ULTRAPAR HOLDINGS INC
Form 6-K
February 26, 2015

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, 2015

Commission File Number: 001-14950

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

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

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

Form 20-F X Form 40-F _____

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

Yes _____ No X

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

Yes _____ No X

ULTRAPAR HOLDINGS INC.

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MANAGEMENT REPORT 2014

Dear Shareholders:

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

COMPANY PROFILE

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

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

ULTRAPAR IN 2014

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

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

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

With an expansion strategy of service stations based on the continued growth of the light vehicle fleet and on market consolidation opportunities, Ipiranga ended the year with 7,056 service stations, a 5% increase over 2013. This strategy has been focused mainly on the Midwest, Northeast and North regions of Brazil, where Ipiranga's network grew 12% in 2014, and where the growth in demand for fuels is greater than that observed in other regions of Brazil. Additionally, the volume sold by unbranded service stations in those regions corresponds to a larger market share compared to other regions, thus offering increased potential to expand through the conversion of unbranded service stations and the opening of new ones.

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

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

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

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

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

AWARDS AND RECOGNITIONS 2014

Ultrapar

- Elected one of the top ten leading companies in transparency in Brazil, according to the global scoring methodology of Carbon Disclosure Project (CDP), applied to Climate Change and the CDP Supply Chain.

- Elected the best company in investor relations of the energy sector by “IR Magazine Awards Brazil”.

- Considered the most attractive company to investors in 2013, by the “Prêmio Destaque Agência Estado Empresas” award. In 2014, it appeared among the top ten companies in such ranking for the fourth consecutive year. The company was also awarded in "Sustainability" and "Novo Mercado" categories.

- Second place among the companies that operate in the energy sector in the ranking "2014 Word's Most Admired Companies", released by Fortune magazine.

Ipiranga

- Elected the best company in the Wholesale sector by the edition of Exame's magazine “Melhores e Maiores” for the fourth consecutive year.

- Winner of the “Brazil's Most Prestigious Companies” award in 2011, 2012 and 2014 for the segment of fuels, by “Época Negócios” magazine

- Elected among the top ten “Brazil's Most Valuable Brands” award, in 2014, by “IstoÉ Dinheiro” magazine

- Outstanding position in distribution - “Most Innovative Companies in Customer Relations” award, by “Consumidor Moderno” magazine

Oxiteno

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

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

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

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

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

Corporate governance, strategy and value creation

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

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

Social and environmental philosophy, innovation and operational excellence

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

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

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

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

People

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

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

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

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Customers, resellers and suppliers

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

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

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

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

Shareholders' return and capital markets

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

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

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

Relationship with Independent Auditors

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

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

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

ANALYSIS OF FINANCIAL PERFORMANCE IN 2014

Standards and criteria applied in the preparation of the information

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

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

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

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

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

Comparative performance 2014-2013
(R$ million)

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

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

1 For 11-month period (February to December)

ECONOMIC AND OPERATIONAL ENVIRONMENT

Deterioration of macroeconomic environment continued in 2014, as in 2013. The scenario was formed by the combination of inflation above the target, weak economic activity, expansionary fiscal policy and rising interest rates. With the purpose of curbing the growing inflation rates verified over the year, the Brazilian Central Bank raised the basic interest rate of the economy, from 10% at the end of 2013 to 11.75% at the end of 2014. GDP growth expectations in 2014, measured by the Central Bank's Focus report, started the year with a perspective of 2.0% and are currently pointing towards a negative progression. Despite the weak performance of the Brazilian economy, in contrast to a rebound of the U.S. economy, the Real remained relatively stable against the dollar until third quarter, when the devaluation started. The average Real to dollar exchange rate in 2014 was R$ 2.35/US$ compared to R$ 2.16/US$ in 2013, but reaching R$ 2.66/US$ by the end of 2014. The number of light vehicles licensed totaled 3.3 million in 2014, which lead to a 6% growth of the fleet in 2014. Sales in the retail pharmacy sector, according to data from members of Abrafarma, grew 13% in 2014, continuing the growth seen in recent years.

Operational performance

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

Ipiranga – Sales volume
(thousand m³)

Oxiteno – Sales volume
(thousand tons)

Ultragaz – Sales volume
(thousand tons)

Ultracargo – Average storage
(thousand m³)

Extrafarma – number and
maturation profile of stores

Net revenue from sales and services

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

Cost of products and services sold

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

Gross profit

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

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

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

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

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

EBITDA
(R$ million)

Depreciation and amortization

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

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

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

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

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

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

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

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

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

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

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

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

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

Organic investments breakdown
(R$ million)

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

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

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

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

Ultrapar Participações S.A.

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

Deloitte Touche Tohmatsu Auditores Independentes

Ultrapar Participações S.A. and Subsidiaries

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

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

Other matters

Statements of value added

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

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

São Paulo, February 25, 2015

DELOITTE TOUCHE TOHMATSU	Edimar Facco
Auditores Independentes	Engagement Partner

Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of December 31, 2014 and 2013

(In thousands of Brazilian Reais)

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

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

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Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of December 31, 2014 and 2013

(In thousands of Brazilian Reais)

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

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

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

Ultrapar Participações S.A. and Subsidiaries

Income Statements

For the years ended December 31, 2014 and 2013

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

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

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

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

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

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

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

						Profit reserve		Cumulative other comprehensive income	
	Note	Share capital	Capital reserve	Reval-uation reserve of subsid-iaries	Legal reserve	Invest-ments statutory reserve	Retention of profits	Valua-tion adjust-ments	Cumu lativ trans-latio adjust-ment
Balance as of December 31, 2012		3,696,773	20,246	6,713	273,842	617,641	1,333,066	(12,615)	12,62
Net income for the year		-	-	-	-	-	-	-	
Other comprehensive income:									
Fair value adjustments of available for sale financial instruments	2.c; 20.f	-	-	-	-	-	-	(18)	
Actuarial gains of post-employment benefits, net	2.o; 20.f	-	-	-	-	-	-	18,061	
Currency translation of foreign subsidiaries	2.r; 20.f	-	-	-	-	-	-	-	25,45
Total comprehensive income for the year		-	-	-	-	-	-	18,043	25,45
Realization of revaluation reserve of subsidiaries	20.d	-	-	(606)	-	-	-	-	
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	
Transfer to investments reserve		-	-	-	-	467	-	-	
Approval of additional dividends	20.g	-	-	-	-	-	-	-	

by the Shareholders' Meeting									
Additional dividends attributable to non-controlling interests		-	-	-	-	-	-	-	
Prescribed dividends of non-controlling interests		-	-	-	-	-	-	-	
Proposed dividends of non-controlling interests		-	-	-	-	-	-	-	
Allocation of net income:									
Legal reserve	20.e;20.g	-	-	-	61,257	-	-	-	
Interim dividends (R$ 0.66 per share of the Company)	20.g	-	-	-	-	-	-	-	
Proposed dividends (R$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	
Retention of profits	20.e;20.g	-	-	-	-	420,359	-	-	
Balance as of December 31, 2013		3,696,773	20,246	6,107	335,099	1,038,467	1,333,066	5,428	38,07

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

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

Realization of revaluation reserve of subsidiaries										
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-	
Transfer to investments reserve		-	-	-	-	227	-	-	-	
Dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	
Additional dividends attributable to non-controlling interests		-	-	-	-	-	-	-	-	
Approval of additional dividends by the Shareholders' Meeting	20.g	-	-	-	-	-	-	-	-	
Allocation of net income:										
Legal reserve	20.e; 20.g	-	-	-	62,078	-	-	-	-	(6
Interim dividends (R$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(38
Proposed dividends (R$ 0.71 per share of the Company)	20.g	-	-	-	-	-	-	-	-	(38
Retention of profits	20.e; 20.g	-	-	-	-	400,767	-	-	-	(40
Balance as of December 31, 2014		3,838,686	547,462	5,848	397,177	1,439,461	1,333,066	7,149	43,192	

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows - Indirect Method

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

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

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

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows - Indirect Method

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais)

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

Cash and cash equivalents at the beginning of the year					
Cash and cash equivalents at the end of the year	4	119,227	110,278	2,827,369	2,276,069
Additional information - transactions that do not affect cash and cash equivalents:					
Extrafarma acquisition – capital increase and subscription warrants	3.a	719,926	-	719,926	-
Extrafarma acquisition – gross debt assumed on the closing date	3.a	-	-	207,911	-

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

Ultrapar Participações S.A. and Subsidiaries

Statements of Value Added

For the years ended December 31, 2014 and 2013

(In thousands of Brazilian Reais, except percentages)

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

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

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

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

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

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

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

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

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

a. Recognition of Income

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

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

b. Cash and Cash Equivalents

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

c. Financial Assets

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

- Held to maturity: non-derivative financial assets with fixed or determinable payments, and fixed maturities for which the entity has the positive intention and ability to hold to maturity. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned, using the effective interest rate method.

- Available for sale: non-derivative financial assets that are designated as available for sale or that are not classified into other categories at initial recognition. The balances are stated at fair value, and the interest earned and the foreign currency exchange variation are recognized in profit or loss. Differences between fair value and acquisition cost plus the interest earned are recognized in cumulative other comprehensive income in the shareholders' equity portion of the balance sheet. Accumulated gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case of prepayment.

- Loans and receivables: non-derivative financial assets with fixed or determinable payments or receipts, not quoted in an active market, except: (i) those which the entity intends to sell immediately or in the near term and which the entity classified as measured at fair value through profit or loss; (ii) those classified as available for sale; or (iii) those for which the Company may not recover substantially all of its initial investment for reasons other than credit deterioration. The interest earned and the foreign currency exchange variation are recognized in profit or loss. The balances are stated at acquisition cost plus interest, using the effective interest rate method. Loans and receivables include cash and banks, trade receivables, dividends receivable, and other trade receivables.

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

- Hedge accounting - fair value hedge: derivative financial instruments used to hedge exposure to changes in the fair value of an item, attributable to a particular risk, which can affect the entity's profit or loss. In the initial designation of the fair value hedge, the relationship between the hedging instrument and the hedged item is documented, including the objectives of risk management, the strategy in conducting the transaction, and the methods to be used to evaluate its effectiveness. Once the fair value hedge has been qualified as effective, the hedge item is also measured at fair value. Gains and losses from hedge instruments and hedge items are recognized in profit or loss. The hedge accounting must be discontinued when the hedge becomes ineffective.

- Hedge accounting - cash flow hedge: derivative financial instruments used to hedge the exposure to variability in cash flows that is attributable to a risk associated with an asset or liability or highly probable transaction that may affect the income statements. The portion of the gain or loss on the hedging instrument that is determined to be effective relating to the effects of exchange rate effect, is recognized directly in equity in accumulated other comprehensive income as "Valuation adjustments" while the ineffective portion is recognized in profit or loss. Gains or losses on the hedging instrument relating to the effective portion of this hedge that had been recognized directly in accumulated other comprehensive income shall be recognized in profit or loss in the period in which the hedged item is recognized in profit or loss in the same line of the income statement that the hedged item is recognized. The hedge accounting shall be discontinued when (i) the Company cancels the hedging relationship; (ii) the hedging instrument expires; and (iii) the hedging instrument no longer qualifies for hedge accounting. When hedge accounting is discontinued, gains and losses recognized in other comprehensive income in equity are reclassified to profit or loss in the period which the hedged item is recognized in profit or loss. If the transaction hedged is canceled or is not expected to occur, the cumulative gains and losses in other comprehensive income in equity shall be recognized immediately in profit or loss.

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

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

d. Trade Receivables

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

e. Inventories

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

f. Investments

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

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

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

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

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

g. Property, Plant, and Equipment

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

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

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

h. Leases

- Finance Leases

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

- Operating Leases

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

i. Intangible Assets

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

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

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

j. Other Assets

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

k. Financial Liabilities

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

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

l. Income and Social Contribution Taxes on Income

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

m. Provision for Asset Retirement Obligation – Fuel Tanks

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

n. Provisions for Tax, Civil, and Labor Risks

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

o. Post-Employment Benefits

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

p. Other Liabilities

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

q. Foreign Currency Transactions

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

r. Basis for Translation of Financial Statements of Foreign Subsidiaries

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each period and shareholders' equity is translated at the historic exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in the statement of shareholders' equity as cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The balance in cumulative other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments, net of the exchange rate effect of hedge of net investments, in 2014 was a gain of R$ 43,192 (gain of R$ 38,076 in 2013).

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

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

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

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

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

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

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

s. Use of Estimates, Assumptions and Judgments

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

t. Impairment of Assets

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

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

u. Adjustment to Present Value

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

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

v. Statements of Value Added

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

w. Adoption of the Pronouncements Issued by CPC and IFRS

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

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

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

	Effective date
• IFRS 9 (and corresponding 2010 and 2013 amendments): Financial instrument classification and measurement: includes new requirements for the classification and measurement of financial assets and liabilities, derecognition requirements, new impairment methodology for financial instruments, and new hedge accounting guidance (as issued in November, 2013).	2018(*)
• IFRS 15 - Revenue from contracts with customers: establish the principles of nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with a customer.	2017

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

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

x. Authorization for Issuance of the Financial Statements

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

3. Principles of Consolidation and Investments in Subsidiaries

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

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

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

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Financial Statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

			% interest in the share			
			2014		2013	
			Control		Control	
	Location	Segment	Direct control	Indirect control	Direct control	Indirect control
Ipiranga Produtos de Petróleo S.A.	Brazil	Ipiranga	100	-	100	-
am/pm Comestíveis Ltda.	Brazil	Ipiranga	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	Ipiranga	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	Ipiranga	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	Ipiranga	-	100	-	100
Ipiranga Logística Ltda.	Brazil	Ipiranga	-	100	-	100
Oil Trading Importadora e Exportadora Ltda.	Brazil	Ipiranga	-	100	-	100
Companhia Ultragaz S.A.	Brazil	Ultragaz	-	99	-	99
Bahiana Distribuidora de Gás Ltda.	Brazil	Ultragaz	-	100	-	100
Utingás Armazenadora S.A.	Brazil	Ultragaz	-	57	-	57
LPG International Inc.	Cayman Islands	Ultragaz	-	100	-	100
Imaven Imóveis Ltda.	Brazil	Others	-	100	-	100
Isa-Sul Administração e Participações Ltda	Brazil	Ipiranga	99	1	-	100
Imifarma Produtos Farmacêuticos e Cosméticos S.A.	Brazil	Extrafarma	-	100	-	-
Oxiteno S.A. Indústria e Comércio	Brazil	Oxiteno	100	-	100	-
Oxiteno Nordeste S.A. Indústria e Comércio	Brazil	Oxiteno	-	99	-	99
Oxiteno Argentina Sociedad de Responsabilidad Ltda.	Argentina	Oxiteno	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	Oxiteno	-	100	-	100
Oxiteno Uruguay S.A.	Uruguay	Oxiteno	-	100	-	100
Barrington S.L.	Spain	Oxiteno				