ULTRAPAR HOLDINGS INC
Form 6-K
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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 February, 2014

Commission File Number: 001-14950

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

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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:

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ULTRAPAR HOLDINGS INC.

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MANAGEMENT REPORT 2013

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAC O ES S.A. (Ultrapar) hereby presents its Management Report and Financial Statements for the fiscal year 2013. This information is accompanied by an independent auditor's report with an unqualified opinion (clean opinion), which was discussed and reviewed by the Management.

COMPANY PROFILE

In 2013, Ultrapar continued its trajectory marked by constant investments in its businesses with growing and resilient demand: fuel distribution through Ipiranga and Ultragaz, specialty chemicals through Oxiteno, and liquid bulk storage through Ultracargo. Having completed 76 years of existence, the company's history was built with an entrepreneurial spirit, differentiated products and services to its customers, consistent planning and execution of its strategy, with growth and development opportunities for its employees.

Ultrapar's businesses are present throughout the whole Brazilian territory, with a widespread reach. Ultrapar also operates outside Brazil, through Oxiteno, with industrial plants in the United States, Mexico, Uruguay and Venezuela, and commercial offices in Argentina, Belgium, China and Colombia. By the end of 2013, Ultrapar had 9 thousand employees.

Since 1999, Ultrapar's shares have been listed at the BM&FBOVESPA (São Paulo Securities, Commodities and Futures Exchange), having entered in 2011 the Novo Mercado listing segment, and at the New York Stock Exchange (NYSE) with Level III ADRs. In 2013, Ultrapar's shares appreciated 21%.

ECONOMIC AND OPERATIONAL ENVIRONMENT

In 2013, as in the recent past, the macroeconomic environment remained difficult. In order to curb the rising inflation rates observed throughout the year, the Brazilian government raised the economy's base interest rate, from 7.25% at the end 2012 to 10.0% at the end of 2013. The projected GDP for 2013 points to a 2.2% growth. This performance of the Brazilian economy and the economic instability in the international market contributed to the weakening of the Real against the dollar, with an average exchange rate of R$ 2.16/US$ in 2013 compared to R$ 1.95/US$ in 2012. In 2013, 3.6 million light vehicles were licensed, practically stable compared to the previous year. As a result, the fleet is estimated to have increased by 7% in 2013, keeping the progression trend of the last years.

ULTRAPAR IN 2013

Ultrapar reported in 2013 another year of achievements and earnings growth.

An organized, transparent succession process, combined with the company's solid management system, allowed the succession of the Chief Executive Officer in 2013, continuing the planning and implementation of our growth and value creation strategy, focused on the endurance of the company by means of organic investments, acquisitions, differentiation, and operational excellence.

Looking towards the good prospects of the retail pharmacy sector, the pursue for greater convenience for Ipiranga and Ultragaz's customers and our capacity to contribute to the business, in September 2013 we entered into an association agreement with Extrafarma, one of Brazil's ten largest drugstore chains. We found in Extrafarma the elements that we seek in our businesses: scope for differentiation, a market that is resilient and, at the same time, leveraged on the Brazilian economy, sector in early stage of consolidation and formalization; therefore, with room for Ultrapar to place itself among the leaders. Culture was another element of harmony, as Extrafarma's corporate governance had been designed to align interests and professionalize management. Mr. Paulo Lazera, Extrafarma's main executive, will remain in charge of the retail pharmacy business as its Chief Executive Officer and will become a member of Ultrapar's executive board. We will accelerate Extrafarma's expansion plan, ensuring increased investment capacity, access for drugstore openings in Ipiranga's service stations and Ultragaz's resellers, and the strengthening of Extrafarma's experienced management team by implementing our mechanisms of corporate governance, incentives, and alignment of interests.

In 2013, we continued the strategy of expanding Ipiranga's distribution network, focusing on the Midwest, Northeast and North regions of Brazil. The continued growth of the Brazilian light vehicle fleet and the investments in the expansion of its service station network and logistics facilities made by Ipiranga enabled the increase in sales. To this set of positive structural factors are added the results of the differentiation strategy, based on convenience and on increasing the offer of services at Ipiranga service stations. As part of this strategy, ConectCar started its operations in April, aiming at providing electronic payment for tolls, parking and fuel, having Ipiranga service stations as the main contact channel with customers.

A pioneer in the Brazilian chemical industry, Oxiteno completed 40 years in 2013, with a history of significant expansion of the production capacity, innovation, and product and process technology. The recent investments made in expanding its plants in Brazil and in the acquisition of new plants abroad contributed for increased sales volume and a more favorable sales mix, with a focus on specialty chemicals.

With a wide geographical presence, Ultracargo managed to understand the needs of its clients in the port infrastructure sector, being the only company specialized in liquid bulk storage that is located in six Brazilian ports. In 2013, we focused on consolidating our new operation at the Itaqui port, which began after the acquisition made in 2012, and we concluded the expansion of the terminal in Aratu.

At Ultragaz, we also obtained good results in 2013, as a consequence of a strategy based on our strong brand, on the excellence of our resellers and of our bulk LPG distribution services, and on the development of new applications for LPG. The permanent process of seeking for productivity gains also positively affected the results.

As a result of the corporate governance practices and the results obtained, the company received important recognitions in 2013. We believe the reason for those recognitions is a culture of entrepreneurship with planned, detailed implementation, strict governance, and continuous development of professionals that are able to endure our way of doing and conducting business.

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2013 HIGHLIGHTS

Acquisitions and investments

- Signing of an association agreement with Extrafarma, one of Brazil's ten largest drugstore chains, marking Ultrapar's entry into the retail pharmacy sector.
- Expansion of Ipiranga's reseller network by 265 service stations, 188 new am/pm stores and 144 Jet Oil and Jet Oil Motos franchises.
- Construction or expansion of 10 Ipiranga's storage facilities.
- Expansion and retrofit of Oxiteno's specialty chemical plants in Mexico and in the United States.
- Conclusion of the expansion of the Aratu terminal and modernization and maintenance of Ultracargo's terminals.
- Capture of new customers in Ultragaz's bulk LPG segment with a focus on small and medium clients.

Results

- Net sales of R$ 61 billion in 2013, a growth of 13% over the previous year.
- EBITDA of R$ 2.9 billion, 21% higher than that in 2012.
- Net earnings of R$ 1.2 billion, a 20% growth over the previous year.

Main recognitions

- 1st place in the "Best Companies for the Shareholders" award in the category of companies with market value over R$ 15 billion, awarded by Revista Capital Aberto.
- Best Corporate Governance in the IR Magazine Awards Brazil 2013.
- 4th place in the World's Most Admired Companies 2013 ranking in the energy sector, by Fortune Magazine.
- One of the world's 100 most innovative companies on Forbes World's Most Innovative Companies award.

Corporate governance, strategy and value creation

Ultrapar has a long track record of pioneering in the development of its governance. Ultrapar's governance structure is based on long-term alignment between shareholders and executives, in a process that started in the 1980's by Pery Igel, then manager and main shareholder of Ultrapar.

The governance model built over the years by Ultrapar became the key element for the growth and endurance of the company and its businesses. The company's corporate governance structure was designed to create an increasingly solid, profitable and long-lasting company, with provisions inspired by international standards with no precedent in Brazil and that exceed the requirements of BM&FBOVESPA's highest corporate governance level.

The recent most significant step was taken in 2011, when Ultrapar introduced its new corporate governance structure and joined BM&FBOVESPA's Novo Mercado. With this initiative, the company further deepened the process of professionalization and increased its investment capacity in order to continue pursuing its growth strategy.

As of 2013, Thilo Mannhardt, then member of the Board of Directors, became the company's CEO, succeeding Pedro Wongtschowski, who had held the position since 2006 and became a member of the Board of Directors of Ultrapar. The company's solid and strengthened management system enabled a planned and organized transition process, a renewal without disruption.

One of the benefits of the increased investment capacity resulting from Ultrapar’s entry into BM&FBOVESPA’s Novo Mercado materialized in 2013, with the association with Extrafarma. Ultrapar’s new governance structure enabled it to carry out a transaction in which Extrafarma’s shareholders would become Ultrapar's shareholders, a key factor for the association to happen.

Social and environmental philosophy, innovation and operational excellence

One of the main pillars of Ultrapar’s trajectory is a vision of sustainability that pervades actions and attitudes in areas that include from relationship with stakeholders to the responsible manner of conducting business. In this context, innovation is one of the main driving forces of the product and service differentiation strategy adopted by Ultrapar in its businesses, and it presents a key role in the company’s history. The relationship with the communities that surround

Ultrapar's operations is also one of the key drivers of its vision of sustainability. The practices adopted by the company in this front result in greater inclusion and social development, in addition to bring Ultrapar even closer to its consumers.

Ipiranga's Posto Ecoeficiente project (Eco-Efficient service station) is one of the differentiation initiatives that reflect Ultrapar's innovation philosophy. The Posto Ecoeficiente project involves solutions in the construction and operation of service stations that result in better use of resources, such as water and electricity, and reduction of wastage and residues. The Postos Ecoeficientes reached in 2013 the mark of 488 units spread over the Brazilian territory, in addition to 200 units under construction. Ipiranga conducts, since 2008, the Saúde na Estrada program (Health on the Road), which aims at bringing health information to truck drivers, important customers of the service stations Ipiranga Rodo Rede, located in federal and state highways in Brazil, contributing to improve the quality of life of these professionals. The initiative consists of performing basic medical examinations, vaccinations and information campaigns.

Oxiteno's operation is strongly supported by innovation, which is the basis of a growing positioning in specialty chemicals in the domestic and international markets, thus ensuring greater profitability to the business, lower volatility and a closer relationship with customers. Of its staff, 7% is linked to the development of new products, processes and technologies. In 2013, 22 entirely new products were developed and launched in the market, and revenues from new products launched in the last five years accounted for 9% of its total revenues.

In 2013, Ultracargo held the Semana Bem+Sustentável (Sustainable Week), focused on disseminating knowledge related to safety, health, environment, and quality. The event featured lectures aiming at encouraging change of behavior of employees and raising their awareness, considering matters related not only to the workplace, but also to relationships with families and communities. Over 800 employees took part in the lectures.

Ultragaz is achieving important results in a logistics program to reduce the fuel consumption of its fleet – reducing accordingly emissions of pollutants into the atmosphere. The program minimizes gas emissions in the process of refueling corporate clients, in addition to reducing costs. Through Ultragaz, Ultrapar develops, with the support of the Banco Nacional de Desenvolvimento Econômico e Social - BNDES (Brazilian Development Bank), social and environmental projects in the surroundings of the communities where it operates. Among the initiatives, the Educational Campaigns, in partnership with the Federal Government and the Ministry of Health, are designed to provide preventive information by means of qualifying LPG dealers and have directly impacted nearly 25 million people in 2013.

Interacting with the community of the Bela Vista neighborhood, in São Paulo, where Ultrapar's headquarters are located, the company opened in 2013 the 12th class of the Ultra Formare, a vocational training and free course for underprivileged young students from public schools in the region. After a 33-week course, young students are able to act as administrative and commercial assistants. This initiative helps social inclusion to these youngsters, creates specialized labor, and disseminates Ultrapar's culture through its employees that act as volunteer teachers.

People

One of Ultrapar's main foundations is the development of human capital. To this purpose, it relies on a people strategy that values meritocracy and features a variable compensation system linked to value creation, as well as an effective system for attraction, qualification and retention.

Attracting talents to be developed and prepared, that support the company's growth, is one of Ultrapar's major concerns. Annually, the company offers opportunities for young talents through internship and trainee programs. Every year about 320 young professionals are hired, who gain a broad overview of Ultrapar's businesses through job rotation and several training sessions.

Clients, resellers and suppliers

At Ultrapar, passion and respect for the client is a work philosophy that has guided the company over its 76 years of existence. Furthermore, Ultrapar has a solid partnership with its wide range of suppliers and resellers network, based on ethics principles and on management focused on sustainable financial results. These characteristics contribute for the endurance of Ultrapar's businesses, in addition to generating benefits that are extended to its partners.

One of the main traits of Ipiranga's corporate culture is the close relationship with the resellers, which is strongly supported by qualification and training programs for service stations' owners and employees – the VIP (Vendedores Ipiranga de Pista), as pump attendants are known at Ipiranga. In order to keep a differentiated business model, Ipiranga seeks to develop several pioneering initiatives in the sector. Among the initiatives, one of the most well-known is the Clube VIP (VIP Club), an incentive program specifically focused on service stations' employees that aims at engaging those employees and at encouraging the achievement of goals. With relation to end consumers, Km de Vantagens is a case of success in the differentiation strategy designed by Ipiranga with the aim of building customer loyalty. With 15 million participants by the end of 2013, the program became the company's main relationship platform, promoting a major evolution in Ipiranga's actions towards and communication with end consumers.

The close relationship with the client is one of the main pillars for the success of Oxiteno's strategy, as the process for the development of new formulations is intrinsically linked to the specific demands of each client. In the agrochemical segment, this closeness becomes even more evident, resulting in a virtuous combination of shared efforts and results.

In order to enhance the interaction with clients and other stakeholders, Ultracargo introduced this year the "Conhecendo Melhor a Ultracargo" ("Knowing Ultracargo Better") program. The program made it possible to set a more structured, standardized process for visits to all the company's units, increasing the efficiency in meeting the expectations that motivated the visits. Since its inception, 32 visits were scheduled to the Suape, Aratu, Santos and Rio de Janeiro terminals and to the headquarters. The initiative allows the feedbacks provided by visitors to be used to enhance processes and services.

Anticipating trends related to consumer habits has been one of the main focuses of Ultragaz's attention, and has generated adjustments to operations, to assets and to customer service. In this context, Ultragaz ordered in 2013 a major market research from Instituto Gallup focused on changes in habits and needs of end consumers regarding service quality, as a result of the increase in the number of delivery channels and in service speed in the bulk and bottled segments, which allowed the company to begin testing initiatives to draw the company even closer to its clients and, thus, enhance the products and services offered.

Investments

Ultrapar continued, in 2013, its investment strategy oriented to grow volume and competitiveness, serving each time better an increasing number of customers. Ultrapar's investments, net of disposals, totaled R$ 1,119 million, of which R$ 1,089 million were related to organic investments and R$ 29 million were related to acquisitions.

At Ipiranga, R$ 746 million were invested, of which (i) R$ 348 million in the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$ 86 million in expanding its logistics infrastructure to support the growing demand, through the construction and expansion of logistics facilities, and (iii) R$ 312 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R$ 758 million were related to property, plant, equipment and intangible assets, partially offset by R$ 12 million related to repayments from clients, net of financings to clients. At Oxiteno, the total investments in 2013 amounted to R$ 139 million, mainly directed to continue the expansion of the production capacity in Pasadena, United States, and in Coatzacoalcos, Mexico, and to the maintenance of its plants. Ultracargo's investments totaled R$ 37 million in 2013, mainly allocated to the modernization and maintenance of its terminals. At Ultragaz, R$ 151 million were invested mainly in new clients in the bulk segment, replacement of bottles and maintenance of its bottling facilities.

Ultrapar's investment plan for 2014, excluding acquisitions, amounts to R$ 1,484 million, which demonstrates the continuity of good opportunities to grow through increased scale and productivity gains, as well as modernization of existing operations.

Organic investments plan for 2014[1] (R$ million)	2014 (B)
Ipiranga	886
Oxiteno	244
Ultracargo	60
Ultragaz	184
Extrafarma	67
Outros	44

Total	1,484

1 Net of disposals

At Ipiranga, we plan to invest (i) R$ 366 million to maintain the pace of expansion of its distribution network (through the conversion of unbranded service stations and the opening of new gas stations) and of am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$ 121 million in the expansion of logistics infrastructure to support the growing demand, mainly through the construction of new logistics facilities, and (iii) R$ 400 million in the maintenance of its activities, mainly in the renewal of contracts of its distribution network and the renovation of service stations, and in the modernization of operations. Out of Ipiranga's total investment budget, R$ 885 million refer to additions to property, plant, equipment and intangible assets, and R$ 2 million refer to financing to clients, net of repayments. Oxiteno plans to invest R$ 161 million in the expansion of its production capacity, mainly in the conclusion of the expansion in Coatzacoalcos, in Mexico, and in the potential expansion in Pasadena, in the United States. The expansion in Mexico is planned to be operational by 2014 and will add 30,000 tons per year of production capacity. Additionally, Oxiteno will invest R$ 83 million in enhancing the productivity and in the maintenance of its plants and IT systems. Ultracargo will invest mainly in the modernization, adjustment and maintenance of the infrastructure of its terminals and in the potential expansion of the Itaqui terminal, which is planned to start operating in 2015. At Ultragaz, investments will be focused mainly (i) on the construction of a filling plant in São Luis, in the state of Maranhão, (ii) on UltraSystem (small bulk), due to the perspective of capturing new clients and (iii) on the replacement and purchase of LPG bottles. At Extrafarma, investments will be directed to the opening of approximately 70 new drugstores, to the expansion of its infrastructure and to the maintenance of its activities.

Shareholders' return and capital markets

Ultrapar ended the year 2013 with a market value of R$ 30 billion. At BM&FBOVESPA, Ultrapar shares closed 2013 quoted at R$ 55.95, with an accumulated appreciation of 21%, while the Ibovespa index depreciated 15% and the Brazil Index (IBrX) depreciated 3%. At the NYSE, the stock had an annual appreciation of 6%, influenced by depreciation of the Real against the Dollar, while the Dow Jones appreciated 26% due to signs of recovery of the American economy.

The year 2013 was marked also by a strong increase in the trading liquidity of the company's shares. Ultrapar's average daily trading volume in 2013 reached R$ 70 million/day, 26% higher than the average in 2012. This volume considers trading on both the BMF&BOVESPA and the NYSE. As from May, Ultrapar shares were included in the portfolio of BM&FBOVESPA's Brazil 50 Index (IBrX-50), an index composed of the 50 most liquid stocks traded on BM&FBOVESPA. Ultrapar shares are among the 10 most representatives within the portfolio.

For 2013, Ultrapar declared dividends of 744 million, a 19% increase from the previous year. This amount represents a dividend yield of 2.6% on the average share price in 2013.

Relationship with Independent Auditors

Ultrapar and its subsidiaries' policies on contracting services from its independent auditors aims to ensure that there is no conflict of interest, loss of independence or objectivity, being based on principles that preserve the auditor's independence. To avoid any subjectivity in the definition of the principles of independence in services provided by external auditors, procedures for the approval of hiring such services have been established, expressly defining the services to be (i) previously authorized, (ii) subject to prior approval by the Fiscal Council/Audit Committee, and (iii) prohibited.

For the year ending December 31st, 2013, Ultrapar and its subsidiaries did not contract any service from their independent auditors not directly linked to the auditing of financial statements. The total amount to the independent auditors in connection with auditing services of the 2013 financial statements was R$ 3.8 million. In addition to that, Ultrapar contracted services in the amount of R$ 1.1 million related to auditing fees of the special purpose financial statements used for the approval of the merger of shares of Extrafarma by Ultrapar.

Deloitte Touche Tohmatsu began to provide external audit services to Ultrapar in 2012.

ANALYSIS OF FINANCIAL PERFORMANCE IN 2013

Standards and criteria adopted in preparing the information

The financial information presented in this results discussion has been prepared according to International Financial Reporting Standards (IFRS). The financial information of Ultrapar corresponds to the company's consolidated information. The financial information of Ultragaz, Ipiranga, Oxiteno and Ultracargo is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, except when otherwise indicated, the amounts presented in this document are expressed in millions of Reais and, therefore, are subject to rounding off. Consequently, the total amounts presented in the tables may differ from the direct sum of the amounts that precede them.

On October 4th, 2012, CVM issued the Instruction No. 527 ("ICVM 527"), which governs the disclosure by listed companies in Brazil of EBITDA — Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT — Earnings Before Interest and Taxes, for the results disclosed from January 1st, 2013 onwards.

From 2013 onwards, the adoption of IFRS 11 and IAS (International Accounting Standard) 19 became mandatory in the presentation of financial statements of publicly-traded companies, resulting in the following changes: (i) results from joint ventures ("JV") are no longer proportionally consolidated and will be recognized through the equity method and (ii) actuarial gains and losses from post-employment benefits cease to affect the operating results and start to be recognized under shareholders' equity, and past service costs are recognized in retained earnings within shareholders' equity in the date of transition.

In order to provide comparability of financial statements with periods prior to the adoption of the aforementioned accounting changes, the figures presented in this document relating to 2012 have been updated in accordance with ICVM 527, IFRS 11 and IAS 19. EBITDA according to ICVM 527, IFRS 11 and IAS 19 and net earnings according to IAS 19 differ from EBITDA and net earnings previously reported by the company, as shown below:

R$ million	2012
EBITDA prior to ICVM 527	2,401.6
(+) Income from disposal of assets	3.7
(+) Equity in earnings (losses) of affiliates	0.2
EBITDA after ICVM 527	2,405.4
(-) EBITDA JV	(17.8)
(+) Equity in earnings (losses) of JV	10.3
(+) Effects related to post-employment	13.5

benefits	
EBITDA after ICVM 527, IFRS 11 and IAS 19	2,411.4

R$ million	2012
Net income as previously reported	1,017.9
(+) Effects related to post-employment benefits	8.9
Net income after IAS 19	1,026.8

The information on EBIT and EBITDA included in this document was prepared in accordance with ICVM 527.

The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) presented in this document represents the net income before (i) income and social contribution taxes, (ii) net financial expense (income) and (iii) depreciation and amortization, presented in accordance with ICVM 527. The purpose of including EBITDA information is to provide a measure used by the management for internal assessment of our operating results, besides being a directly or indirectly related measure to a portion of our employee profit sharing plan. It is also a financial indicator widely used by investors and analysts to measure our ability to generate cash from operations and our operating performance. We also calculate EBITDA in connection with covenants related to some of our financing, as described in note 14 to the financial statements. We believe EBITDA allows a better understanding not only of our financial performance but also of our capacity of meeting the payment of interest and principal from our debt and of obtaining resources for our investments and working capital. Our definition of EBITDA may differ from, and, therefore, may not be comparable with similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because EBITDA excludes net financial expense (income), income tax and social contribution, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or changes in income tax and social contribution, depreciation and amortization. EBITDA is not a measure of financial performance under accounting practices adopted in Brazil or IFRS. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company’s overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes and depreciation and amortization.

The calculation of the EBITDA from the net earnings is presented below:

R$ million	2013	2012	D (%) 2013v2012
Net income for the year	1,228.7	1,026.8	20%
(+) Income and social contribution taxes	572.7	421.3	
(+) Net financial expense	337.6	270.3	
(+) Depreciation and amortization	778.9	693.1	
EBITDA	2,918.0	2,411.4	21%

Comparative performance 2013-2012
(R$ million)

	2013					2012				
	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz
Net revenue from sales and services	60,940	53,384	3,278	332	3,982	53,869	46,829	2,929	294	3,847
Cost of products and services sold	(56,165)	(50,190)	(2,480)	(134)	(3,398)	(49,768)	(44,055)	(2,312)	(117)	(3,313)
Gross profit	4,775	3,194	798	198	584	4,101	2,774	616	176	534
Selling, marketing, general and administrative expenses	(2,769)	(1,760)	(487)	(94)	(432)	(2,471)	(1,613)	(387)	(75)	(410)
Other operating income, net	98	96	(3)	5	(1)	74	81	(1)	4	(0)
Income from disposal of assets	40	44	0	(0)	(4)	4	12	1	0	(10)
Operating income	2,144	1,575	309	109	147	1,708	1,254	229	105	114
Share of profit of subsidiaries and associates	(5)	1	0	1	-	10	7	(0)	1	0
EBITDA	2,918	2,030	441	158	281	2,411	1,653	352	143	246
Depreciation and amortization	779	454	132	47	133	693	391	123	37	131

Sales volume

Ipiranga's sales volume in 2013 grew by 6% over 2012, totaling 24,758 thousand cubic meters. Sales volume of gasoline, ethanol and natural gas for vehicles increased by 9% in relation to 2012, as a result of an estimated 7% growth of the light vehicles fleet and strong investments in new service stations and in the conversion of unbranded service stations. Diesel volumes, in turn, grew by 4% as a result of the 7% growth in the volume sold in the reseller segment, derived from investments made in expanding the service station network and, to a lesser extent, the growth of the economy. At Oxiteno, sales volume of specialty chemicals reached 687 thousand tons in 2013, up 8% compared with the previous year, mainly due to (i) investments to expand production capacity over the last years (ii) the growth of the segments served by Oxiteno in Brazil, in particular cosmetics, detergents, agrochemicals and coatings, and (iii) the acquisition of the specialty chemicals plant in Uruguay. Oxiteno's total volume sold increased by 2% in 2013, with the strong growth of specialties partly offset by lower sales of glycols in the second half of 2013, leading to a richer sales mix. Ultracargo's average storage grew by 13% compared with 2012, driven by the acquisition of a terminal in the port of Itaqui, in August 2012, and by the increased product handling at the Suape, Aratu and Santos terminals, which was enabled by the investments carried out over the last years. Ultragaz's sales volume reached 1,696 thousand tons in 2013, up 1% over 2012, due to the 3% growth in the bulk segment, as a consequence of investments made to capture new customers, especially in the residential segment and in small- and medium-sized companies.

Net revenue from sales and services

Ultrapar's net revenue from sales and services amounted to R$ 60,940 million in 2013, a 13% growth over 2012. In the same comparison, Ipiranga's net revenue increased by 14%, mainly due to (i) increased sales volume, (ii) the rise in diesel, gasoline and ethanol costs, and (iii) improved sales mix, resulting from investments in the service station network expansion, which enabled a higher share of fuels for light vehicles and diesel sold through the reseller segment (sales in service stations). Oxiteno reported a 12% growth in net revenue, as a result of the 10% weaker Real and the 2% growth of sales volume. Ultracargo's net revenue totaled R$ 332 million, up 13% over 2012, mainly due to the increased average storage. Ultragaz's net revenue amounted to R$ 3,982 million in 2013, up 4% over 2012, mainly as a result of increased sales volume in the bulk segment.

Cost of products and services sold

Ultrapar's cost of products and services sold amounted to R$ 56,165 million in 2013, growth of 13% over 2012. Ipiranga's cost of products sold increased by 14% over 2012, mainly due to the growth in sales volume and the cost increases by Petrobras (i) in diesel, in January, March and November 2013, and (ii) in gasoline, in January 2013. Oxiteno's cost of products sold presented a 7% increase over 2012 mainly due to the effect of the 10% weaker Real on variable costs and the 2% growth in sales volume, effects partially offset by a 5% reduction in unit variable costs in dollars. Ultracargo's cost of services presented a 14% increase over 2012 as a result of increased average storage and increased depreciation, as a consequence of the capacity expansions and the acquisition of the terminal in Itaqui in August 2012. Ultragaz's cost of products sold increased by 3% over 2012, as a result of increased sales volume, the effects of inflation on costs, and increased requalification of LPG bottles, partially offset by cost reduction initiatives implemented over the year.

Gross profit

Ultrapar reported gross profit of R$ 4,775 million in 2013, a 16% growth over 2012, as a consequence of the growth in the gross profit of all businesses.

Selling, marketing, general and administrative expenses
Ultrapar’s selling, marketing, general and administrative expenses amounted to R$ 2,769 million in 2013, up 12% over 2012. Ipiranga's selling, marketing, general and administrative expenses presented a 9% increase over 2012, mainly resulting from (i) increased sales volume and increased unit expenses with freight, derived from the rise in diesel costs and inflation (ii) the expansion of the distribution network, and (iii) the effects of inflation on personnel expenses. Oxiteno’s selling, marketing, general and administrative expenses grew by 26% over 2012, due to (i) increased logistics expenses, resulting from the rise in diesel costs and the effect of the weaker Real, (ii) the startup of the company’s operations in Uruguay and in the United States, (iii) an increase in variable compensation, in line with earnings progression, and (iv) the effects of inflation on expenses. Ultracargo’s selling, marketing, general and administrative expenses were up 27% compared to 2012, mainly as a result of the acquisition of the terminal in Itaqui, increased expenses with projects and the effects of inflation on expenses. Ultragaz’s selling, marketing, general and administrative expenses grew by 6% over 2012, mainly due to the effects of inflation on personnel expenses and freight, partially offset by expense reduction initiatives implemented over the year.

Income from disposal of assets
Ultrapar reported in 2013 an income from disposal of assets in the total amount of R$ 40 million, R$ 37 million above that of 2012, mainly due to sale of part of a logistics facility of Ipiranga.

EBITDA
Ultrapar’s consolidated EBITDA reached R$ 2,918 million in 2013, a 21% growth over 2012. Ipiranga reported an EBITDA of R$ 2,030 million in 2013, up 23% from 2012, mainly due to (i) investments in the resellers’ network expansion resulting in increased sales volume in the reseller segment (sales in service stations), (ii) the strategy of constant innovation in services and convenience in the service station, (iii) initiatives for reducing the grey market in the ethanol segment, and (iv) the inventory effects resulting from the evolution of ethanol, diesel and gasoline costs, partially offset by higher expenses, mainly with freight. Oxiteno’s EBITDA totaled R$ 441 million, a growth of 25% over 2012, as a result of (i) the effect of the 10% weaker Real, (ii) a richer sales mix in 2013, with increased share of specialty chemicals, and (iii) the 2% growth in sales volume, partially offset by expenses related to the startup of the company's operations in the United States and in Uruguay. Ultracargo reached an EBITDA of R$ 158 million in 2013, an increase of 10% over 2012, mainly due to the acquisition of the terminal in Itaqui and higher average storage. Ultragaz’s EBITDA amounted to R$ 281 million, 14% higher than that of 2012, mainly due to the costs and expenses reduction initiatives implemented over the year.

Depreciation and amortization
Total depreciation and amortization costs and expenses in 2013 amounted to R$ 779 million, up R$ 86 million or 12% over 2012, due to increased investments and the acquisitions in the port of Itaqui, by Ultracargo, and in Uruguay, by Oxiteno.

Operating profit
Ultrapar presented operating profit of R$ 2,144 million in 2013, up 26% up over 2012, as a result of the growth of operating profit of all businesses.

Financial result

Ultrapar reported net financial expenses of R$ 338 million in 2013, R$ 67 million above that of 2012, mainly due to the increased average net debt and effects of the exchange rate over the year.

Net income

Ultrapar's consolidated net income in 2013 reached R$ 1,229 million, 20% higher than that of 2012, mainly as a result of the growth in EBITDA between the periods.

Indebtedness

Ultrapar closed the fiscal year 2013 with a gross debt of R$ 6,970 million, resulting in a net debt of R$ 3,426 million, an increase of R$ 342 million over 2012, mainly due to investments in expansion and maintenance in all businesses and dividends distributed over the last 12 months. At the end of 2013 the net debt corresponded to 1.2 times EBITDA for the last 12 months, a reduction compared to the ratio of 1.3 times EBITDA at the end of 2012, as a result of the earnings growth in all businesses.

Outlook

Ultrapar should continue to reap the benefits of investments made in expanding its businesses, in addition to the initiatives for differentiation and to establish a closer relationship with customers.

At Ipiranga, strong and consistent investments in expanding the service station network and related logistics infrastructure, focused on the North, Northeast and Midwest regions of Brazil, will continue to leverage the benefits from the growth of the vehicle fleet in Brazil and the reduction of grey market. Additionally, the company will proceed with its differentiation initiatives, based on increasing the offer of products, services and convenience, to further expand the number of increasingly satisfied and loyal consumers.

At Ultragaz, the benefits from recent investments in capturing new customers and the continued focus on managing costs and expenses will contribute to continue its growth.

Oxiteno will keep the focus on innovation, with the development of new products, and will act to maximize the benefits from the ramp up of investments in production capacity expansion in Brazil, in a more favorable exchange rate scenario. Additionally, the company will continue the consolidation of its international expansion plan.

Ultracargo, in turn, will continue to focus on the benefits generated by the expansion of existing terminals and will keep attentive to opportunities from the growing demand for liquid bulk storage in Brazil, which includes evaluating expansions and participating in bidding processes that are expected to take place in 2014.

In 2014, Ultrapar will incorporate the Extrafarma drugstore chain into its activities, focusing on integrating the new business and detailing the accelerated expansion plan, which should be developed more intensively from 2015 onwards.

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

Ultrapar Participações S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2013 and
Independent Auditors' Report
on Financial Statements

Ultrapar Participações S.A. and Subsidiaries

Individual and Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

We have audited the accompanying individual and consolidated financial statements of Ultrapar Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2013 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Ultrapar Participações S.A. as of December 31, 2013, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ultrapar Participações S.A. as of December 31, 2013, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRSs, as issued by the IASB, and accounting practices adopted in Brazil.

Emphasis of matter

Measurement of investments in subsidiaries, associates and joint ventures

We draw attention to note 2 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Ultrapar Participações S.A., these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRSs, would be measured at cost or fair value. Our opinion is not qualified in respect of this matter.

Restatement of corresponding figures

We draw attention to note 2.w) to the financial statements, which states that, due to the changes in the accounting policy for joint ventures and for employee benefits, the individual and consolidated corresponding figures relating to the prior year, presented as comparative information, have been adjusted and are restated as required by technical pronouncement CPC 23 and international standard IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and technical pronouncement CPC 26 (R1) and international standard IAS 1 (Revised 2007) - Presentation of Financial Statements. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2013, prepared under the responsibility of the Company's Management, the presentation of which is required by Brazilian corporate law for publicly-traded companies, and as supplemental information for IFRS, that do not require the presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Audit of corresponding figures of the balance sheet as of January 1st, 2012

The corresponding figures of the balance sheet as of January 1st, 2012, presented for comparison purposes and restated due to the matters described in note 2.w) to the financial statements, were previously audited by other independent auditors, whose report, without qualification, was issued and dated on February 19, 2014.

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

São Paulo, February 19, 2014

DELOITTE TOUCHE TOHMATSU	Edimar Facco
Auditores Independentes	Engagement Partner

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Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2013, December 31, 2012 and January 1, 2012

(In thousands of Brazilian Reais)

			Parent			Consolidated	
Assets	Note	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Current assets							
Cash and cash equivalents	4	110,278	76,981	178,672	2,276,069	2,021,114	1,765,506
Financial investments	4	264	216	52,902	1,149,132	961,184	819,344
Trade receivables, net	5	-	-	-	2,321,537	2,306,521	2,023,405
Inventories, net	6	-	-	-	1,592,513	1,290,694	1,303,495
Recoverable taxes, net	7	27,067	63,266	48,706	479,975	477,959	466,518
Dividends receivable		296,918	57,014	73,526	177	1,292	-
Other receivables		1,349	314	1,971	19,361	20,463	20,248
Prepaid expenses, net	10	1,907	-	-	65,177	53,811	39,913
Total current assets		437,783	197,791	355,777	7,903,941	7,133,038	6,438,429
Non-current assets							
Financial investments	4	-	-	-	118,499	149,530	74,437
Trade receivables, net	5	-	-	-	124,478	137,359	117,716
Related parties	8.a	772,194	781,312	779,531	10,858	10,858	10,144
Deferred income and social contribution taxes	9.a	395	43	690	376,132	469,331	510,965
Recoverable taxes, net	7	21,464	25,999	39,906	37,365	49,070	81,395
Escrow deposits	23	148	232	232	614,912	533,729	469,185
Other receivables		-	-	-	6,634	10,978	1,312
Prepaid expenses, net	10	-	-	-	97,805	79,652	67,869
		794,201	807,586	820,359	1,386,683	1,440,507	1,333,023
Investments							
In subsidiaries	11.a	6,112,193	5,773,288	5,261,656	-	-	-
In joint-ventures	11.a;11.b	22,751	19,759	18,904	44,386	28,209	120,803
In associates	11.c	-	-	-	11,741	12,670	12,626

Other		-	-	-	2,814	2,814	2,764
Property, plant and equipment, net	12;14.i	-	-	-	4,860,225	4,667,020	4,250,924
Intangible assets, net	13	246,163	246,163	246,163	2,168,755	1,965,296	1,539,132
		6,381,107	6,039,210	5,526,723	7,087,921	6,676,009	5,926,249
Total non-current assets		7,175,308	6,846,796	6,347,082	8,474,604	8,116,516	7,259,272
Total assets		7,613,091	7,044,587	6,702,859	16,378,545	15,249,554	13,697,701

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

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2013, December 31, 2012 and January 1, 2012

(In thousands of Brazilian Reais)

		Parent			Consolidated		
Liabilities	Note	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Current liabilities							
Loans	14	-	-	-	1,767,824	1,573,031	1,300,284
Debentures	14.g	53,287	50,412	1,002,451	60,377	52,950	1,002,451
Finance leases	14.i	-	-	-	1,788	1,974	2,222
Trade payables	15	1,133	177	54	968,950	1,297,735	1,066,786
Salaries and related charges	16	141	138	128	297,654	252,526	267,220
Taxes payable	17	24	3,059	2,361	116,322	107,673	109,208
Dividends payable	20.g	237,938	213,992	156,076	242,207	222,351	163,791
Income and social contribution taxes payable		559	-	-	113,922	75,235	36,151
Post-employment benefits	24.b	-	-	-	11,922	10,035	11,718
Provision for assets retirement obligation	18	-	-	-	3,449	3,719	7,251
Provision for tax, civil and labor risks	23.a	-	-	-	69,306	49,514	40,986
Other payables		320	214	214	93,040	56,453	55,368
Deferred revenue	19	-	-	-	17,731	18,054	19,731
Total current liabilities		293,402	267,992	1,161,284	3,764,492	3,721,250	4,083,167
Non-current liabilities							
Loans	14	-	-	-	3,697,999	3,151,689	3,195,706
Debentures	14.g	799,197	795,479	-	1,399,035	1,395,269	-
Finance leases	14.i	-	-	-	42,603	40,939	41,431
Related parties	8.a	-	-	-	3,872	3,872	3,971
Deferred income and social contribution taxes	9.a	-	-	-	101,499	84,924	37,438
Provision for tax, civil and labor risks	23.a	531	519	1,047	569,714	550,963	512,215
Post-employment benefits	24.b	-	-	-	99,374	118,460	97,478
Provision for assets retirement obligation	18	-	-	-	66,212	66,692	60,253
Other payables		-	-	-	77,725	99,565	90,625
Deferred revenue	19	-	-	-	9,134	9,853	8,724
Total non-current liabilities		799,728	795,998	1,047	6,067,167	5,522,226	4,047,841

Shareholders’ equity							
Share capital	20.a	3,696,773	3,696,773	3,696,773	3,696,773	3,696,773	3,696,773
Capital reserve	20.c	20,246	20,246	9,780	20,246	20,246	9,780
Revaluation reserve	20.d	6,107	6,713	7,075	6,107	6,713	7,075
Profit reserves	20.e	2,706,632	2,224,549	1,831,757	2,706,632	2,224,549	1,831,757
Treasury shares	20.b	(114,885)	(114,885)	(118,234)	(114,885)	(114,885)	(118,234)
Additional dividends to the minimum mandatory dividends	20.g	161,584	147,195	122,239	161,584	147,195	122,239
Valuation adjustments	2.c;2.o; 20.f	5,428	(12,615)	(4,436)	5,428	(12,615)	(4,436)
Cumulative translation adjustments	2.r;20.f	38,076	12,621	(4,426)	38,076	12,621	(4,426)
Shareholders’ equity attributable to:							
Shareholders of the Company		6,519,961	5,980,597	5,540,528	6,519,961	5,980,597	5,540,528
Non-controlling interests in subsidiaries		-	-	-	26,925	25,481	26,165
Total shareholders’ equity		6,519,961	5,980,597	5,540,528	6,546,886	6,006,078	5,566,693
Total liabilities and shareholders’ equity		7,613,091	7,044,587	6,702,859	16,378,545	15,249,554	13,697,701

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

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Ultrapar Participações S.A. and Subsidiaries

Income statements

For the years ended December 31, 2013 and 2012

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

		Parent		Consolidated	
	Note	2013	2012	2013	2012
Net revenue from sales and services	25	-	-	60,940,246	53,868,926
Cost of products and services sold	26	-	-	(56,165,382)	(49,768,137)
Gross profit		-	-	4,774,864	4,100,789
Operating income (expenses)					
Selling and marketing	26	-	-	(1,756,376)	(1,579,589)
General and administrative	26	(1,163)	(879)	(1,012,316)	(891,100)
Income from disposal of assets	28	5	-	40,280	3,656
Other operating income, net	27	1,254	852	97,581	74,134
Operating income before financial income (expenses) and share of profit of subsidiaries and joint ventures		96	(27)	2,144,033	1,707,890
Financial income	29	120,245	109,211	240,562	208,155
Financial expenses	29	(86,296)	(94,672)	(578,167)	(478,478)
Share of profit of subsidiaries, joint ventures and associates	11	1,262,503	1,032,119	(4,993)	10,480
Income before income and social contribution taxes		1,296,548	1,046,631	1,801,435	1,448,047
Income and social contribution taxes					
Current	9.b	(71,757)	(26,071)	(534,481)	(356,330)
Deferred	9.b	352	(647)	(90,996)	(108,384)
Tax incentives	9.b;9.c	-	-	52,755	43,442
		(71,405)	(26,718)	(572,722)	(421,272)
Net income for the year		1,225,143	1,019,913	1,228,713	1,026,775
Net income for the year attributable to:					
Shareholders of the Company		1,225,143	1,019,913	1,225,143	1,019,913
Non-controlling interests in subsidiaries		-	-	3,570	6,862

Earnings per share (based on weighted average of shares outstanding) – R$					
Basic	30	2.2938	1.9100	2.2938	1.9100
Diluted	30	2.2840	1.9022	2.2840	1.9022

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

Ultrapar Participações S.A. and Subsidiaries

Statements of comprehensive income

For the years ended December 31, 2013 and 2012

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	2013	2012	2013	2012
Net income for the year attributable to shareholders of the Company		1,225,143	1,019,913	1,225,143	1,019,913
Net income for the year attributable to non-controlling interests in subsidiaries		-	-	3,570	6,862
Net income for the year		1,225,143	1,019,913	1,228,713	1,026,775
Items that are subsequently reclassified to profit or loss:					
Valuation adjustments	2.c;20.f	(18)	(170)	(18)	(170)
Cumulative translation adjustments	2.r;20.f	25,455	17,047	25,455	17,047
Items that are not subsequently reclassified to profit or loss:					
Actuarial gains (losses) of post-employment benefits	2.o;20.f	18,061	(8,009)	18,063	(8,026)
Total comprehensive income for the year		1,268,641	1,028,781	1,272,213	1,035,626
Total comprehensive income for the year attributable to shareholders of the Company		1,268,641	1,028,781	1,268,641	1,028,781
Total comprehensive income for the year attributable to non-controlling interest in subsidiaries		-	-	3,572	6,845

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

Ultrapar Participações S.A. and Subsidiaries
Statements of changes in equity
For the years ended December 31, 2013 and 2012
(In thousands of Brazilian Reais, except dividends per share)

					Profit reserve			Other comprehensive income		
	Note	Share capital	Capital reserve	Revaluation reserve	Legal reserve	Investments statutory reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings
Balance as of December 31, 2011		3,696,773	9,780	7,075	223,292	281,309	1,333,066	193	(4,426)	-
Adoption of IAS 19 (CPC 33(R2)) - Employee benefits	2.w	-	-	-	-	-	-	(4,629)	-	(5,910)
Transfer of adoption of IAS 19 (CPC 33(R2)) - Employee benefits effects		-	-	-	-	(5,910)	-	-	-	5,910
Balance as of January 1, 2012		3,696,773	9,780	7,075	223,292	275,399	1,333,066	(4,436)	(4,426)	-
Net income for the year		-	-	-	-	-	-	-	-	1,019,913
Other comprehensive income:										
Valuation adjustments for financial instruments	2.c; 20.f	-	-	-	-	-	-	(170)	-	-
Actuarial loss of post-employment benefits, net	2.w; 20.f	-	-	-	-	-	-	(8,009)	-	-
Currency translation of foreign subsidiaries	2.r; 20.f	-	-	-	-	-	-	-	17,047	-
Total comprehensive income for the		-	-	-	-	-	-	(8,179)	17,047	1,019,913

year										
Sale of treasury shares		-	10,466	-	-	-	-	-	-	-
Realization of revaluation reserve	20.d	-	-	(362)	-	-	-	-	-	362
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-	(59)
Transfer to investments reserve		-	-	-	-	303	-	-	-	(303)
Approval of additional dividends by the Shareholders' Meeting	20.g	-	-	-	-	-	-	-	-	-
Additional dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	-
Reduction of shares of minority interests in subsidiaries		-	-	-	-	-	-	-	-	-
Interim dividends of non-controlling interests		-	-	-	-	-	-	-	-	-
Proposed dividends of non-controlling interests		-	-	-	-	-	-	-	-	-

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	Note	Share capital	Capital reserve	Revaluation reserve	Profit reserve: Legal reserve	Profit reserve: Investments statutory reserve	Profit reserve: Retention of profits	Other comprehensive income: Valuation adjustments	Other comprehensive income: Cumulative translation adjustments	Retained earnings
Allocation of net income:										
Legal reserve	20.e; 20.g	-	-	-	50,500	-	-	-	-	(50,500)
Interim dividends (R$ 0.51 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(273,392)
Proposed dividends (R$ 0.66 per share of the Company)	20. 20.g	-	-	-	-	-	-	-	-	(354,032)
Retention of profits	20.e; 20.g	-	-	-	-	333,035	-	-	-	(333,035)
Transfer of adoption of IAS 19 (CPC 33(R2)) - Employee benefits effects		-	-	-	-	8,904	-	-	-	(8,904)
Balance as of December 31, 2012		3,696,773	20,246	6,713	273,842	617,641	1,333,066	(12,615)	12,621	-
Net income for the year		-	-	-	-	-	-	-	-	1,225,143
Other comprehensive income:										
Valuation adjustments for financial instruments	2.c; 20.f	-	-	-	-	-	-	(18)	-	-
Actuarial gains of post-employment benefits, net	2.n; 20.f	-	-	-	-	-	-	18,061	-	-
Currency translation of foreign subsidiaries	2.r; 20.f	-	-	-	-	-	-	-	25,455	-

Total comprehensive income for the year		-	-	-	-	-	-	18,043	25,455	1,225,143
Realization of revaluation reserve	20.d	-	-	(606)	-	-	-	-	-	606
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-	(139)
Transfer to investments reserve		-	-	-	-	467	-	-	-	(467)
Approval of additional dividends by the Shareholders' Meeting	20.g	-	-	-	-	-	-	-	-	-

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					Profit reserve			Other comprehensive income		
	Note	Share capital	Capital reserve	Revaluation reserve	Legal reserve	Investments statutory reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings
Additional dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	-
Prescribed dividends of non-controlling interests		-	-	-	-	-	-	-	-	-
Proposed dividends of non-controlling interests		-	-	-	-	-	-	-	-	-
Allocation of net income:										
Legal reserve	20.e;20.g	-	-	-	61,257	-	-	-	-	(61,257)
Interim dividends (R$ 0.66 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(354,032)
Proposed dividends (R$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(389,495)
Retention of profits	20.e ; 20.g	-	-	-	-	420,359	-	-	-	(420,359)
Balance as of December 31, 2013		3,696,773	20,246	6,107	335,099	1,038,467	1,333,066	5,428	38,076	-

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

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

For the years ended December 31, 2013 and 2012

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	2013	2012	2013	2012
Cash flows from operating activities					
Net income for the year		1,225,143	1,019,913	1,228,713	1,026,775
Adjustments to reconcile net income to cash provided by operating activities					
Share of profit of subsidiaries, joint ventures and associates	11	(1,262,503)	(1,032,119)	4,993	(10,480)
Depreciation and amortization	12;13	-	-	778,937	693,079
PIS and COFINS credits on depreciation	12;13	-	-	12,368	11,558
Assets retirement expenses	18	-	-	(5,435)	(2,477)
Interest, monetary and exchange variations		(2,852)	14,115	612,095	615,499
Deferred income and social contribution taxes	9.b	(352)	647	90,996	108,384
Income from disposal of assets	28	(5)	-	(40,280)	(3,656)
Others		-	-	(172)	418
Dividends received from subsidiaries		374,061	694,953	4,319	10,789
(Increase) decrease in current assets					
Trade receivables	5	-	-	(8,357)	(247,845)
Inventories	6	-	-	(298,930)	48,503
Recoverable taxes	7	36,199	(14,560)	(2,016)	(4,540)
Other receivables		(1,035)	1,657	1,102	1,319
Prepaid expenses	10	(1,907)	-	(11,366)	(10,618)
Increase (decrease) in current liabilities					
Trade payables	15	956	123	(328,785)	198,312
Salaries and related charges	16	3	10	45,128	(18,426)
Taxes payable	17	(3,035)	698	8,649	(2,469)
Income and social contribution taxes		939	-	350,813	208,153
Post-employment benefits	24.b	-	-	1,887	(1,683)
	23.a	-	-	19,792	8,528

Provision for tax, civil and labor risks					
Other payables		106	-	36,587	(219)
Deferred revenue	19	-	-	(323)	(1,677)
(Increase) decrease in non-current assets					
Trade receivables	5	-	-	13,031	(19,644)
Recoverable taxes	7	4,535	13,907	11,705	32,326
Escrow deposits		84	-	(81,183)	(64,544)
Other receivables		-	-	2,221	(9,665)
Prepaid expenses	10	-	-	(18,153)	1,523
Increase (decrease) in non-current liabilities					
Post-employment benefits	24.b	-	-	8,283	8,823
Provision for tax, civil and labor risks	23.a	12	(528)	18,751	38,614
Other payables		-	-	(21,839)	(3,060)
Deferred revenue	19	-	-	(719)	1,129
Income and social contribution taxes paid		(380)	-	(312,126)	(169,069)
Net cash provided by operating activities		369,969	698,816	2,120,686	2,443,660

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

For the years ended December 31, 2013 and 2012

(In thousands of Brazilian Reais)

		Parent		Consolidated	
Cash flows from investing activities	Note	2013	2012	2013	2012
Financial investments, net of redemptions		(48)	52,686	(156,917)	(216,907)
Acquisition of subsidiaries, net	3.a ;3.b	-	-	(6,033)	(168,668)
Cash and cash equivalents of acquired subsidiaries		-	-	-	8,915
Financial investments of acquired subsidiaries		-	-	-	3,426
Acquisition of property, plant and equipment	12	-	-	(661,215)	(754,010)
Acquition of intangible assets	13	-	-	(542,936)	(594,770)
Capital increase in subsidiares	11.a	(350,000)	(150,000)	-	-
Capital increase in joint ventures	11.b	-	-	(24,945)	(4,055)
Capital reduction in associates	11.c	-	-	1,500	-
Capital reduction to subsidiaries	11.a	700,000	-	-	-
Cash of joint-ventures merged	11.b	-	-	-	95,004
Proceeds from disposal of assets	27	5	-	102,646	66,065
Net cash provided by (used in) investing activities		349,957	(97,314)	(1,287,900)	(1,565,000)
Cash flows from financing activities					
Loans and debentures					
Borrowings	14	-	793,485	1,446,024	2,753,781
Repayments	14	-	(1,000,000)	(760,626)	(2,437,803)
Interest paid	14	(66,665)	(44,136)	(548,497)	(331,792)
Payment of financial lease	14.i	-	-	(4,348)	(4,611)
Dividends paid		(705,192)	(544,553)	(711,410)	(548,541)
Payment of loan with Noble Brasil	3.b	-	-	-	(49,982)
Reduction of minority interests in subsidiaries		-	-	-	(2,896)
Sale of treasury shares		-	13,815	-	-
Related parties		85,228	78,196	-	(813)
Net cash used in financing activities		(686,629)	(703,193)	(578,857)	(622,657)
Effect of exchange rate changes on cash and cash equivalents in foreign currency		-	-	1,026	(395)
Increase (decrease) in cash and cash equivalents		33,297	(101,691)	254,955	255,608

Cash and cash equivalents at the beginning of the year	4	76,981	178,672	2,021,114	1,765,506
Cash and cash equivalents at the end of the year	4	110,278	76,981	2,276,069	2,021,114
Additional information:					
Loan of acquired subsidiaries	3.a; 3.b	-	-	-	136.256

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of value added

For the years ended December 31, 2013 and 2012

(In thousands of Brazilian Reais, except percentages)

		Parent				Consolidated			
	Note	2013	%	2012	%	2013	%	2012	%
Revenue									
Gross revenue from sales and services, except rents and royalties	25	-		-		62,516,481		55,363,302	
Rebates, discounts and returns	25	-		-		(267,714)		(261,085)	
Allowance for doubtful accounts - Reversal (allowance)		-		-		(8,758)		(1,765)	
Income from disposal of assets	28	5		-		40,280		3,656	
		5		-		62,280,289		55,104,108	
Materials purchased from third parties									
Raw materials used		-		-		(2,931,335)		(2,764,818)	
Cost of goods, products and services sold		-		-		(53,018,066)		(46,809,490)	
Third-party materials, energy, services and others		(6,022)		(4,521)		(1,608,325)		(1,472,006)	
Reversal of impairment losses		10,899		9,244		14,184		2,233	
		4,877		4,723		(57,543,542)		(51,044,081)	
Gross value added		4,882		4,723		4,736,747		4,060,027	
Deductions									
Depreciation and amortization		-		-		(778,937)		(693,079)	
PIS and COFINS credits on depreciation		-		-		(12,368)		(11,558)	
		-		-		(791,305)		(704,637)	
		4,882		4,723		3,945,442		3,355,390	

Net value added by the Company									
Value added received in transfer									
Share of profit of subsidiaries, joint-ventures and associates	11	1,262,503		1,032,119		(4,993)		10,480	
Dividends and interest on equity at cost		22		27		-		-	
Rents and royalties	25	-		-		84,552		71,559	
Financial income	29	120,245		109,211		240,562		208,155	
		1,382,770		1,141,357		320,121		290,194	
Total value added available for distribution		1,387,652		1,146,080		4,265,563		3,645,584	
Distribution of value added									
Labor and benefits		4,064	-	4,016	-	1,220,388	29	1,069,559	29
Taxes, fees and contributions		84,832	6	27,687	2	1,185,211	28	1,004,142	28
Financial expenses and rents		73,613	5	94,464	8	631,251	15	545,108	15
Dividends paid		743,527	54	627,424	56	745,457	17	629,417	17
Retained earnings		481,616	35	392,489	34	483,256	11	397,358	11
Value added distributed		1,387,652	100	1,146,080	100	4,265,563	100	3,645,584	100

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

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

The Company engages in the investment of its own capital in services, commercial and industrial activities, by the subscription or acquisition of shares of other companies. Through its subsidiaries, it operates in the segments of liquefied petroleum gas - LPG distribution ("Ultragaz"), fuel distribution and related businesses ("Ipiranga"), production and marketing of chemicals ("Oxiteno"), and storage services for liquid bulk ("Ultracargo"). The Company also operates in oil refining through its joint-venture in Refinaria de Petróleo Riograndense S.A. ("RPR").

On September 30, 2013, in order to operate in the retail and wholesale pharmacy segment, Ultrapar signed an association agreement with Imifarma Produtos Farmacêuticos e Cosméticos S.A. ("Extrafarma"), which operates a drugstore chain in Brazil through the brand Extrafarma. The closing of the transaction occurred on January 31, 2014 (see Note 31 – Subsequent events). For further details see Material Notice released on September 30, 2013, Material Notice released on December 19, 2013 and Market Announcement released on January 31, 2014.

2. Summary of significant accounting policies

The Company's consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with accounting practices adopted in Brazil ("BR GAAP").

The Company's individual financial statements are presented in accordance with BR GAAP. The investments in subsidiaries, associates and joint ventures are measured by the equity method of accounting, which, for purposes of IFRS, would be measured at cost or fair value.

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

The presentation currency of the Company's individual and consolidated financial statements is the Brazilian Real ("R$"), which is the Company's functional currency.

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

a. Recognition of income

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

Revenue 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 and services sold provided include goods (mainly fuels/lubricants and LPG), raw materials (chemicals and petrochemicals) and production, distribution, storage and filling costs.

b. Cash and cash equivalents

Include 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Financial instruments

In accordance with International Accounting Standards ("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 other comprehensive income in the shareholders' equity. 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 the interests, 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 instrument 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 instrument 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 is recognized directly in equity in accumulated other comprehensive income, while the ineffective portion is 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.

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d. Trade receivables

Trade receivables are recognized at the amount invoiced, adjusted to present value if applicable, including 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 Note 22 - Customer credit risk).

e. Inventories

Inventories are stated at the lower of acquisition cost or net realizable value. 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 financial statements of the parent company.

Investments in associates in which management has a significant influence or in which it holds 20% or more of the voting stock, or that are under joint control are also accounted for under the equity method of accounting in the individual and consolidated financial statements (see Note 11).

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.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(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.i).

• 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 expenses 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 asset 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.

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 (see Note 14.j).

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.

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 assets 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 shareholder’s equity. Past service cost is recognized through the income statement.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

p. Other liabilities

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

q. Foreign currency transactions

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

r. Basis for translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each period and shareholders' equity are 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 shareholders' equity as cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The recognized balance in other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments as of December 31, 2013 was a gain of R$ 38,076 (gain of R$ 12,621 as of December 31, 2012 and loss of R$ 4,426 on January 1, 2012).

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

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.

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

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered as an extension of the activities of their parent company and are translated using the exchange rate at the end of the reporting period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The gain recognized in income in 2013 amounted to R$ 4,845 (R$ 2,347 gain in 2012).

s. Use of estimates, assumptions and judgments

The preparation of the financial statements requires the use of estimates, assumptions and judgments for the accounting of certain assets, liabilities and income. Therefore, Company and subsidiaries' management use the best information available at the time of preparation of the financial statements, as well as the experience of past and current events, also considering assumptions regarding future events. The financial statements therefore include estimates, assumptions and judgments related mainly to determining the fair value of financial instruments (Notes 4, 14 and 22), the determination of the allowance for doubtful accounts (Notes 5 and 22), the determination of provisions for losses of inventories (Note 6), the determination of deferred income taxes amounts (Note 9), the 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) and estimates for the preparation of actuarial reports (Note 24.b). 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 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).

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 – see Note 7). Because recovery of these credits occurs over a 48 months period, the present value adjustment reflects, in the financial statements, the time value of the ICMS credits to be recovered. The balance of these adjustment to present value totalized R$ 354 as of December 31, 2013 (R$ 747 as of December 31, 2012 and R$ 3,007 as of January 1, 2012).

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

v. Statements of value added

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

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

w. Adoption of the pronouncements issued by CPC and IFRS

The following standards are effective on January 1st, 2013 and have impacted the Company's financial statements previously disclosed for December 31, 2012 and 2011.

(1) adoption of IFRS 11 (CPC 19 (R2)) - Joint arrangements: the investments in RPR, Maxfácil Participações S.A. ("Maxfácil"), União Vopak Armazéns Gerais Ltda. ("União Vopak") and ConectCar Soluções de Mobilidade Eletrônica S.A. ("Conectcar") are no longer proportionally consolidated and are accounted for using the equity method.

(2) amendments to IAS 19 Revised (CPC 33 (R2))- Employee benefits: actuarial gains and losses are no longer recognized in the income statement and are recognized in shareholders' equity as accumulated other comprehensive income. Past service costs are recognized in retained earnings within shareholders' equity in the date of transition. From the date of transition, past service costs will be recognized in income statements when measured.

The table below summarizes the effects of adopting these standards on the consolidated balance sheets as of December 31, 2012 and January 1, 2012 and on the consolidated income statements and consolidated statement of cash flow as of December 31, 2012:

Balance sheet

	12/31/2012 presented	IFRS 11 effects	IAS 19 (R2011) effects	12/31/2012 restated
Current assets				
Cash and cash equivalents	2,050,051	(28,937)	-	2,021,114
Financial investments	962,136	(952)	-	961,184
Trade receivables, net	2,306,798	(277)	-	2,306,521
Inventories, net	1,299,807	(9,113)	-	1,290,694
Recoverable taxes, net	483,201	(5,242)	-	477,959
Dividends receivable	-	1,292	-	1,292
Other receivables	20,541	(78)	-	20,463
Prepaid expenses, net	54,036	(225)	-	53,811
Total current assets	7,176,570	(43,532)	-	7,133,038
Non-current assets				
Deferred income and social contribution taxes	465,190	(834)	4,975	469,331
Escrow deposits	534,009	(280)	-	533,729
Prepaid expenses, net	80,856	(1,204)	-	79,652
Investments in joint-ventures	-	28,209	-	28,209
Property, plant and equipment, net	4,701,406	(34,386)	-	4,667,020
Intangible assets, net	1,968,615	(3,319)	-	1,965,296
Other non-current assets	373,279	-	-	373,279
Total non-current assets	8,123,355	(11,814)	4,975	8,116,516

Total assets	15,299,925	(55,346)	4,975	15,249,554

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

	12/31/2012 presented	IFRS 11 effects	IAS 19 (R2011) effects	12/31/2012 restated
Current liabilities				
Loans	1,573,463	(432)	-	1,573,031
Debentures	65,663	(12,713)	-	52,950
Trade payables	1,312,268	(14,533)	-	1,297,735
Salaries and related charges	254,566	(2,040)	-	252,526
Taxes payable	107,822	(149)	-	107,673
Dividends payable	222,370	(19)	-	222,351
Income and social contribution taxes payable	75,363	(128)	-	75,235
Post-employment benefits	11,624	(1,589)	-	10,035
Provision for tax, civil and labor risks	50,052	(538)	-	49,514
Other payables	52,514	3,939	-	56,453
Other current liabilities	23,747	-	-	23,747
Total current liabilities	3,749,452	(28,202)	-	3,721,250
Non-current liabilities				
Loans	3,153,096	(1,407)	-	3,151,689
Debentures	1,403,571	(8,302)	-	1,395,269
Provision for tax, civil and labor risks	551,606	(643)	-	550,963
Post-employment benefits	120,619	(16,792)	14,633	118,460
Other non-current liabilities	305,845	-	-	305,845
Total non-current liabilities	5,534,737	(27,144)	14,633	5,522,226
Total shareholders’ equity	6,015,736	-	(9,658)	6,006,078
Total liabilities and shareholders’ equity	15,299,925	(55,346)	4,975	15,249,554

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

	12/31/2011 presented	IFRS 11 effects	IAS 19 (R2011) effects	01/01/2012 restated
Current assets				
Cash and cash equivalents	1,790,954	(25,448)	-	1,765,506
Financial investments	916,936	(97,592)	-	819,344
Trade receivables, net	2,026,417	(3,012)	-	2,023,405
Inventories, net	1,310,132	(6,637)	-	1,303,495
Recoverable taxes, net	470,511	(3,993)	-	466,518
Other receivables	20,323	(75)	-	20,248
Prepaid expenses, net	40,221	(308)	-	39,913
Total current assets	6,575,494	(137,065)	-	6,438,429
Non-current assets				
Deferred income and social contribution taxes	510,135	(4,601)	5,431	510,965
Escrow deposits	469,381	(196)	-	469,185
Prepaid expenses, net	69,198	(1,329)	-	67,869
Investments in joint-ventures	-	120,803	-	120,803
Property, plant and equipment, net	4,278,931	(28,007)	-	4,250,924
Intangible assets, net	1,539,177	(45)	-	1,539,132
Other non-current assets	300,423	(29)	-	300,394
Total non-current assets	7,167,245	86,596	5,431	7,259,272
Total assets	13,742,739	(50,469)	5,431	13,697,701
Current liabilities				
Loans	1,300,326	(42)	-	1,300,284
Trade payables	1,075,103	(8,317)	-	1,066,786
Salaries and related charges	268,345	(1,125)	-	267,220
Taxes payable	109,653	(445)	-	109,208
Dividends payable	163,802	(11)	-	163,791
Income and social contribution taxes payable	38,620	(2,469)	-	36,151
Post-employment benefits	13,282	(1,564)	-	11,718
Provision for tax, civil and labor risks	41,347	(361)	-	40,986
Other payables	55,643	(275)	-	55,368
Other current liabilities	1,031,655	-	-	1,031,655
Total current liabilities	4,097,776	(14,609)	-	4,083,167
Non-current liabilities				
Loans	3,196,102	(396)	-	3,195,706
Debentures	19,102	(19,102)	-	-
Deferred income and social contribution taxes	37,980	(542)	-	37,348

Provision for tax, civil and labor risks	512,788	(573)	-	512,215
Post-employment benefits	96,751	(15,247)	15,974	97,478
Other non-current liabilities	205,004	-	-	205,004
Total non-current liabilities	4,067,727	(35,860)	15,974	4,047,841
Total shareholders’ equity	5,577,236	-	(10,543)	5,566,693
Total liabilities and shareholders’ equity	13,742,739	(50,469)	5,431	13,697,701

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Income statement

	12/31/2012 presented	IFRS 11 effects	IAS 19 (R2011) effects	12/31/2012 restated
Net revenue from sales and services	53,919,424	(50,498)	-	53,868,926
Cost of products and services sold	(49,797,200)	29,063	-	(49,768,137)
Selling and marketing, general and administrative and other operating income, net	(2,416,974)	6,918	13,501	(2,396,555)
Income from disposal of assets	3,676	(20)	-	3,656
Financial income, net	(262,496)	(7,827)	-	(270,323)
Income and social contribution taxes	(428,756)	12,074	(4,590)	(421,272)
Share of profit of joint ventures and associates	190	10,290	-	10,480
Net income for the year	1,017,864	-	8,911	1,026,775
Shareholders of the Company	1,011,009	-	8,904	1,019,913
Non-controlling interests in subsidiaries	6,855	-	7	6,862

Statement of cash flow

	12/31/2012 presented	IFRS 11 effects	IAS 19 (R2011) effects	12/31/2012 restated
Net cash provided by operating activities	2,449,866	(6,129)	-	2,443,737
Net cash used in investing activities	(1,571,747)	6,747	-	(1,565,000)
Net cash used in financing activities	(618,627)	(4,107)	-	(622,734)
Increase (decrease) in cash and cash equivalents	259,097	(3,489)	-	255,608
Cash and cash equivalents at the beginning of the year	1,790,954	(25,448)	-	1,765,506
Cash and cash equivalents at the end of the year	2,050,051	(28,937)	-	2,021,114

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The following standards were effective on January 1st, 2013 and were adopted by the Company, with impacts only in the presentation and disclosure of financial statements (with no impacts in recognition and measurement criteria):

- Consolidated financial statements – IFRS 10 and transition guidance (equivalent to CPC 36 R3): provides a single consolidation model that identifies control as the basis for consolidation for all types of entities.
- . Disclosure of interests in other entities– IFRS 12 and transition guidance (equivalent to CPC 45): expands the current disclosure requirements in respect of entities where the Company has influence.
- Amendments to IAS 27 – Separate financial statements (equivalent to CPC 35 R2): IAS 27 requirements related to consolidated financial statements are replaced by IFRS 10. The requirements for separate financial statements are maintained.
- Amendments to IAS 28 – Investments in associates and joint ventures (equivalent to CPC 18 R2): revision of IAS 28 to include the changes introduced by IFRSs 10, 11 and 12.
- Fair value measurement – IFRS 13 (equivalent to CPC 46): replaces and consolidates in a single standard all the guidance and requirements in respect of fair value measurement contained in other IFRSs. IFRS 13 defines fair value and provides guidance on how to measure fair value and requirements for disclosure relating to fair value measurement. However, it does not introduce any new requirement or amendment with respect to items to be measured at fair value.
- Amendments to IAS 1 – Presentation of financial statements: other comprehensive income (equivalent to CPC 26 R1 after CPC 03 Review): introduces the requirement that all items recognized in other comprehensive income be separated into and totaled as items that are and items that are not subsequently reclassified to profit or loss.
- Amendments to IFRS 7 – Financial instruments: offsetting financial assets and liabilities (equivalent to CPC 40 R1 after CPC 03 Review): requires information about all recognized financial instruments that are set off in accordance with IAS 32.

Certain standards, amendments and interpretations to IFRS issued by IASB that have been issued but are not yet effective were not applied as of December 31, 2013, as follows:

	Effective date
• Amendments to IAS 32 – Financial instruments: presentation: provides clarifications on the application of the offsetting rules.	2014
• IFRS 9 – Financial instruments' classification and measurement: includes the requirements for the classification and measurement of financial assets and liabilities and for derecognition.	2015

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.

x. Authorization for issuance of the financial statements

These financial statements were authorized for issue by the Board of Directors on February 19, 2014.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

3. Principles of consolidation and investments in subsidiaries

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

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

		% interest in the share					
		12/31/2013		12/31/2012		01/01/2012	
		Control		Control		Control	
	Location	Direct control	Indirect control	Direct control	Indirect control	Direct control	Indirect control
Ultracargo - Operações Logísticas e Participações Ltda.	Brazil	100	-	100	-	100	-
Terminal Químico de Aratu S.A. – Tequimar	Brazil	-	99	-	99	-	99
Temmar - Terminal Marítimo do Maranhão S.A.	Brazil	-	-	-	100	-	-
Melamina Ultra S.A. Indústria Química	Brazil	-	-	-	99	-	99
Oxiteno S.A. Indústria e Comércio	Brazil	100	-	100	-	100	-
Oxiteno Nordeste S.A. Indústria e Comércio	Brazil	-	99	-	99	-	99
Oxiteno Argentina Sociedad de Responsabilidad Ltda.	Argentina	-	100	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	-	100	-	100	-	100
Oxiteno Uruguay S.A.	Uruguay	-	100	-	100	-	100
Barrington S.L.	Spain	-	100	-	100	-	100
Oxiteno México S.A. de C.V.	Mexico	-	100	-	100	-	100
Oxiteno Servicios Corporativos S.A. de C.V.	Mexico	-	100	-	100	-	100
Oxiteno Servicios Industriales S.A. de C.V.	Mexico	-	100	-	100	-	100
Oxiteno USA LLC	United States	-	100	-	100	-	100

Global Petroleum Products Trading Corp.	Virgin Islands	-	100	-	100	-	100
Oxiteno Overseas Corp.	Virgin Islands	-	100	-	100	-	100
Oxiteno Andina, C.A.	Venezuela	-	100	-	100	-	100
Oxiteno Europe SPRL	Belgium	-	100	-	100	-	100
Oxiteno Colombia S.A.S	Colombia	-	100	-	100	-	100
Oxiteno Shanghai Trading LTD.	China	-	100	-	100	-	-
Empresa Carioca de Produtos Químicos S.A.	Brazil	-	100	-	100	-	100
Ipiranga Produtos de Petróleo S.A.	Brazil	100	-	100	-	100	-
am/pm Comestíveis Ltda.	Brazil	-	100	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	-	100	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	-	100	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	-	100	-	100	-	100
Ipiranga Logística Ltda.	Brazil	-	100	-	100	-	100
Isa-Sul Administração e Participações Ltda.	Brazil	-	100	-	100	-	100
Companhia Ultragaz S.A.	Brazil	-	99	-	99	-	99
Distribuidora de Gás LP Azul S.A..	Brazil	-	-	-	-	-	100
Bahiana Distribuidora de Gás Ltda.	Brazil	-	100	-	100	-	100
Utingás Armazenadora S.A.	Brazil	-	57	-	57	-	57
LPG International Inc.	Cayman Islands	-	100	-	100	-	100
Imaven Imóveis Ltda.	Brazil	-	100	-	100	-	100
Oil Trading Importadora e Exportadora Ltda.	Brazil	-	100	-	100	-	100
SERMA - Ass. dos usuários equip. proc. de dados	Brazil	-	100	-	100	-	100

The percentages in the table above are rounded.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The subsidiary Oxiteno Shanghai Trading LTD. was formed in May 2012 and is engaged in commercial representation.

In June 2012, the company T.T.S.S.P.E. Empreendimentos e Participações was formed in order to segregate part of the production and sale of catalysts for subsequent sale, which occurred in July 2012.

In July 2012, the subsidiary Terminal Químico de Aratu S.A. (“Tequimar”), concluded the acquisition of 100% of the shares of Temmar – Terminal Marítimo do Maranhão S.A. (“Temmar”) (see Note 3.b).

In November 2012, the subsidiary Oxiteno S.A. Indústria e Comércio (“Oxiteno S.A.”) purchased 100% of the shares of American Chemical I.C.S.A., current by Oxiteno Uruguay (see Note 3.a).

In December 2012, in order to simplify the corporate structure, the subsidiary Distribuidora de Gás LP Azul S.A. was merged into Companhia Ultragaz S.A. (“Cia. Ultragaz”).

In June 2013, in order to simplify the corporate structure, the subsidiary Melamina Ultra S.A. Indústria Química was merged into subsidiary Ultracargo – Operações Logísticas e Participações Ltda. (“Ultracargo Participações”).

In December 2013, in order to simplify the corporate structure, the subsidiary Temmar was merged into Tequimar.

The Company and its subsidiaries maintain a shared equity interest in the following companies, whose bylaws establish joint control. These joint ventures are accounted for under the equity method of accounting by the Company and its subsidiaries, as required by IFRS 11 (CPC 19 (R2)) – see Note 11.b).

		% interest in the share					
		12/31/2013		12/31/2012		01/01/2012	
		Control		Control		Control	
	Location	Direct control	Indirect control	Direct control	Indirect control	Direct control	Indirect control
União Vopak Armazéns Gerais Ltda.	Brazil	-	50	-	50	-	50
ConectCar Soluções de Mobilidade Eletrônica S.A.	Brazil	-	50	-	50	-	-
Refinaria de Petróleo Riograndense S.A.	Brazil	33	-	33	-	33	-
Maxfácil Participações S.A.	Brazil	-	-	-	-	-	50

The percentages in the table above are rounded.

In November 2012, Maxfácil Participações S.A. (“Maxfácil”) was split between the partners in proportion of their shareholdings and subsequently merged by each partner (see Note 11.b).

ConectCar Soluções de Mobilidade Eletrônica S.A. (“ConectCar”) is a joint venture with Odebrecht TransPort Participações, formed in November 2012 (see Note 11.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

a) Business combination – acquisition of American Chemical I.C.S.A. (current Oxiteno Uruguay)

On November 1st, 2012, the Company, through its subsidiary Oxiteno S.A., purchased 100% of the shares of American Chemical I.C.S.A., a Uruguayan specialty chemicals company. American Chemical owns a plant in Montevideo, with production capacity of 81 thousand tons of specialty chemicals, particularly sulfonate and sulfate surfactants for the home and personal care industries, as well as products for the leather industry. The total amount paid was R$ 113,603, including the adjustments of working capital in the amount of R$ 6,168, paid in the first quarter of 2013.

The purchase price paid for the shares was allocated among the identified assets acquired and liabilities assumed, measured at fair value. The recognition of fair values of inventories, property, plant and equipment and intangible assets was concluded in the first semester of 2013. During the process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity's books were also taken into account. The goodwill is R$ 44,856.

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

Current assets		Current liabilities	
Cash and cash equivalents	7,147	Loans	32,481
Trade receivables	31,169	Trade payables	32,443
Inventories	33,459	Salaries and related charges	3,431
Recoverable taxes	3,163	Other	1,869
Other	1,906		70,224
	76,844		
Non-current assets		Non-current liabilities	
Property, plant and equipment	68,420	Loans	7,362
Intangible assets	1,969	Deferred income and social contribution taxes	8,365
Deferred income and social contribution taxes	7,465		15,727
Goodwill	44,856		
	122,710	Total liabilities assumed	85,951
Total assets acquired and goodwill	199,554	Consideration transferred	113,603

For details on property, plant and equipment and intangible assets acquired, see Notes 12 and 13, respectively.

The following summary presents the Company's pro forma information for 2012, as if the acquisition had been completed at the beginning of this year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

	2012
Net revenue from sales and services	53,896,772
Operating income	1,706,969
Net income for the year	1,025,526
Earnings per share basic - whole R$ (see Note 30)	1.9076
Earnings per share diluted - whole R$ (see Note 30)	1.8999

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

b) Business combination – acquisition of Temmar - Terminal Marítimo do Maranhão S.A.

On July 31, 2012, the Company, through its subsidiary Tequimar, concluded the acquisition of 100% of the shares of Temmar. Temmar' terminal is located in the port area of Itaqui, in the state of Maranhão, in the Northeast region of Brazil, with a capacity of 55 thousand cubic meters and used mainly for the handling of fuels and biofuels. Temmar has contracts with clients for the entire capacity of the terminal and a long-term lease contract, which includes a large area for future expansions.

The amount paid in the settlement of acquisition was R$ 68,196. Tequimar will disburse a minimum extra value of R$ 12,000, which may reach approximately R$ 30,000 as a result of possible future expansions in the storage capacity of the terminal, provided that such expansions are implemented within 7 years, restated by General Market Price Index ("IGP-M"). The total purchase price of the acquisition was allocated among the identified assets acquired and liabilities assumed, measured at fair value. During the process of identification of assets and liabilities, intangible assets and provisions for tax, civil and labor risks which were not recognized in the acquired entity's books were also taken into account. The goodwill is R$ 43,781.

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

Current assets		Current liabilities	
Cash and cash equivalents	1,768	Loans	755
Trade receivables	1,099	Trade payables	193
Recoverable taxes	3,738	Salaries and related charges	301
Other	307	Taxes payable	371
	6,912		1,620
Non-current assets		Non-current liabilities	
Financial investments	3,426	Loans	45,676
Deferred income and social contribution taxes	11,862	Provision for tax, civil and labor risks	203
Property, plant and equipment	88,361	Related parties	49,982
Intangible assets	21,243	Contingent consideration	12,000
Other	2,092		107,861
Goodwill	43,781		
	170,765	Total liabilities assumed	109,481
Total assets acquired and goodwill	177,677	Consideration transferred	68,196

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The amount of R$ 49,982 of “Related parties” refers to the loan of Temmar with Noble Brasil S.A. and was settled at the acquisition date.

The loan assumed refers to Banco do Nordeste do Brasil with maturities between October, 2013 and September, 2021, and interest of 10.0% p.a. A discount of 15% over the interest rate is granted for timely payments.

For details on property, plant and equipment and intangible assets acquired, see Notes 12 and 13, respectively.

The following summary presents the Company’s pro forma information for 2012, as if the acquisition had been completed at the beginning of this year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

	2012
Net revenue from sales and services	53,881,692
Operating income	1,711,390
Net income for the year	1,022,937
Earnings per share basic - whole R$ (see Note 30)	1.9028
Earnings per share diluted - whole R$ (see Note 30)	1.8951

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

4. Cash and cash equivalents and financial investments

Cash equivalents and financial investments, excluding cash and bank deposits, are substantially represented by investments: (i) in Brazil, in certificates of deposit of first-rate financial institutions linked to the Interbank Certificate of Deposit ("CDI"), in repurchase agreement and in short term investments funds, whose portfolio comprised exclusively of Brazilian Federal Government bonds; (ii) outside Brazil, in certificates of deposit of first-rate financial institutions and in short-term investment funds with a portfolio composed exclusively of bonds issued by the U.S. Government indexed to fixed interest rates; 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$ 3,543,700 at December 31, 2013 (R$ 3,131,828 at December 31, 2012 and R$ 2,659,287 at January 1, 2012) 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		
	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Cash and bank deposits						
In local currency	153	173	71	136,532	35,786	77,794
In foreign currency	-	-	-	88,394	43,866	29,523
Financial investments considered cash equivalents						
In local currency						
Fixed-income securities and funds	110,125	76,808	178,601	2,051,143	1,912,217	1,643,013
In foreign currency						
Fixed-income securities and funds	-	-	-	-	29,245	15,176
Total cash and cash equivalents	110,278	76,981	178,672	2,276,069	2,021,114	1,765,506

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

· Financial investments

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

	Parent			Consolidated		
	12/31/2013	12/31/2012	01/01/2012	12/31/2013	12/31/2012	01/01/2012
Financial investments						
In local currency						
Fixed-income securities and funds	264	216	52,902	747,256	641,022	541,287
In foreign currency						
Fixed-income securities and funds	-	-	-	368,781	290,636	259,091
Currency and interest rate hedging instruments (a)	-	-	-	151,594	179,056	93,403
Total financial investments	264	216	52,902	1,267,631	1,110,714	893,781
Current	264	216	52,902	1,149,132	961,184	819,344
Non-current	-	-	-	118,499	149,530	74,437

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

5. Trade receivables (Consolidated)

The composition of trade receivables is as follows:

	12/31/2013	12/31/2012	01/01/2012
Domestic customers	2,159,355	2,130,816	1,882,889
Reseller financing - Ipiranga	276,044	276,937	239,588
Foreign customers	157,696	164,943	135,098
(-) Allowance for doubtful accounts	(147,080)	(128,816)	(116,454)
Total	2,446,015	2,443,880	2,141,121
Current	2,321,537	2,306,521	2,023,405
Non-current	124,478	137,359	117,716

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

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

	Total	Current	Past due less than 30 days	31-60 days	61-90 days	91-180 days	more than 180 days
12/31/2013	2,593,095	2,282,310	104,544	12,906	6,428	7,786	179,121
12/31/2012	2,572,696	2,270,632	81,666	18,463	8,932	25,885	167,118
01/01/2012	2,257,575	1,991,490	80,538	18,088	5,788	14,938	146,733

Movements in the allowance for doubtful accounts are as follows:

Balance at January 1, 2012	116,454
Additions	20,616
Write-offs	(8,254)
Balance at December 31, 2012	128,816
Additions	31,745
Write-offs	(13,481)
Balance at December 31, 2013	147,080

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

6. Inventories (Consolidated)

The composition of inventories is as follows:

	12/31/2013			12/31/2012			01/01/2012		
	Cost	Provision for losses	Net balance	Cost	Provision for losses	Net balance	Cost	Provision for losses	Net balance
Finished goods	318,451	(7,100)	311,351	262,667	(6,314)	256,353	272,377	(14,605)	257,772
Work in process	2,626	-	2,626	1,914	-	1,914	727	-	727
Raw materials	209,735	(169)	209,566	205,252	(297)	204,955	195,881	(114)	195,767
Liquefied petroleum gas (LPG)	41,678	(5,761)	35,917	36,820	-	36,820	41,147	-	41,147
Fuels, lubricants and greases	817,016	(758)	816,258	629,527	(635)	628,892	632,094	(710)	631,384
Consumable materials and bottles for resale	64,465	(1,450)	63,015	63,226	(1,197)	62,029	56,645	(1,696)	54,949
Advances to suppliers	128,618	-	128,618	72,899	-	72,899	89,103	-	89,103
Properties for resale	25,162	-	25,162	26,832	-	26,832	32,646	-	32,646
	1,607,751	(15,238)	1,592,513	1,299,137	(8,443)	1,290,694	1,320,620	(17,125)	1,303,495

Movements in the provision for losses are as follows:

Balance at January 1, 2012	17,125
Recoveries of realizable value adjustment	