primarily relate to financing from Banco do Brasil, BNDES, and other development agencies, as well as debentures and borrowings in foreign currency, as shown in Note 14.

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of September 30, 2014, the Company and its subsidiaries had interest rate derivative financial instruments linked to domestic loans, in which the Company swapped the fixed interest rate of certain debts to floating interest rates (CDI).

The table below shows the financial assets and liabilities exposed to floating interest rates as of September 30, 2014 and December 31, 2013:

In million of Brazilian Reais

|  | Note | 09/30/2014 | 12/31/2013 |
|--|------|------------|------------|
| <b>CDI</b>   |      |            |            |
| Cash equivalents   | 4    | 2,397.3    | 2,051.1    |
| Financial investments  | 4    | 758.4      | 747.3      |
| Asset position of hedging instruments - CDI                              | 22   | 106.4      | 112.3      |
| Loans and debentures   | 14   | (5,118.7)  | (3,862.0)  |
| Liability position of hedging instruments - CDI                          | 22   | (776.8)    | (452.5)    |
| Liability position of hedging instruments from pre-fixed interest to CDI | 22   | (473.7)    | (854.6)    |
| Net liability position in CDI  |      | (3,107.1)  | (2,258.4)  |
| <b>TJLP</b>  |      |            |            |
| Loans - TJLP   | 14   | (570.3)    | (640.5)    |
| Net liability position in TJLP   |      | (570.3)    | (640.5)    |
| <b>LIBOR</b>   |      |            |            |
| Asset position of hedging instruments - LIBOR                            | 22   | 711.7      | 329.7      |
| Loans - LIBOR  | 14   | (757.7)    | (374.4)    |
| Net liability position in LIBOR  |      | (46.0)     | (44.7)     |
| <b>TIIE</b>  |      |            |            |
| Loans - TIIE   | 14   | (32.7)     | (31.2)     |
| Net liability position in TIIE   |      | (32.7)     | (31.2)     |
| Total net liability position   |      | (3,756.1)  | (2,974.8)  |



## Ultrapar Participações S.A. and Subsidiaries

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## Sensitivity Analysis of Floating Interest Rate Risk

The table below shows the incremental expenses and income that would be recognized in financial income for the nine-month period ended September 30, 2014, due to the effect of floating interest rate changes in different scenarios:

In million of Brazilian Reais

|   | Risk              | Scenario I<br>10% | Scenario II<br>25% | Scenario III<br>50% |
|---|-------------------|-------------------|--------------------|---------------------|
| Exposure of interest rate risk                                |                   |                   |                    |                     |
| Interest on cash equivalents and financial investments effect | Increase in CDI   | 21.9              | 54.8               | 109.5               |
| Hedging instruments (assets in CDI) effect                    | Increase in CDI   | 0.7               | 1.7                | 3.3                 |
| Interest on debt effect                                       | Increase in CDI   | (41.0)            | (102.5)            | (205.0)             |
| Hedging instruments (liabilities in CDI) effect               | Increase in CDI   | (7.6)             | (18.9)             | (38.0)              |
| Incremental expenses  |                   | (26.0)            | (64.9)             | (130.2)             |
| Interest on debt effect                                       | Increase in TJLP  | (2.2)             | (5.4)              | (10.9)              |
| Incremental expenses  |                   | (2.2)             | (5.4)              | (10.9)              |
| Hedging instruments (assets in LIBOR) effect                  | Increase in LIBOR | 0.1               | 0.2                | 0.4                 |
| Interest on debt effect                                       | Increase in LIBOR | (0.1)             | (0.2)              | (0.3)               |
| Incremental expenses  |                   | -                 | -                  | 0.1                 |
| Interest on debt effect                                       | Increase in TIIE  | (0.1)             | (0.2)              | (0.4)               |
| Incremental expenses  |                   | (0.1)             | (0.2)              | (0.4)               |

## Ultrapar Participações S.A. and Subsidiaries

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## Credit Risks

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and bank deposits, financial investments, hedging instruments, and trade receivables.

Credit risk of financial institutions - Such risk results from the inability of financial institutions to comply with their financial obligations to the Company and its subsidiaries due to insolvency. The Company and its subsidiaries regularly conduct a credit review of the institutions with which they hold cash and cash equivalents, financial investments, and hedging instruments through various methodologies that assess liquidity, solvency, leverage, portfolio quality, etc. Cash and cash equivalents, financial investments, and hedging instruments are held only with institutions with a solid credit history, chosen for safety and soundness. The volume of cash and cash equivalents, financial investments, and hedging instruments are subject to maximum limits by each institution and, therefore, require diversification of counterparties.

Government credit risk - The Company's policy allows investments in government securities from countries classified as investment grade AAA or Aaa by specialized credit rating agencies and in Brazilian government bonds. The volume of such financial investments is subject to maximum limits by each country and, therefore, requires diversification of counterparties.

Customer credit risk - Such risks are managed by each business unit through specific criteria for acceptance of customers and their credit rating and are additionally mitigated by the diversification of sales. No single customer or group accounts for more than 10% of total revenue.

The Company maintained the following allowances for doubtful accounts on trade receivables:

|            | 09/30/2014 | 12/31/2013 |
|------------|------------|------------|
| Ipiranga   | 131,258    | 121,205    |
| Ultragaz   | 23,801     | 20,793     |
| Extrafarma | 5,843      | -          |
| Ultracargo | 2,513      | 2,513      |
| Oxiteno    | 2,742      | 2,569      |
| Total      | 166,157    | 147,080    |



## Ultrapar Participações S.A. and Subsidiaries

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## Liquidity Risk

The Company and its subsidiaries' main sources of liquidity derive from (i) cash, cash equivalents, and financial investments, (ii) cash generated from operations and (iii) financing. The Company and its subsidiaries believe that these sources are sufficient to satisfy their current funding requirements, which include, but are not limited to, working capital, capital expenditures, amortization of debt, and payment of dividends.

The Company and its subsidiaries periodically examine opportunities for acquisitions and investments. They consider different types of investments, either directly, through joint ventures, or through associated companies, and finance such investments using cash generated from operations, debt financing, through capital increases, or through a combination of these methods.

The Company and its subsidiaries believe to have enough working capital to satisfy their current needs. The gross indebtedness due over the next twelve months totals R\$ 2,995.7 million, including estimated interests on loans. Furthermore, the investment plan for 2014 totals R\$ 1,484 million and until the third quarter of 2014 the amount of R\$ 747 million had been realized. On September 30, 2014, the Company and its subsidiaries had R\$ 3,696.9 million in cash, cash equivalents, and short-term financial investments (for quantitative information, see Notes 4 and 14).

The table below presents a summary of financial liabilities as of September 30, 2014 to be settled by the Company and its subsidiaries, listed by maturity. The amounts disclosed in this table are the contractual undiscounted cash outflows, and, therefore, these amounts may be different from the amounts disclosed on the balance sheet as of September 30, 2014.

| Financial liabilities                               | Total    | In million of Brazilian Reais |                       |                       |                   |
|---|----------|-------------------------------|-----------------------|-----------------------|-------------------|
|   |          | Less than 1 year              | Between 1 and 3 years | Between 3 and 5 years | More than 5 years |
| Loans including future contractual interest (1) (2) | 10,217.0 | 2,995.7                       | 3,744.6               | 3,376.7               | 100.0             |
| Currency and interest rate hedging instruments (3)  | 142.6    | 66.7                          | 75.9                  | -                     | -                 |
| Trade payables                                      | 975.6    | 975.6                         | -                     | -                     | -                 |

(1) To calculate the estimated interest on loans some macroeconomic assumptions were used, including averaging for the period the following: (i) CDI of 12.1 % p.a., (ii) exchange rate of the Real against the U.S. dollar of R\$ 2.51 in 2014, R\$ 2.67 in 2015, R\$ 2.92 in 2016, R\$ 3.19 in 2017, R\$ 3.45 in 2018, and R\$ 3.72 in 2019 (iii) TJLP of 5.0% p.a. and (iv) IGP-M of 7.0% in 2014, 6.7% in 2015, 7.0% in 2016, 6.3% in 2017, and 6.3% in 2018 (source: BM&FBOVESPA, Bulletin Focus and financial institutions).

(2) Includes estimated interest payments on short-term and long-term loans until the payment date.

(3) The currency and interest rate hedging instruments were estimated based on projected U.S dollar futures contracts and the futures curve of DI x Pre contract quoted on BM&FBOVESPA as of September 30, 2014 and on the futures curve of LIBOR (ICE - IntercontinentalExchange) on September 30, 2014. In the table above, only the hedging instruments with negative results at the time of settlement were considered.

Ultrapar Participações S.A. and Subsidiaries

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Capital Management

The Company manages its capital structure based on indicators and benchmarks. The key performance indicators related to the capital structure management are the weighted average cost of capital, net debt / EBITDA, interest coverage, and indebtedness / equity ratios. Net debt is composed of cash, cash equivalents, and financial investments (see Note 4) and loans, including debentures (see Note 14). The Company can change its capital structure depending on the economic and financial conditions, in order to optimize its financial leverage and capital management. The Company seeks to improve its return on invested capital by implementing efficient working capital management and a selective investment program.

Selection and Use of Financial Instruments

In selecting financial investments and hedging instruments, an analysis is conducted to estimate rates of return, risks involved, liquidity, calculation methodology for the carrying value and fair value, and a review is conducted of any documentation applicable to the financial instruments. The financial instruments used to manage the financial resources of the Company and its subsidiaries are intended to preserve value and liquidity.

The Policy contemplates the use of derivative financial instruments only to cover identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). The risks identified in the Policy are described in the above sections, and are subject to risk management. In accordance with the Policy, the Company and its subsidiaries can use forward contracts, swaps, options, and futures contracts to manage identified risks. Leveraged derivative instruments are not permitted. Because the use of derivative financial instruments is limited to the coverage of identified risks, the Company and its subsidiaries use the term “hedging instruments” to refer to derivative financial instruments.

As mentioned in the section “Risk Management and Financial Instruments – Governance”, the Committee monitors compliance with the risk standards established by the Policy through a risk monitoring map, including the use of hedging instruments, on a monthly basis. In addition, the internal audit department verifies the compliance with the requirements of the Policy.

## Ultrapar Participações S.A. and Subsidiaries

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The table below summarizes the position of hedging instruments adopted by the Company and its subsidiaries:

| Hedging instruments  | Counterparty                               | Maturity             | Notional amount1 |              | Fair value  |             | Amounts     | Amounts     |
|--|--|----------------------|------------------|--------------|-------------|-------------|-------------|-------------|
|  |  |                      | 09/30/2014       | 12/31/2013   | 09/30/2014  | 12/31/2013  | receivable  | payable     |
|  |  |                      |                  |              | R\$ million | R\$ million | R\$ million | R\$ million |
| a –Exchange rate swaps receivable in U.S. dollars                  |  |                      |                  |              |             |             |             |             |
| Receivables in U.S. dollars (LIBOR)                                | Bradesco, BTMU,                            |                      | US\$ 290.0       | US\$ 140.0   | 711.7       | 329.7       | 711.7       | -           |
| Receivables in U.S. dollars (Fixed)                                | Citibank, HSBC, Itaú, JP Morgan, Santander | Oct 2014 to Sep 2017 | US\$ 61.9        | US\$ 87.4    | 155.9       | 212.8       | 155.9       | -           |
| Payables in CDI interest rate                                      |  |                      | US\$ (351.9)     | US\$ (227.4) | (776.8)     | (452.5)     | -           | 776.8       |
| Total result   |  |                      | -                | -            | 90.8        | 90.0        | 867.6       | 776.8       |
| b.1 and b.2 – Exchange rate swaps payable in U.S. dollars + COUPON |  |                      |                  |              |             |             |             |             |
| Receivables in CDI interest rates                                  | Bradesco, HSBC, Itaú                       | Oct 2014 to Nov 2014 | US\$ 44.1        | US\$ 48.1    | 106.4       | 112.3       | 106.4       | -           |
| Payables in U.S. dollars (Fixed)                                   |  |                      | US\$ (44.1)      | US\$ (48.1)  | (109.6)     | (115.4)     | -           | 109.6       |
| Total result   |  |                      | -                | -            | (3.2)       | (3.1)       | 106.4       | 109.6       |
| c – Interest rate swaps in R\$                                     |  |                      |                  |              |             |             |             |             |
| Receivables in fixed interest rate                                 | Banco do Brasil, Itaú                      | May 2015 to Aug 2016 | R\$ 327.5        | R\$ 627.5    | 519.8       | 937.0       | 519.8       | -           |
|  |  |                      | R\$ (327.5)      | R\$ (627.5)  | (473.7)     | (854.6)     | -           | 473.7       |

|                                  |   |   |        |        |         |         |
|----------------------------------|---|---|--------|--------|---------|---------|
| Payables in CDI<br>interest rate |   |   |        |        |         |         |
| Total result                     | - | - | 46.1   | 82.4   | 519.8   | 473.7   |
| <br>                             |   |   |        |        |         |         |
| Total gross<br>result            |   |   | 133.7  | 169.3  | 1,493.8 | 1,360.1 |
| Income tax                       |   |   | (23.8) | (24.3) | (23.8)  | -       |
| Total net result                 |   |   | 109.9  | 145.0  | 1,470.0 | 1,360.1 |
| <br>                             |   |   |        |        |         |         |
| Positive result<br>(see Note 4)  |   |   | 122.2  | 151.6  |         |         |
| Negative result<br>(see Note 14) |   |   | (12.3) | (6.6)  |         |         |

(1) In million. Currency as indicated.

All transactions mentioned above were properly registered with CETIP S.A.

Ultrapar Participações S.A. and Subsidiaries

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Hedging instruments existing as of September 30, 2014 are described below, according to their category, risk, and hedging strategy:

a - Hedging against foreign exchange exposure of liabilities in foreign currency - The purpose of these contracts is (i) to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Brazilian Reais linked to CDI, and (ii) change a financial investment linked to the CDI and given as a guarantee to a loan in the U.S. dollar into a financial investment linked to the U.S. dollar. As of September 30, 2014, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 351.9 million in notional amount with a liability position, on average of 103.2% of CDI, of which US\$ 61.9 million, on average, had an asset position at US\$ + 3.9 % p.a. and US\$ 290.0 million had an asset position at US\$ + LIBOR + 0.8% p.a.

b.1 - Hedging against foreign exchange exposure of operations - The purpose of these contracts is to make the exchange rate of the revenues of subsidiaries Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials during their operating cycles. As of September 30, 2014, these swap contracts totaled US\$ 12.1 million and, on average, had an asset position at 85.5 % of CDI and a liability position at US\$ + 0.0% p.a.

b.2 - Hedging against foreign exchange exposure of net investments in foreign operations - The purpose of these contracts is to minimize the effect of exchange variation of investments in foreign subsidiaries with functional currencies different from the functional currency of the Company, turning them into investments in Brazilian Reais. On September 30, 2014, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 32.0 million in notional amount with an asset position at 93.5 % of CDI and a liability position of US\$ + 0.0% p.a.

c - Hedging against the interest rate fixed in local financing - The purpose of these contracts is to convert the interest rate on financing contracted in Brazilian Reais from fixed into floating. On September 30, 2014 these swap contracts totaled R\$ 327.5 million of notional amount corresponding to principal amount of related debt, and on average had an asset position at 11.8% p.a. and a liability position at 98.6% of CDI.

#### Hedge Accounting

The Company and its subsidiaries test, throughout the duration of the hedge, the effectiveness of their derivatives, as well as the changes in their fair value. The Company and its subsidiaries designate as fair value hedges certain derivative financial instruments used to offset the variations in interest and exchange rates, which are based on the market value of financing contracted in Brazilian Reais and U.S. dollars.

On September 30, 2014, the notional amount of interest rate hedging instruments totaled R\$ 327.5 million, referring to the principal of the pre-fixed loans in Brazilian Reais. For the nine-month period ended September 30, 2014, a gain of R\$ 3.5 million related to the result of hedging instruments, an income of R\$ 7.8 million related to the fair value adjustment of debt, and an expense of R\$ 45.8 million related to the accrued interest rate of the debt were recognized in the income statement, transforming the average effective cost of the operations into 98.6% of CDI.

On September 30, 2014, the notional amount of foreign exchange hedging instruments designated as fair value hedge totaled US\$ 230.0 million. For the nine-month period ended September 30, 2014, an income of R\$ 23.2 million related to the result of hedging instruments, a gain of R\$ 0.1 million related to the fair value adjustment of debt, and a loss of R\$ 41.8 million related to the financial expense of the debt were recognized in the income statements, transforming the average effective cost of the operation into 103.8% of CDI (see Note 14.c.1 and c.3).

On September 30, 2014, the notional amount of exchange rate hedging instruments designated as hedges of net investment in a foreign operation totaled US\$ 32 million relating to the portion of investments in entities which have functional currency different from the Real. For the nine-month period ended September 30, 2014, a loss of R\$ 2.2 million was recorded. The exchange rate on investment and the hedging instrument effects were offset in equity.

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## Gains (losses) on Hedging Instruments

The following tables summarize the value of gains (losses) recognized, which affected the shareholders' equity as of September 30, 2014 and December 31, 2013 and income statement for the nine-month period ended September 30, 2014 and 2013 of the Company and its subsidiaries:

|   | 09/30/2014<br>R\$ million |              |
|---|---------------------------|--------------|
|   | Profit or loss            | Equity       |
| a – Exchange rate swaps receivable in U.S. dollars (i) (ii) | (31.9)                    | -            |
| b – Exchange rate swaps payable in U.S. dollars (ii)        | 6.8                       | (2.2)        |
| c – Interest rate swaps in R\$ (iii)                        | 11.3                      | -            |
| <b>Total</b>  | <b>(13.8)</b>             | <b>(2.2)</b> |

|   | R\$ million                     |                      |
|---|---------------------------------|----------------------|
|   | 09/30/2013<br>Profit or<br>loss | 12/31/2013<br>Equity |
| a – Exchange rate swaps receivable in U.S. dollars (i) (ii) | (20.1)                          | -                    |
| b – Exchange rate swaps payable in U.S. dollars (ii)        | (1.1)                           | -                    |
| c – Interest rate swaps in R\$ (iii)                        | 44.9                            | -                    |
| <b>Total</b>  | <b>23.7</b>                     | <b>-</b>             |

The table above: (i) does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars when this effect is offset in the gain or loss of the hedged item (debt), (ii) considers the designation effect of foreign exchange hedging and (iii) considers the designation effect of interest rate hedging in Brazilian Reais.



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## Fair Value of Financial Instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, as of September 30, 2014 and December 31, 2013, are stated below:

| Category  | Note  | 09/30/2014     |                  | 12/31/2013       |                  |                  |
|---|---|----------------|------------------|------------------|------------------|------------------|
|   |   | Carrying value | Fair value       | Carrying value   | Fair value       |                  |
| <b>Financial assets:</b>                              |   |                |                  |                  |                  |                  |
| <b>Cash and cash equivalents</b>                      |   |                |                  |                  |                  |                  |
| Cash and bank deposits                                | Loans and receivables                         | 4              | 84,055           | 84,055           | 224,926          | 224,926          |
| Financial investments in local currency               | Measured at fair value through profit or loss | 4              | 2,397,256        | 2,397,256        | 2,051,143        | 2,051,143        |
| Financial investments in foreign currency             | Measured at fair value through profit or loss | 4              | 4,478            | 4,478            | -                | -                |
| <b>Financial investments</b>                          |   |                |                  |                  |                  |                  |
| Fixed-income securities and funds in local currency   | Available for sale                            | 4              | 747,798          | 747,798          | 736,638          | 736,638          |
| Fixed-income securities and funds in local currency   | Held to maturity                              | 4              | 10,618           | 10,618           | 10,618           | 10,618           |
| Fixed-income securities and funds in foreign currency | Available for sale                            | 4              | 459,733          | 459,733          | 368,781          | 368,781          |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss | 4              | 122,154          | 122,154          | 151,594          | 151,594          |
| <b>Total</b>  |   |                | <b>3,826,092</b> | <b>3,826,092</b> | <b>3,543,700</b> | <b>3,543,700</b> |
| <b>Financial liabilities:</b>                         |   |                |                  |                  |                  |                  |
| Financing   | Measured at fair value through profit or loss | 14             | 1,079,260        | 1,079,260        | 1,118,281        | 1,118,281        |
| Financing   | Measured at amortized cost                    | 14             | 4,755,410        | 4,700,652        | 4,340,967        | 4,373,680        |
| Debentures  | Measured at amortized cost                    | 14             | 2,298,036        | 2,288,167        | 1,459,412        | 1,456,282        |
| Finance leases  | Measured at amortized cost                    | 14             | 47,774           | 47,774           | 44,391           | 44,391           |
|   |   |                | 12,256           | 12,256           | 6,575            | 6,575            |

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|  |  |     |                  |                  |                  |                  |
|--|--|-----|------------------|------------------|------------------|------------------|
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss  | 14  |                  |                  |                  |                  |
| Subscription warrants indemnification          | –Measured at fair value through profit or loss | 3.a | 107,181          | 107,181          | -                | -                |
| <b>Total</b>                                   |  |     | <b>8,299,917</b> | <b>8,235,290</b> | <b>6,969,626</b> | <b>6,999,209</b> |

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The fair value of financial instruments, including currency and interest hedging instruments, was determined as follows:

- The fair value of cash and bank deposit balances are identical to their carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the reporting period, which corresponds to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase at the “yield curve” and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value calculation of LPG Inc.’s notes in the foreign market (see Note 14.b) is based on the quoted prices in an active market.
- The subscription warrants – indemnification are based on the share price of Ultrapar (UGPA3) at the reporting date.

The fair value of other financial investments and financing was determined using calculation methodologies commonly used for mark-to-market reporting, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of September 30, 2014 and December 31, 2013. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries can use quotes provided by the transaction counterparties.

The interpretation of market information on the choice of calculation methodologies for the fair value requires considerable judgment and estimates to obtain a value deemed appropriate to each situation. Consequently, the estimates presented do not necessarily indicate the amounts that may be realizable in the current market.

Financial instruments were classified as loans and receivables or financial liabilities measured at amortized cost, except (i) all exchange rate and interest rate hedging instruments, which are measured at fair value through profit or loss, (ii) financial investments classified as measured at fair value through profit or loss, (iii) financial investments that are classified as available for sale, which are measured at fair value through other comprehensive income (see Note 4), (iv) loans and financing measured at fair value through profit or loss (see Note 14), (v) guarantees to customers that have vendor arrangements (see Note 14.1), which are measured at fair value through profit or loss, and (vi) subscription warrants – indemnification, which are measured at fair value through profit or loss. The financial investments classified as held-to-maturity are measured at amortized cost. Cash, banks, and trade receivables are classified as loans and receivables. Trade payables and other payables are classified as financial liabilities measured at amortized cost.



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## Fair Value Hierarchy of Financial Instruments on the Balance Sheet

The financial instruments recognized at fair value on the balance sheet are classified in the following categories:

- (a) Level 1 - prices negotiated (without adjustment) in active markets for identical assets or liabilities;
- (b) Level 2 - inputs other than prices negotiated in active markets included in Level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (c) Level 3 - inputs for the asset or liability which are not based on observable market variables (unobservable inputs).

The table below shows a summary of the financial assets and financial liabilities measured at fair value in the Company's and its subsidiaries' balance sheet as of September 30, 2014 and December 31, 2013:

|   | Category                                      | Note | 09/30/2014       | Level 1          | Level 2        | Level 3  |
|---|---|------|------------------|------------------|----------------|----------|
| <b>Financial assets:</b>                              |   |      |                  |                  |                |          |
| <b>Cash equivalents</b>                               |   |      |                  |                  |                |          |
| Financial investments in local currency               | Measured at fair value through profit or loss | 4    | 2,397,256        | 2,397,256        | -              | -        |
| Financial investments in foreign currency             | Measured at fair value through profit or loss | 4    | 4,478            | 4,478            | -              | -        |
| <b>Financial investments</b>                          |   |      |                  |                  |                |          |
| Fixed-income securities and funds in local currency   | Available for sale                            | 4    | 747,798          | 747,798          | -              | -        |
| Fixed-income securities and funds in foreign currency | Available for sale                            | 4    | 459,733          | 149,657          | 310,076        | -        |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss | 4    | 122,154          | -                | 122,154        | -        |
| <b>Total</b>  |   |      | <b>3,731,419</b> | <b>3,299,189</b> | <b>432,230</b> | <b>-</b> |
| <b>Financial liabilities:</b>                         |   |      |                  |                  |                |          |
| Financing   |   | 14   | 1,079,260        | -                | 1,079,260      | -        |

|   | Measured at<br>fair value<br>through profit<br>or loss |     |           |   |           |   |
|---|--|-----|-----------|---|-----------|---|
| Currency and interest rate<br>hedging instruments | Measured at<br>fair value<br>through profit<br>or loss | 14  | 12,256    | - | 12,256    | - |
| Subscription warrants –<br>indemnification (1)    | Measured at<br>fair value<br>through profit<br>or loss | 3.a | 107,181   | - | 107,181   | - |
| Total   |  |     | 1,198,697 | - | 1,198,697 | - |

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|   | Category                                      | Note | 12/31/2013       | Level 1          | Level 2          | Level 3  |
|---|---|------|------------------|------------------|------------------|----------|
| <b>Financial assets:</b>                              |   |      |                  |                  |                  |          |
| <b>Cash equivalents</b>                               |   |      |                  |                  |                  |          |
|   | Measured at fair value through profit or loss |      |                  |                  |                  |          |
| Financial investments in local currency               |   | 4    | 2,051,143        | 2,051,143        | -                | -        |
| <b>Financial investments</b>                          |   |      |                  |                  |                  |          |
| Fixed-income securities and funds in local currency   | Available for sale                            | 4    | 736,638          | 736,638          | -                | -        |
| Fixed-income securities and funds in foreign currency | Available for sale                            | 4    | 368,781          | -                | 368,781          | -        |
|   | Measured at fair value through profit or loss |      |                  |                  |                  |          |
| Currency and interest rate hedging instruments        |   | 4    | 151,594          | -                | 151,594          | -        |
| <b>Total</b>  |   |      | <b>3,308,156</b> | <b>2,787,781</b> | <b>520,375</b>   | <b>-</b> |
| <b>Financial liabilities:</b>                         |   |      |                  |                  |                  |          |
|   | Measured at fair value through profit or loss |      |                  |                  |                  |          |
| Financing   |   | 14   | 1,118,281        | -                | 1,118,281        | -        |
|   | Measured at fair value through profit or loss |      |                  |                  |                  |          |
| Currency and interest rate hedging instruments        |   | 14   | 6,575            | -                | 6,575            | -        |
| <b>Total</b>  |   |      | <b>1,124,856</b> | <b>-</b>         | <b>1,124,856</b> | <b>-</b> |

1) Refers to subscription warrants issued by the Company in the Extrafarma acquisition that, if exercised, may lead to the issuance of up to 3,205,622 shares in the future, related to subscription warrants – indemnification. The subscription warrants are measured using the price of the shares issued by Ultrapar (UGPA3) on the reporting date and are adjusted to the Company's dividend yield, since the exercise is only possible starting in 2020 onwards and are not entitled to dividends. The number of shares of subscription warrants – indemnification is also adjusted according to the changes in the amounts of provision for tax, civil, and labor risks and contingent liabilities related to the period prior to January 31, 2014. For further information of the Extrafarma acquisition, see Note 3.a).

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## Sensitivity Analysis

The Company and its subsidiaries use derivative financial instruments only to hedge against identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). Thus, for purposes of sensitivity analysis of market risks associated with financial instruments, as required by CVM Instruction 475/08, the Company analyzes the hedging instrument and the hedged item together, as shown on the charts below.

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on BM&FBOVESPA as of September 30, 2014. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 3.19 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional appreciation or depreciation of the Brazilian Real against the likely scenario, according to the risk to which the hedged item is exposed.

Based on the balances of the hedging instruments and hedged items as of September 30, 2014, the exchange rates were replaced, and the changes between the new balance in Brazilian Reais and the original balance in Brazilian Reais as of September 30, 2014 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

|   | Risk         | Scenario I<br>(likely) | Scenario II | Scenario III |
|---|--------------|------------------------|-------------|--------------|
| Currency swaps receivable in U.S. dollars |              |                        |             |              |
| (1) U.S. Dollar / Real swaps              | Dollar       | 185,904                | 448,489     | 711,074      |
| (2) Debts/firm commitments in dollars     | appreciation | (185,883)              | (448,452)   | (711,021)    |
| (1)+(2)                                   | Net effect   | 21                     | 37          | 53           |
| Currency swaps payable in U.S. dollars    |              |                        |             |              |
| (3) Real / U.S. Dollar swaps              | Dollar       | (651)                  | 26,564      | 53,778       |
| (4) Gross margin of Oxiteno               | devaluation  | 651                    | (26,564)    | (53,778)     |
| (3)+(4)                                   | Net effect   | -                      | -           | -            |

For sensitivity analysis of hedging instruments for interest rates in Brazilian Reais, the Company used the futures curve of the DI x Pre contract on BM&FBOVESPA as of September 30, 2014 for each of the swap and debt (hedged item) maturities, to determine the likely scenarios. Scenarios II and III were estimated based on a 25% and 50% deterioration, respectively, of the likely scenario pre-fixed interest rate.





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Based on the three scenarios of interest rates in Brazilian Reais, the Company estimated the values of its debt and hedging instruments according to the risk which is being hedged (variations in the pre-fixed interest rates in Brazilian Reais), by projecting them to future value at the contracted rates and bringing them to present value at the interest rates of the estimated scenarios. The results are shown in the table below:

|                             | Risk           | Scenario I<br>(likely) | Scenario II | Scenario III |
|-----------------------------|----------------|------------------------|-------------|--------------|
| Interest rate swap (in R\$) |                |                        |             |              |
| (1) Fixed rate swap - CDI   | Decrease in    | -                      | 9,932       | 19,582       |
| (2) Fixed rate financing    | Pre-fixed rate | -                      | (9,934)     | (19,585)     |
| (1)+(2)                     | Net effect     | -                      | (2)         | (3)          |

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## 23 Provisions, Contingencies and Commitments (Consolidated)

## a. Provisions for tax, civil, and labor risks

The Company and its subsidiaries are parties in tax, civil, and labor disputes and are discussing these issues both at the administrative and judiciary levels, which, when applicable, are backed by escrow deposits. Provisions for losses are estimated and updated by managements. Managements are supported by the opinion of the legal departments of the Company and its outside legal counsel.

The table below demonstrates the breakdown of provisions by nature and its movement:

| Provisions         | Balance in<br>12/31/2013 | Initial<br>balance<br>Extrafarma<br>(1) | Additions     | Write-offs      | Monetary<br>restatement | Balance in<br>09/30/2014 |
|--------------------|--------------------------|---|---------------|-----------------|-------------------------|--------------------------|
| IRPJ and CSLL      | 360,861                  | 10,630                                  | 12,798        | -               | 20,226                  | 404,515                  |
| PIS and<br>COFINS  | 86,512                   | 25,540                                  | -             | (205)           | 5,407                   | 117,254                  |
| ICMS               | 33,113                   | 7,096                                   | 366           | (23,492)        | 994                     | 18,077                   |
| INSS               | 6,251                    | -                                       | 217           | -               | 305                     | 6,773                    |
| Civil litigation   | 90,886                   | 778                                     | 493           | (9,249)         | 84                      | 82,992                   |
| Labor litigation   | 60,174                   | 1,866                                   | 9,182         | (3,354)         | 1,625                   | 69,493                   |
| Other              | 1,223                    | 289                                     | 3             | (1,132)         | 30                      | 413                      |
| <b>Total</b>       | <b>639,020</b>           | <b>46,199</b>                           | <b>23,059</b> | <b>(37,432)</b> | <b>28,671</b>           | <b>699,517</b>           |
| <b>Current</b>     | <b>69,306</b>            |   |               |                 |                         | <b>70,270</b>            |
| <b>Non-current</b> | <b>569,714</b>           |   |               |                 |                         | <b>629,247</b>           |

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

Some of the tax provisions above involve escrow deposits in the amount of R\$ 496,322 as of September 30, 2014 (R\$ 456,075 as of December 31, 2013).

## b. Tax Matters

## Provisions

On October 7, 2005, the subsidiaries Cia. Ultragas and Bahiana Distribuidora de Gás Ltda. (“Bahiana”) filed for and obtained a preliminary injunction to recognize and offset PIS and COFINS credits on LPG purchases, against other taxes levied by the Brazilian Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court on May 16, 2008. Under the preliminary injunction, the subsidiaries made escrow deposits for these debits which amounted to R\$ 381,256 as of September 30, 2014 (R\$ 345,513 as of December 31, 2013). On July 18, 2014, a second instance unfavorable decision was published in and the subsidiaries suspended the escrow deposits, returning to pay such taxes. To restore the right to make deposits, the subsidiaries presented a writ of prevention which has not yet been judged. Appeals were also presented to the respective higher courts (STJ and STF) whose trials are also pending.

The subsidiary IPP has a Declaratory Action discussing the constitutionality of Law No. 9316/1996, that denied the deduction of CSLL from the IRPJ tax basis. This claim was denied on 1st and 2nd instances, and the appeal presented to the Supreme Court awaits trial. The subsidiary has provision of R\$ 20,468 as of September 30, 2014 (R\$ 19,806 as of December 31, 2013) for this discussion.

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The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Tequimar, Tropical, Empresa Carioca de Produtos Químicos S.A. (“EMCA”), IPP and Extrafarma filed for a preliminary injunction seeking the deduction of ICMS from their PIS and COFINS tax bases. Oxiteno Nordeste and IPP paid the amounts into escrow deposits, and recognized a corresponding provision in the amount of R\$ 90,831 as of September 30, 2014 (R\$ 86,306 as of December 31, 2013).

The subsidiary IPP had a provision related to ICMS, mainly with respect to several transactions that resulted in tax assessments for which the proof of payment was not evident, in the amount of R\$ 19,449 as of December 31, 2013. In the second quarter of 2014, the subsidiary provided rebuttal documents, which will be subject to judicial investigation, relating to this failure to pay the ICMS charge for the alleged omission of output fuel oil operations. Thus, the Company reassessed the probability of the losses as “possible”, and reversed the provision.

Contingent Liabilities

The main tax claims of subsidiary IPP and its subsidiaries that are classified as having a possible risk of loss, and that have not been recognized in the interim financial information due to this assessment, are related to ICMS, and mainly, to: (a) the required proportional reversal of ICMS credits recognized on the purchase of ethanol that was later resold at lower prices as a result of PROÁLCOOL, a Federal Government program to encourage alcohol production. The Company has determined the anticipation of financial subsidy by the distributors to the mill owners and their subsequent reimbursement by the DNC (current National Oil Agency) as R\$ 115,970 as of September 30, 2014 (R\$ 113,555 as of December 31, 2013), (b) alleged undue ICMS credits for which the tax authorities understand that there was no proof of origin for R\$ 41,105 as of September 30, 2014 (R\$ 29,565 as of December 31, 2013), (c) assessments for alleged non-payment of ICMS totaling R\$ 46,110 as of September 30, 2014 (R\$ 25,576 as of December 31, 2013), (d) assessment issued in Ourinhos/SP in connection with the return of ethanol loans made with deferred tax, in the amount of R\$ 44,527 as of September 30, 2014 (R\$ 40,848 as of December 31, 2013), (e) assessments in the State of Rio de Janeiro demanding the reversal of ICMS credits on interstate sales made under Article 33 of ICMS Convention 66/88, which allowed the use of the ICMS credit but was suspended by an injunction granted by STF (the Brazilian Federal Court of Justice), totaling R\$ 17,659 as of September 30, 2014 (R\$ 17,222 as of December 31, 2013), (f) ICMS credits taken in relation to bills considered invalid, though the understanding of the STJ (the Brazilian High Court of Justice) is that it is possible to take credit, even if there is a defect in the document of the seller, as long as it is confirmed that the transaction occurred, for R\$ 28,783 as of September 30, 2014 (R\$ 27,215 as of December 31, 2013); (g) assessments arising from surplus or shortage of inventory, generated by differences in temperature or handling of the product, without the corresponding issuance of invoices, as of R\$ 59,195 as of September 30, 2014 (R\$ 47,106 as of December 31, 2013), (h) infraction relating to ICMS credits due to alleged non-compliance with legal formalities, for R\$ 40,056 as of September 30, 2014 (R\$ 36,398 as of December 31, 2013) and; (i) assessments arising from ICMS credits related to inputs of ethanol from certain States that had granted tax benefits to producers of alcohol in alleged disagreement with the law, in the amount of R\$ 36,057 as of September 30, 2014 (R\$ 30,726 as of December 31, 2013); (j) assessments that consider various possible breaches of auxiliary obligations, among them the alleged lack of issuance of invoices, the alleged failure of delivery, or delivery with errors of informative reports to the tax authorities, errors in the filling of DANFE - Auxiliary Document Electronic Invoice, among others, totaling R\$ 8,485 as of September 30, 2014 (R\$ 11,806 as of December 31, 2013); and (k) infraction notice for non-payment of

ICMS related to the acquisition of basic lubricating oil, whose remittance was deferred to the time of the subsequent industrialized output relating to interstate transactions (covered by the constitutional non-incidence - article 155, X, 'b' of the Federal Constitution), totaling R\$ 11,347 as of September 30, 2014 (R\$ 10,657 as of December 31, 2013).

The subsidiary IPP has assessments invalidating the offset of IPI credits in connection with the purchase of raw materials used in the manufacturing of products which sales are not subject to IPI under the protection of tax immunity. The non-provisioned amount of this contingency classified as a possible risk of loss, as of September 30, 2014, is R\$ 150,283 (R\$ 117,697 as of December 31, 2013).

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Contingent Assets

The Company and its subsidiaries have favorable judgments to pay contributions to PIS and COFINS without the changes introduced by Law 9718/1998 in its original version. The ongoing questioning refers to the levy of these contributions on sources of income other than gross revenue. In 2005, the STF (the Brazilian Supreme Federal Court) decided the question in favor of the taxpayers. Although this has set a favorable precedent, the effect of this decision does not automatically apply to all companies, since they must await the formal decision in their own lawsuits. Certain lawsuits of the Company's subsidiaries are currently pending trial and, in the event all such lawsuits are decided in favor of the subsidiaries, the Company estimates that the total positive effect on income before income and social contribution taxes may reach R\$ 36,549, net of attorney's fees.

c. Civil Claims

Provisions

The Company and its subsidiaries maintained provisions for lawsuits and administrative proceedings, mainly derived from contracts entered into with customers and former services providers, as well as proceedings related to environmental issues in the amount of R\$ 82,992 as of September 30, 2014 (R\$ 90,886 as of December 31, 2013).

Contingent Liabilities

The subsidiary Cia. Ultragaz is party to an administrative proceeding before CADE (Brazilian antitrust authority) based on alleged anti-competitive practices in the State of Minas Gerais in 2001. The CADE entered a decision against Cia. Ultragaz and imposed a penalty of R\$ 23,104. The imposition of such administrative decision was suspended by a court order and its merit is being judicially reviewed. Based on the above elements and on the opinion of its legal counsel, the subsidiary did not recognize a provision for this contingency.

d. Labor Matters

Provisions

The Company and its subsidiaries maintained provisions of R\$ 69,493 as of September 30, 2014 (R\$ 60,174 as of December 31, 2013) for labor litigation filed by former employees and by employees of our service providers mainly contesting the non-payment of labor rights.

Contingent Liabilities

In 1990, the Petrochemical Industry Labor Union (Sindiquímica), of which the employees of Oxiteno Nordeste and EMCA, companies located in the Camaçari Petrochemical Complex, are members, filed separate lawsuits against the subsidiaries demanding the compliance with the fourth section of the collective labor agreement, which provided for a

salary adjustment in lieu of the salary policies practiced. In the same year, a collective labor dispute was also filed by the Union of Employers (SINPEQ) against Sindiquímica, requiring the recognition of the loss of effectiveness of such fourth section. Individual claims were rejected. The collective bargaining agreement is currently pending trial by STF. In the second half of 2010, some companies in the Camaçari Petrochemical Complex signed an agreement with Sindiquímica and reported the fact in the collective bargaining agreement dispute. Based on the opinion of their legal advisors, who reviewed the latest STF decision in the collective bargaining agreement dispute as well as the status of the individual claims involving the subsidiaries Oxiteno Nordeste and EMCA, the management of such subsidiaries believed that it was not necessary to recognize a provision as of September 30, 2014.



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The Company and its subsidiaries have other pending administrative and legal proceedings of tax, civil, and labor nature, which are individually less relevant, and were estimated by their legal counsel as having possible and/or remote risks (proceedings whose chance of loss is 50% or less). As such, the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries are also litigating for recovery of taxes and contributions, which were not recognized in the interim financial information due to their contingent nature.

## e. Contracts

Subsidiary Tequimar has agreements with CODEBA and Complexo Industrial Portuário Governador Eraldo Gueiros, in connection with its port facilities in Aratu and Suape, respectively. Such agreements establish a minimum cargo movement of products, as shown below:

| Port  | Minimum movement in tons per year | Maturity |
|-------|-----------------------------------|----------|
| Aratu | 100,000                           | 2016     |
| Aratu | 900,000                           | 2022     |
| Suape | 250,000                           | 2027     |
| Suape | 400,000                           | 2029     |

If the annual movement is less than the minimum contractual movement, the subsidiary is liable to pay the difference between the effective movement and the minimum contractual movement, based on the port tariff rates in effect on the date established for payment. As of September 30, 2014, these rates were R\$ 5.79 per ton for Aratu and R\$ 1.38 per ton for Suape. The subsidiary has met the minimum cargo movement required since the beginning of the contractual agreements.

Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. which establishes a minimum quarterly consumption level of ethylene and conditions for the supply of ethylene until 2021. The minimum purchase commitment clause provides a minimum annual consumption of 205 thousand tons and a maximum of 220 thousand tons. The minimum purchase commitment and the actual demand accumulated as of September 30, 2014 and 2013, expressed in tons of ethylene, are shown below. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 40% of the current ethylene price for the quantity not purchased. The subsidiary has met the minimum purchase required in the agreement.

|                     | Minimum purchase commitment<br>(*) |            | Accumulated demand (actual) |            |
|---------------------|------------------------------------|------------|-----------------------------|------------|
|                     | 09/30/2014                         | 09/30/2013 | 09/30/2014                  | 09/30/2013 |
| In tons of ethylene | 151,723                            | 154,892    | 151,871                     | 159,108    |

(\*) Adjusted for scheduled shutdowns in Braskem S.A. during the periods.

Subsidiary Oxiteno S.A has a supply agreement with Braskem Qpar S.A., valid until 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 22,050 tons of ethylene semiannually. The minimum purchase commitment and the actual demand accumulated as of September 30, 2014 and 2013, expressed in tons of ethylene, are shown below. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 30% of the current ethylene price for the quantity not purchased. The subsidiary has met the minimum purchase required in the agreement.

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|                     | Minimum purchase commitment<br>(*) |            | Accumulated demand (actual) |            |
|---------------------|------------------------------------|------------|-----------------------------|------------|
|                     | 09/30/2014                         | 09/30/2013 | 09/30/2014                  | 09/30/2013 |
| In tons of ethylene | 30,330                             | 30,639     | 30,679                      | 30,793     |

(\*) Adjusted for scheduled shutdowns in Braskem Qpar S.A. during the periods.

f. Insurance Coverage in Subsidiaries

The Company maintains appropriate insurance policies with the objective of covering several risks to which it is exposed, including losses and damage from fire, lightning, explosion of any kind, gale, aircraft crash, electric damage, and other risks, covering the industrial plants and distribution bases and branches of all subsidiaries. The maximum compensation values based on the risk analysis of maximum possible losses of certain locations are shown below:

|            | Maximum<br>compensation<br>value (*) |
|------------|--------------------------------------|
| Oxiteno    | US\$ 1,104                           |
| Ipiranga   | R\$ 705                              |
| Ultracargo | R\$ 550                              |
| Ultragaz   | R\$ 250                              |
| Extrafarma | R\$ 116                              |

(\*) In million. As of policy conditions.

The General Liability Insurance program covers the Company and its subsidiaries with a maximum aggregate coverage of US\$ 400 million against losses caused to third parties as a result of accidents related to commercial and industrial operations and/or distribution and sale of products and services.

The Company maintains liability insurance policies for directors and executive officers (D&O) to indemnify the members of the Board of Directors, fiscal council and executive officers of Ultrapar and its subsidiaries (“Insured”) in the total amount of US\$ 50 million, which cover any of the Insured liabilities resulting from wrongful acts, including any act or omission committed or attempted, except if the act, omission or the claim is consequence of gross negligence or willful misconduct.

In addition, group life and personal accident, health and national and international transportation and other insurance policies are also maintained.

The coverage and limit of the insurance policies maintained are based on a careful study of risks and losses conducted by independent insurance advisors. The type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies.

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## g. Operating Lease Contracts

Subsidiaries Cia. Ultragaz, Bahiana, Utingás Armazenadora S.A., Tequimar, Serma, and Oxiteno S.A. have operating lease contracts for the use of IT equipment. These contracts have terms of 36 and 45 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option. Subsidiaries Cia. Ultragaz, Bahiana, and Extrafarma have operating lease contracts related to vehicles in their fleet. These contracts have terms of 24 to 60 months and there is no purchase option. The future disbursements (installments), assumed under these contracts, amount approximately to:

|                    | Up to 1 year | Between 1<br>and 5 years | More than 5<br>years | Total  |
|--------------------|--------------|--------------------------|----------------------|--------|
| September 30, 2014 | 26,520       | 23,750                   | -                    | 50,270 |

The subsidiaries IPP, Extrafarma, and Cia. Ultragaz have operating lease contracts related to land and building of service stations, drugstores, and stores, respectively. The future disbursements and receipts (installments), arising from these contracts, amount approximately to:

|                    |            | Up to 1<br>year | Between 1<br>and 5 years | More than 5<br>years | Total     |
|--------------------|------------|-----------------|--------------------------|----------------------|-----------|
| September 30, 2014 | payable    | 79,812          | 230,538                  | 114,648              | 424,998   |
|                    | receivable | (47,129)        | (140,775)                | (76,226)             | (264,130) |

The expense recognized for the nine-month period ended September 30, 2014 for operating leases was R\$ 53,062 (R\$ 25,403 for the nine-month period ended September 30, 2013), net of income. The increase in operating leases expense was substantially due to the acquisition of Extrafarma.

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## 24. Employee Benefits and Private Pension Plan (Consolidated)

## a. ULTRAPREV- Associação de Previdência Complementar

In February 2001, the Company's Board of Directors approved the adoption of a defined contribution pension plan to be sponsored by the Company and each of its subsidiaries. Participating employees have been contributing to this plan, managed by Ultraprev - Associação de Previdência Complementar ("Ultraprev"), since August 2001. Under the terms of the plan, every year each participating employee chooses his or her basic contribution to the plan. Each sponsoring company provides a matching contribution in an amount equivalent to each basic contribution, up to a limit of 11% of the employee's reference salary, according to the rules of the plan. As participating employees retire, they may choose to receive either (i) a monthly sum ranging between 0.5% and 1.0% of their respective accumulated fund in Ultraprev or (ii) a fixed monthly amount which will exhaust their respective accumulated fund over a period of 5 to 25 years. The sponsoring company does not guarantee the amounts or the duration of the benefits received by each employee that retires. For the nine-month period ended September 30, 2014, the Company and its subsidiaries contributed R\$ 14,633 (R\$ 13,196 for the nine-month period ended September 30, 2013) to Ultraprev, which is recognized as expense in the income statement. The total number of participating employees as of September 30, 2014 was 6,832 active participants and 133 retired participants. In addition, Ultraprev had 29 former employees receiving benefits under the rules of a previous plan whose reserves are fully constituted.

## b. Post-employment Benefits

The Company and its subsidiaries recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Government Severance Indemnity Fund ("FGTS"), and health, dental care, and life insurance plan for eligible retirees.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary as of December 31, 2013 and are recognized in the interim financial information in accordance with IAS 19 R2011 (CPC 33 R2).

|                             | 09/30/2014     | 12/31/2013     |
|-----------------------------|----------------|----------------|
| Health and dental care plan | 34,802         | 32,028         |
| FGTS Penalty                | 48,375         | 43,349         |
| Bonus                       | 22,914         | 20,545         |
| Life insurance              | 16,660         | 15,374         |
| <b>Total</b>                | <b>122,751</b> | <b>111,296</b> |
| Current                     | 11,922         | 11,922         |
| Non-current                 | 110,829        | 99,374         |



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## 25 Revenue from Sale and Services (Consolidated)

|  | 09/30/2014        | 09/30/2013        |
|--|-------------------|-------------------|
| Gross revenue from sale                    | 50,892,617        | 45,530,749        |
| Gross revenue from services                | 431,077           | 402,648           |
| Sales tax                                  | (1,184,915)       | (1,030,243)       |
| Discounts and sales returns                | (227,636)         | (192,205)         |
| Deferred revenue (see Note 19)             | 2,884             | 2,793             |
| <b>Net revenue from sales and services</b> | <b>49,914,027</b> | <b>44,713,742</b> |

## 26 Expenses by Nature (Consolidated)

The Company discloses its consolidated income statement by function and is presented below, broken down by nature:

|   | 09/30/2014        | 09/30/2013        |
|---|-------------------|-------------------|
| Raw materials and materials for use and consumption | 45,220,128        | 40,484,379        |
| Personnel expenses                                  | 1,182,626         | 1,021,813         |
| Freight and storage                                 | 748,337           | 723,230           |
| Depreciation and amortization                       | 651,466           | 578,012           |
| Services provided by third parties                  | 160,664           | 127,170           |
| Advertising and marketing                           | 148,058           | 115,627           |
| Lease of real estate and equipment                  | 86,953            | 61,593            |
| Other expenses                                      | 191,757           | 174,286           |
| <b>Total</b>  | <b>48,389,989</b> | <b>43,286,110</b> |
| Classified as:                                      |                   |                   |
| Cost of products and services sold                  | 45,972,139        | 41,225,605        |
| Selling and marketing                               | 1,584,329         | 1,309,950         |
| General and administrative                          | 833,521           | 750,555           |
| <b>Total</b>  | <b>48,389,989</b> | <b>43,286,110</b> |

Research and development expenses are recognized in the income statements and amounted to R\$ 27,462 for the nine-month period ended September 30, 2014 (R\$ 20,245 for the nine-month period ended September 30, 2013).





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## 27 Other Operating Income, Net (Consolidated)

|                             | 09/30/2014 | 09/30/2013 |
|-----------------------------|------------|------------|
| Commercial partnerships     | 23,294     | 25,913     |
| Merchandising               | 25,643     | 19,803     |
| Loyalty program             | 4,517      | 16,040     |
| Others                      | 8,994      | 2,496      |
| Other operating income, net | 62,448     | 64,252     |

## 28 Income from Disposal of Assets (Consolidated)

Income from disposal of assets is determined as the difference between the selling price and residual book value of the investment, property, plant, and equipment, or intangible asset disposed of. For the nine-month period ended September 30, 2014, the gain was R\$ 15,194 (gain of R\$ 18,394 for the nine-month period ended September 30, 2013), represented primarily from disposal of property, plant, and equipment.

## 29 Financial Income (Expense)

|   | Parent     |            | Consolidated |            |
|---|------------|------------|--------------|------------|
|   | 09/30/2014 | 09/30/2013 | 09/30/2014   | 09/30/2013 |
| Financial income:   |            |            |              |            |
| Interest on financial investments                                       | 95,477     | 83,803     | 213,842      | 119,461    |
| Interest from customers   | -          | -          | 47,113       | 43,627     |
| Other financial income  | 4          | -          | 3,041        | 3,556      |
|   | 95,481     | 83,803     | 263,996      | 166,644    |
| Financial expenses:   |            |            |              |            |
| Interest on loans   | -          | -          | (341,472)    | (243,650)  |
| Interest on debentures  | (71,070)   | (51,618)   | (186,075)    | (87,755)   |
| Interest on finance leases  | -          | -          | (5,209)      | (5,208)    |
| Bank charges, financial transactions tax, and other charges             | 2,474      | (13,357)   | (23,192)     | (34,375)   |
| Exchange variation, net of gains and losses with derivative instruments | -          | (1)        | (28,953)     | (32,517)   |
| Changes in subscription warranty (see Note 3.a)                         | 1,383      | -          | 1,383        | -          |
| Monetary restatement of provisions, net, and other financial expenses   | (13)       | (9)        | (1,221)      | (6,887)    |

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|                            |          |          |           |           |
|----------------------------|----------|----------|-----------|-----------|
|                            | (67,226) | (64,985) | (584,739) | (410,392) |
| Financial income (expense) | 28,255   | 18,818   | (320,743) | (243,748) |

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated  
Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

30 Earnings per Share (Parent and Consolidated)

The table below presents a reconciliation of numerators and denominators used in computing earnings per share. The Company has subscription warrants and a deferred stock plan, as mentioned in Notes 3.a) and 8.c), respectively.

| Basic Earnings per Share                           | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Net income for the period of the Company           | 872,169    | 852,330    |
| Weighted average shares outstanding (in thousands) | 545,255    | 534,042    |
| Basic earnings per share –R\$                      | 1.5996     | 1.5960     |

| Diluted Earnings per Share  | 09/30/2014 | 09/30/2013 |
|---|------------|------------|
| Net income for the period of the Company  | 872,169    | 852,330    |
| Weighted average shares outstanding (in thousands), including deferred stock plan | 549,430    | 536,412    |
| Diluted earnings per share –R\$   | 1.5874     | 1.5889     |

| Weighted Average Shares Outstanding (in thousands)                   | 09/30/2014 | 09/30/2013 |
|--|------------|------------|
| Weighted average shares outstanding for basic per share calculation: | 545,255    | 534,042    |
| Dilution   |            |            |