ULTRAPAR HOLDINGS INC
Form 6-K
February 21, 2013

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, 2013

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.

TABLE OF CONTENTS

ITEM

MANAGEMENT REPORT 2012

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAC O ES S.A. (Ultrapar) hereby presents its Management Report and Financial Statements for the fiscal year 2012. This information is accompanied by an independent auditor's report with an unqualified opinion (clean opinion), which was discussed and reviewed by the Management.

COMPANY PROFILE

In 2012 Ultrapar completed 75 years of history marked by value creation to its shareholders, outstanding products and services to its customers and growth and development opportunities to for its employees. Ultrapar holds leading positions in its markets: fuel distribution through Ultragaz and Ipiranga, production of specialty chemicals through Oxiteno, and liquid bulk storage services through Ultracargo.

The company performs its activities throughout the entire Brazilian territory, with businesses that have a widespread reach and are present in the Brazilians' everyday life. Ultrapar also has a growing presence outside Brazil, through Oxiteno, with industrial plants in the United States, Mexico, Uruguay and Venezuela, as well as commercial offices in Argentina, Belgium, China and Colombia. By the end of 2012, Ultrapar had 9 thousand employees in Brazil and in its foreign units.

In 2012, Ultrapar continued its strategy of value creation and investments to increase operating scale, maintaining the trajectory of robust and consistent earnings growth. As a result of this strategy, and supported by a corporate culture based on continuous innovation, sustainability of its businesses and a corporate governance designed to ensure the continuity of the company and its growth, Ultrapar completed this year 26 consecutive quarters of EBITDA growth, attesting the resilience and consistency of its growth.

In May 2012, we announced the succession process of Ultrapar's Chief Executive Officer. Ultrapar's solid and strengthened management system enabled a planned and organized transition process, a renewal with no disruption. This was another evidence of Ultrapar's institutionalization – the corporate governance and culture of the company allow that decisions are taken by professionals aligned towards a common goal to the benefit of the company's interests.

Since 1999, Ultrapar's shares have been listed at the BM&FBOVESPA (São Paulo Securities, Commodities and Futures Exchange) and at the New York Stock Exchange (NYSE), with ADRs level III, and since 2011 in the Novo Mercado listing segment, complying with the highest standards of corporate governance in both markets. In 2012, the company's shares appreciated by 45%, being one of the companies with the highest appreciation among those that compose the Ibovespa.

ECONOMIC AND OPERATIONAL ENVIRONMENT

In 2012, the Brazilian economy presented a modest growth level. In order to foster the economic activity, the Brazilian government adopted counter-cyclical measures during the year, with an emphasis on the reduction of the base interest rate, which decreased from 11.0% at the end of 2011 to 7.25% at the end of 2012, and on the reduction of federal taxes on the automotive sector. In 2012, approximately 3.6 million light vehicles were licensed, a 6% growth over the previous year, representing approximately 11% of the light vehicle fleet by the end of 2011. Despite the government measures, GDP growth during the first nine months of 2012 was 1%, below the 3% growth recorded in the same period of the previous year. The effects of the lower economic growth, the lower interest rate and the unstable international scenario resulted in a 17% more depreciated Real in 2012 compared to 2011.

1

2

ULTRAPAR IN 2012

Corporate governance

- The Board of Directors approved, in May 2012, the nomination of Thilo Mannhardt to succeed Pedro Wongtschowski starting January 1st, 2013. Pedro Wongtschowski, in turn, replaced Thilo Mannhardt in the Board of Directors.

Acquisitions, investments and divestments

- Ipiranga expanded its reseller network by 374 service stations and 391 new am/pm and JetOil franchises. The company also invested in the construction and expansion of 12 storage facilities.

- Oxiteno concluded two acquisitions outside Brazil: a specialty chemicals plant in Pasadena, Texas (USA), and American Chemical, a specialty chemicals company in Uruguay.

- Ultracargo acquired Terminal Marítimo do Maranhão S.A. - Temmar, establishing a footprint in the port region of Itaqui, in Maranhão. Ultracargo also increased its storage capacity by approximately 10% through the expansion of its terminals in Santos and Aratu.

- Ultragaz directed its investments mainly to capturing new clients in the LPG bulk segment.

Shareholders' return and capital markets

- Ultrapar's shares presented a 45% and 30% appreciation during the year on the BM&FBOVESPA and the NYSE, respectively. In the same period, both market indexes appreciated by 7%.

- Ultrapar closed 2012 with a market value of R$ 25 billion, approximately three times higher than that of five years ago.

- Dividends declared totaled R$ 627 million, corresponding to a 62% payout over 2012 net income and a 3% dividend yield.

- Once more, Ultrapar has been selected to be part of the portfolio of the BM&FBOVESPA's Corporate Sustainability Index (ISE), comprised of companies with outstanding recognition regarding their commitment to social and environmental responsibility, corporate governance and corporate sustainability.

Results

- Net sales of R$ 54 billion in 2012, a growth of 11% over the previous year.

- EBITDA of R$ 2.4 billion, 18% higher than that in 2011.

- Net earnings of R$ 1.0 billion, a 19% growth over the previous year.

Main recognitions

- Winner of the 2012 corporate governance award in the category listed companies - Instituto Brasileiro de Governança Corporativa - IBGC (Brazilian Institute of Corporate Governance).

- 2nd place in the "Best Companies for the Shareholders" award in the category of companies with market value over R$ 15 billion - Revista Capital Aberto.

- One of the world’s 100 most innovative companies by The World's Most Innovative Companies award – Forbes.

- 5th place in the World's Most Admired Companies 2012 ranking in the energy sector - Fortune Magazine.

Corporate governance, strategy and value creation

Throughout its history, Ultrapar was a pioneer in the development of corporate governance, anticipating market trends and contributing to the evolution of the topic in Brazil. The corporate governance structure built by the company was a key element for the strategic decisions and implementations that defined the success of its businesses.

Ultrapar's current corporate governance structure, renewed in 2011, is the result of a process started in the 1970s and that has been deepened since then. By that time, the company had experienced a fast-growing phase and, consequently, the complexity of its businesses increased. The then manager and main shareholder of Ultrapar, Pery Igel, opted to hire professional executives for the company's management in the 1970s, with the objective of preserving and increasing the company's value. In the 1980s, Pery Igel enhanced this process, implementing an unparalleled deferred stock plan for executives, linked to a 20-year vesting period. By doing that, he turned the executives into his partners, aligning interests to build a better and more solid company, under the belief that the "owner" mentality guides a manager in this direction. Over the following decade, with the leadership of Paulo Cunha, the company decided to divest its operations in various sectors, such as engineering and agriculture, and focus on the three businesses in which it had prominent positions: LPG distribution, chemicals production and logistics services for bulk liquids. This redesign process allowed the company to strengthen these three businesses and was followed in the late 1990s by the Ultrapar's simultaneous initial public offering (IPO) on the BM&FBOVESPA and the NYSE, the first Brazilian company to do so.

In the post-IPO period, Ultrapar contributed significantly to the development of the Brazilian capital markets. This contribution occurred both through the pioneering introduction of provisions such as the granting of 100% tag along rights in 2000 as a tool of alignment of interests between all shareholders in the company, and also through the engagement in discussions related to the theme, such as the participation as a founding member and active participant in the Companies Circle of the Latin American Corporate Governance Roundtable.

Also during this period, the corporate governance based on the alignment of interests between shareholders and executives, leading the latter to a permanent focus on creating value for the company, was essential for the pursue and realization of acquisitions of high strategic impact, such as Ipiranga, Texaco and União Terminais, at the same time that Paulo Cunha led Ultrapar to separate in 2007 the roles of chief executive officer and chairman of the Board of Directors. Pedro Wongtschowski was nominated his successor in the executive activities, and Paulo Cunha began to devote himself exclusively to the role of chairman of the Board of Directors.

Ultrapar always considered the capital markets as an important enabling agent of growth and endurance of the company, not only as a source of funds for its investments but also as a source of development and reinforcement of a delegation and accountability culture, meritocratic management and alignment of interests. The implementation of the new corporate governance structure in 2011 provided Ultrapar an increased investment capacity, allowing the conception of even more audacious projects for the coming years. In addition, it is a definitive move towards the professional management of the company, which now has its future untied from specific issues of any particular shareholder.

The new corporate governance structure involved the conversion of all Ultrapar's preferred shares of into common shares at a 1-to-1 ratio. With this conversion, all shareholders began to enjoy exactly the same economic and political rights. As a consequence, the controlling shareholders gave up their legal control right for leadership through performance to endure the company and its growth. Additionally, Ultrapar adhered to the highest level of corporate governance in the Brazilian market, joining the Novo Mercado segment of BM&FBOVESPA, and incorporated, in its new bylaws, provisions inspired by international standards with no precedent in Brazil and that exceed the requirements of the Novo Mercado. With this evolution in its corporate governance, the company has prepared the foundations for Ultrapar to become an increasingly solid, profitable and long-lasting company.

In 2012, as part of the constant evolution of its corporate governance, Ultrapar conducted again the succession of its chief executive officer, after a six-year term of Pedro Wongtschowski. The Board of Directors approved, in May 2012, the nomination of Thilo Mannhardt as chief executive officer starting January 1st, 2013. The succession process happened in accordance with Ultrapar's philosophy: adequately planned and conducted with transparency. The succession was performed as part of a process of continuity for the company's planning, growth and value creation.

Investments

In 2012, Ultrapar continued an investment strategy oriented to support the leadership position in its businesses and to grow volumes as an enabler of value creation. Ultrapar's investments, net of disposals, totaled R$ 1,491 million, of which R$ 1,323 million were related to organic investments and R$ 169 million were related to acquisitions. Additionally, the company assumed R$ 124 million net debt in connection with the acquisitions made during the year.

At Ipiranga, R$ 942 million were invested, of which (i) R$ 514 million in the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$ 63 million in expanding its logistics infrastructure to support the growing demand, through the construction and expansion of 12 logistics facilities, and (iii) R$ 365 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of the total amount invested, R$ 914 million were related to property, plant, equipment and intangible assets and R$ 28 million were related to financing to clients, net of repayments.

At Oxiteno, the total investments in 2012 amounted to R$ 115 million, mainly directed to the specialty chemicals plant in the United States and the maintenance of its plants. Oxiteno also acquired American Chemical, a specialty chemicals plant in Uruguay, with the disbursement of R$ 107 million, in addition to the assumption of R$ 33 million in net debt.

Ultracargo's investments totaled R$ 84 million, mainly allocated to the expansion of 72,000 cubic meters in the Aratu and Santos terminals. Additionally, Ultracargo disbursed R$ 68 million for the acquisition of Temmar, at the port of Itaqui, and assumed R$ 91 million in net debt.

At Ultragaz, R$ 157 million were invested mainly in new clients in the bulk segment, replacement of bottles and maintenance of its bottling facilities.

Ultrapar's investment plan for 2013, excluding acquisitions, amounts to R$ 1,437 million and aims at growth through increased scale and productivity gains, as well as modernization of existing operations.

Organic investments plan for 2013[1]	R$ million
Ipiranga	872
Oxiteno	278
Ultracargo	103
Ultragaz	160
Others[2]	24
Total	1,437

1 Net of disposals
2 Includes mainly Refinaria de Petróleo Riograndense and corporate IT services

Ipiranga will invest (i) R$ 360 million to continue the expansion of its distribution network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and Jet Oil and am/pm franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$ 182 million in the expansion of its logistic infrastructure to support the growing demand, through the construction and expansion of logistics facilities, and (iii) R$ 331 million in the maintenance of its operations, mainly in the renewal of contracts of its distribution network and the renovation of service stations. Out of Ipiranga's total investment budget, R$ 868 million refer to additions to property, plant, equipment and intangible assets, and R$ 4 million refer to financing to clients, net of repayments. Oxiteno will direct R$ 203 million for expansion investments, mainly to continue the expansion of its production capacity in Pasadena, in the United States, and in Coatzacoalcos, in Mexico. These two plants will add approximately 130,000 tons per year of production capacity, 30,000 tons of which will be operational by 2013 and 100,000 tons will start-up in 2014. Additionally, Oxiteno will invest in the maintenance of its plants. Ultracargo will direct its investments mainly to expansions in its terminals, especially in Itaqui and Suape terminals, in addition to the maintenance of the infrastructure of the other terminals. Ultragaz will focus its investments mainly on (i) UltraSystem (small bulk), due to the prospects of capturing new clients, (ii) the modernization of its filling plants, mainly in the Southeast region of Brazil, and expansion of facilities in the Northeast region of Brazil and (iii) the replacement and purchase of LPG bottles.

Shareholders’ return and capital markets

The year 2012 was marked by the appreciation of the shares of the company and the increase in trading liquidity. Ultrapar’s shares recorded an average daily trading volume of R$ 56 million/day, 60% above the R$ 35 million/day average of 2011. This volume considers trading on both the BM&FBOVESPA and the NYSE. The number of tradings of Ultrapar’s shares presented a significant increase of 29%, from a daily average of 2,561 transactions in 2011 to 3,310 transactions in 2012.

Once more Ultrapar’s shares appreciated far over the reference indexes, reflecting the recognition by the capital markets of Ultrapar’s earnings growth, as a result of its management practices based on planning and execution capability, and of the evolution in its corporate governance. At BM&FBOVESPA, Ultrapar’s shares closed the year quoted at R$ 46.3, with an accumulated appreciation of 45% in 2012. During the same period, the Ibovespa index appreciated by 7%. At the NYSE, Ultrapar’s shares appreciated by 30% in 2012, higher than the 7% appreciation of the Dow Jones index during the same period.

Therefore, the strong performance presented by Ultrapar’s shares since its initial public offering, in October 1999, continued in 2012. Considering the period between its IPO and the end of 2012, Ultrapar’s shares had an average appreciation of 24% per year, with dividends reinvested. In this period, this appreciation exceeded the appreciation of Ibovespa, which was 14% per year; of the CDI, which was 15% per year; and was well above inflation, which was 7% per year.

Social and environmental philosophy, innovation and operational excellence

Ultrapar considers its social and environmental philosophy and innovation as tools to achieve operational excellence.

Ultrapar’s philosophy of sustainable development is shown, from the environmental perspective, through programs aimed at reducing emissions of greenhouse gases (GHG), at reducing consumption of energy and water, as well as at the management and treatment of wastes and effluents produced by the company. The convergence of the adoption of these programs with the search for operational efficiency provides a high degree of assertiveness in Ultrapar’s practices related to this issue.

At Ipiranga, the activity of monitoring the emissions of GHG is already consolidated within the company. In 2012, more than 3 million data in more than 78 distribution facilities were analyzed, regarding the emissions in 2011. Innovation and sustainability are combined in the Posto Ecoeficiente project (Eco-Efficient service station), which provides a revolutionary approach to sustainable management of a service station, with a range of solutions offered in the construction and operation of stations in order to reduce the consumption of materials and natural resources and that includes the reduction of wastes generated during the construction. The new sustainability concepts in this project fit Ultrapar's strategy to provide effective results. Ipiranga reached 231 Postos Ecoeficientes by the end of 2012 that provided, for example, approximately 35% savings in energy expenses.

Oxiteno has built a solid reputation in the chemical industry for its innovative initiatives, anchored in continued investments and a structure designed for research and development (R&D). At Oxiteno, 7% of its staff is involved in the innovation of products, processes and new applications. It has the support of a scientific council, composed of experts in the world, and of partnerships with leading institutions dedicated to research in the field of specialty chemicals.

New researches have enabled Oxiteno to compete with important differentials in segments such as agribusiness. In 2012, Oxiteno continued launching products used in the composition of agricultural defensives with lower levels of toxicity, meeting the growing demand for products with less environmental impact and lower health risks to users. Since 2011, Oxiteno is part of the Roundtable on Sustainable Palm Oil (RSPO), a recognized international institution that certifies the deployment of sustainable standards by palm kernel oil producers that supply the product as raw material to the company. In 2012, 24% of the raw materials used in Oxiteno were obtained from renewable sources, mainly palm kernel oil, ethanol, sugar and soy oil.

Ultracargo has been developing, since 2009, improvements in the drainage network at the terminal in Santos, which aims at reducing the waste generated. This project is scheduled to be concluded in 2015. With the same objective, the company conducts activities such as inspections and analysis of the compatibility of stored products, which avoid unnecessary cleaning. Initiatives to reduce effluents generation resulted, in 2012, in a 4% reduction in waste discharge compared with 2011.

Ultragaz implemented, in 2011, a system directed to standardize the environmental management of the company, through an assessment of environmental needs based on a benchmark of companies recognized for their environmental management. It is possible, for example, to set goals with indicators for environmental management through the system. In 2012, a software started to be used in monitoring all production facilities. Aiming at providing a more efficient use of energy in Ultragaz's production units, the company implements the Programa Redução do Consumo de Energia (Energy Consumption Reduction Program), using a software that allows online monitoring of the consumption. Ultragaz launched, in 2012, an application for mobile phones that offers features to provide comfort and convenience for the consumer, through online purchase of LPG bottles and access to cooking recipes and expert tips. For the bulk segment, Ultragaz seeks to expand its sales by creating new niches for LPG consumption. As a result of this strategy, LPG has been used in new applications in agribusiness, to dry out grains and in plague control, with great operational and economic efficiency.

Relationship with stakeholders

Ultrapar's successful trajectory has in its foundation the solid relationship with its various stakeholders, built upon the sharing of principles and values, goals and objectives, based on ethics, transparency and sustainable development.

People

Human capital is a central component in the long and increasing growth trajectory of Ultrapar, in its more than 75 years of existence, based on meritocracy and alignment of interests. In late 2012, Ultrapar had the support of 9,282 employees.

People management at Ultrapar aims at the development of leaders through challenging goals, improvement and growth opportunities, and the meritocratic recognition of the evolution of its professionals. Behind this strategy there is a compensation system intrinsically linked to Ultrapar's corporate governance structure, which aligns individual goals to value creation in the short and long term. One of the main tools used is the variable compensation linked to economic value added growth targets measured through the EVA®, which constitutes a significant portion of total compensation.

Through its internship and trainee programs, Ultrapar and its businesses offer opportunities and challenges to high-potential youngsters. Currently, these programs represent the main means to attract new talents at Ultrapar. Every year, Ultrapar's internship and trainee programs attract approximately 320 young professionals who become part of a development program that differentiates itself by providing a broad overview of the various business areas. This model eases the identification, by the young professionals, of the path to follow in their trajectory at Ultrapar.

People management – main initiatives in 2012

- Programa Geral de Treinamento Ipiranga (Ipiranga's General Training Program) – The purpose of the program is the training and development in all the company's hierarchical levels. The program counts with the support of institutions such as Fundação Dom Cabral, Instituto Brasileiro de Mercado de Capitais (Brazilian Institute of Capital Markets) and Fundação Getulio Vargas in defining customized courses, aligned with Ipiranga's needs. In 2012, the program focused on sustainability. During the year, 71% of the staff went through the Programa Geral de Treinamento.

- Modelo de gestão integrada da Oxiteno (Oxiteno's integrated management model) - The model is intended to align the practices of people management and ensures a unique corporate identity in the various countries where it operates. In 2012, Oxiteno defined policies and procedures for the new operations in Colombia, China and the United States.

- Portal do Saber Ultracargo (Ultracargo's Knowledge Portal) - It is a tool for development with diversified means of disseminating knowledge, through channels such as podcast, online videos, seminars and text formats. The program, that relies on content produced by the universities of Chicago and Harvard, aims at developing leadership skills and update knowledge on business and people management, contemplating all areas and hierarchical levels of the organization. In 2012, the program was reformulated, expanding the audience and partnerships with content providers.

- Academia Ultragaz (Ultragaz Academy) – Provides the leadership development, through training and development programs that provide access to new tools for people management. The content used is developed by institutions such as Fundação Getúlio Vargas, Fundação Dom Cabral, Fundação Instituto de Administração (FIA), INSEAD and Kellogg School of Management. In 2012, Ultragaz Academy provided approximately 18,000 hours of training to more than 1,100 participants.

- Programa de Desenvolvimento de Liderança – PDL (Ultrapar's Leadership Development Program) - Structured in modules with theoretical, practical and a personalized coaching program, the PDL for the Corporate Center was implemented two years ago and has been contributing consistently to the improvement of leaders of the Corporate Center - more than 80% of coordinators and managers have gone through the PDL, which had more than 2,400 hours of training.

- Programa de Capacitação Oracle (Ultrapar's Oracle Training Program) - Aiming at developing and expanding the professionals' skills on the Oracle platform, especially the ERP Oracle Applications, the IT staff at Ultrapar developed the Oracle Training Program, which was implemented in 2012 and had more than 2,500 hours of specialized technical training, of operations assisted by experienced professionals and of a group coaching program, ensuring the technical and behavioral improvement in preparation for future projects of the company, and multiplication of knowledge.

Clients

Passion for the client is a feeling that guides Ultrapar's and its businesses' relationship with their clients. The focus on client satisfaction regarding the products and services offered by all the group's companies is the main driver of a business philosophy based on ethics, sustainability, continuity and the constant search for new ideas and solutions, enabling Ultrapar to expand and perpetuate this relationship.

At Ipiranga, the focus on client is evidenced by the wide offer of specific products and services to each segment. In

2012, the main ones were the announcement of ConectCar and the strengthening of the “Posto Virtual” (Virtual Service Station), which innovates by allowing the sale of fuel credits vouchers over the internet, providing clients, such as owners of small vehicle fleets, a new payment method. Also with a focus on differentiation in convenience, Ipiranga expanded initiatives already established, such as the “Km de Vantagens” loyalty program, and expanded its JetOil and am/pm franchise network, including the expansion of the number of am/pm bakeries, an initiative that leverages the revenues of the convenience stores. These differentiation initiatives by Ipiranga result in a better value proposition for clients and resellers, creating benefits for the whole chain - the client has access to differentiated products, the reseller has its revenues increased, and the service stations has a differentiated positioning, contributing to the evolution of the company's results.

Oxiteno sought to expand, in 2012, the clients' communication channels as a strategy to increase the dissemination of alternatives and innovative aspects of its products and, at the same time, to adjust itself more efficiently to the demands of the market. To this end, Oxiteno launched a quarterly newsletter, "Click Oxiteno", addressed to clients, composed of the company's news as well as news about its main markets (agrochemicals, cosmetics and detergents, and coatings). The company also conducts workshops with large customers to present its products and gather important feedback. In order to be aware of, for example, the needs of an important client, the coatings area held, in July, a seminar to introduce the Greenformance concept and new developments (products for decorative coatings).

The success of Ultracargo's businesses is a result of its flexibility in meeting the customers' demands, as well as the quality and safety of the services provided. As a result, Ultracargo maintains itself in a state of constant improvement to obtain an accurate perception of the market's needs and provide timely and efficient solutions. As an example of this philosophy, the recent expansions carried out at its terminals derive from projects in partnership with clients drawn from specific demands.

Ultragaz guides its relationship with clients on the excellence in the supply of its products and services, ensuring appropriate solutions to its needs. To monitor the degree of customer satisfaction, the company frequently conducts surveys with residential consumers (every six months), who acquire bottled gas, and with customers in the corporate segment (monthly), consumers of bulk LPG. In 2012, the surveys resulted in an 89% level of approval.

Resellers and suppliers

Ultrapar developed strong partnerships with its suppliers and resellers by sharing the principles that govern its business and the benefits of its business model. These are partnerships founded in common ethics and management principles, in sustainable financial results, and in the vision that good partners provide benefits to the whole chain. To promote an increasingly closer alignment with this group, Ultrapar's companies make use of a broad set of initiatives.

As a business strategy, Ipiranga seeks to make its service stations increasingly attractive to its customers, offering a range of products, services and convenience, expanding the aggregated value for the entire Ipiranga chain. Ipiranga's resellers, the primary link between the company and the end consumer, benefit from this strategy, which provides them with an improved and more competitive business. To promote a closer relationship between the reseller and Ipiranga, the company has a Marketing Services Center for the Reseller, to obtain information about marketing and business opportunities, allowing a more efficient interaction with the resellers. The resellers also participate annually in incentive and relationship programs, such as the "Clube do Milhão", which awards those who have excelled in meeting pre-established goals with international trips. In addition, the services stations' employees, internally called VIPs (Ipiranga pump attendants), who are the Ipiranga brand and service ambassadors, continue to be contemplated with specific training initiatives to enhance performance. Ipiranga maintains special mobile training units, which support the training of the VIPs in their own workplace all over Brazil. In 2012, about 25 thousand VIPs were trained, a growth of over 50% compared to 2011.

Oxiteno and Ultracargo are signatories to the ABIQUIM Responsible Care program, by which they base their relationships with suppliers on social and environmental issues.

Ultragaz promotes the sharing of its training system with its reseller network. Since 2007, the Academia Ultragaz Revenda (Ultragaz Resellers Academy) promotes training programs for teams of resellers within the Academia Ultragaz – Especialista em Atendimento (Ultragaz Academy – Specialist in Customers Care), a program offered by the Academia Ultragaz Revenda. Ultragaz has the Programa de Qualificação de Revendas (Reseller Qualification Program) to standardize good management practices within its resellers, which includes brand standardization, quality management and knowledge of the industry legislation. Through an evaluation process, resellers are classified into five categories (blue diamond, diamond, gold, bronze and opportunity), enabling the participants to check their level of performance in relation to management excellence standard of Ultragaz and working as an incentive for constant improvement. In 2012, more than 4 thousand resellers participated in the program, a significant growth since the beginning of the program, in 2008, when approximately 700 resellers were evaluated.

Communities

Ultrapar and its businesses consider fundamental the development of the communities with which they interact, acting as driver of social inclusion and dissemination of culture, education and professional development for the members of their respective communities.

Aiming to contribute to the entrance into the professional life of low-income young students from the Bela Vista, neighborhood of the corporate headquarters, Ultrapar develops the Projeto Formare (Formare Project). This is a vocational training and free course, allowing training for their insertion into the labor market. Once graduated, students are able to work as administrative assistant. In 2012, the year in which Ultra Formare graduated its 11th class, the project surpassed 200 young graduates since its beginning in 2002.

Ipiranga develops the Alfabetização Solidária (Solidarity in Literacy) program, which contributes to the social inclusion in cities in the North and Northeast regions of Brazil by offering literacy classes to youths and adults. In 2012, Alfabetização Solidária was expanded to allow for the continuation of studies and integration into the labor market for newly literate students. During 2012, one thousand students became literate through the program.

Oxiteno develops the Programa Ver de Dentro (See from Inside Program), by which it opens the doors of its premises in Camaçari to the population, and promotes interactions with local communities. The program aims at disseminating information about Oxiteno to audiences such as students, teachers and neighborhood associations, thus contributing to the dialogue with the communities. Also through this program, Oxiteno shares data on its health, safety and environmental program.

Every year, Ultracargo holds the "Comprometidos com a Solidariedade" (Engaged with Solidarity), a campaign to collect food to help charity institutions in cities in the surroundings of its terminals and operation centers. The campaign encourages volunteerism among Ultracargo's employees, in addition to strengthen its ties with neighboring communities to its premises. Nineteen thousand tons of food were donated in 2012 in a positive competition between the company's terminals. Additionally, Ultracargo develops, together with a group of companies, the "Polo Cidadania" project, which launched initiatives such as emergency trainings in case of occasional accidents, and reaches approximately 5,000 residents surrounding the Camaçari Complex.

In 2012, Ultragaz continued the "Ultragaz Cultural" initiative that aims to bring culture to disadvantaged communities across the country through music, theater, literature and movies. One of the actions of Ultragaz Cultural, the moving theater, launched in 2008, has already visited more than 70 cities in 22 states and reached approximately 100 thousand youngsters and children. Additionally, Ultragaz held in 2012, for the second consecutive year, the "Museu Itinerante Ultragaz" (Ultragaz Moving Museum) program, a free exhibition that consists of 40 reproductions of famous paintings that visited 12 cities during the year, reaching around 11 thousand people. Ultragaz provided, in partnership with Junior Achievement – the oldest nonprofit organization dedicated to business education in the world – additional training for public school students in 13 states or Brazil.

Relationship with Independent Auditors

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

For the year ending December 31st, 2012, Ultrapar and its subsidiaries did not contract any service from their independent auditors not directly linked to the auditing of financial statements.

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

ANALYSIS OF FINANCIAL PERFORMANCE IN 2012

Standards and criteria adopted in preparing the information

The financial information presented in this document has been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and in accordance with the accounting practices adopted in Brazil, as issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission ("CVM").

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

On October 4th, 2012, CVM issued the Instruction Nr 527 ("ICVM 527"), which governs the disclosure by listed companies of the EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT - Earnings Before Interest and Taxes, for the results disclosed from January 1st, 2013 onwards. The EBITDA according to ICVM 527 differs from the EBITDA previously reported by the company as it includes the income in the sale of assets and equity in earnings (losses) of affiliates, as shown below for the years ended on December 31st, 2011 and 2012:

R$ million	2012	2011	D (%) 2012v2011
EBITDA prior to ICVM 527	2,402	2,011	19%
(+) Income from disposal of assets	4	21	
(+) Share of profit of subsidiaries and associates	0	0	
EBITDA according to ICVM 527	2,405	2,032	18%

The information on EBIT and EBITDA included in this document was prepared in accordance with ICVM 527 and, therefore, differs from the information previously disclosed by the company.

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. The purpose of including EBITDA information is to provide a measure used by the management for internal assessment of our operating results, in addition to linking EBITDA performance 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, depreciation or capital expenditures and associated charges. The calculation of the EBITDA from the net earnings is presented below:

R$ million	2012	2011	D (%) 2012v2011
Net income for the year	1,018	855	19%
(+) Income and social contribution taxes	429	301	
(+) Net financial expense	262	297	
(+) Depreciation and amortization	696	580	
EBITDA according to ICVM 527	2,405	2,032	18%

Comparative performance 2012-2011
(R$ million)

	2012					2011				
	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz	Ultrapar	Ipiranga	Oxiteno	Ultracargo	Ultragaz
Net revenue from sales and services	53,919	46,833	2,929	301	3,847	48,661	42,224	2,409	267	3,767
Cost of products and services sold	(49,797)	(44,055)	(2,312)	(123)	(3,313)	(45,140)	(39,898)	(1,931)	(115)	(3,214)
Gross profit	4,122	2,778	616	178	534	3,522	2,326	478	152	553
Selling, marketing, general and administrative expenses	(2,495)	(1,622)	(389)	(76)	(412)	(2,143)	(1,365)	(320)	(67)	(388)
Other operating income, net	78	81	(1)	4	(0)	52	53	(3)	3	(1)
Income from disposal of assets	4	12	1	0	(10)	21	23	0	0	(2)
Operating income	1,709	1,249	227	106	112	1,452	1,037	155	89	163
Share of profit of subsidiaries and associates	0	0	(0)	-	0	0	0	0	-	0
EBITDA	2,405	1,640	350	145	243	2,032	1,353	261	118	280
Depreciation and amortization	696	391	123	39	131	580	316	106	29	117

Sales volume

Ipiranga's sales volume in 2012 grew by 8% over 2011, totaling 23,364 thousand cubic meters. Sales volume of gasoline, ethanol and natural gas for vehicles increased by 10%, as a result of an estimated 8% growth of the light vehicles fleet and investments made to expand Ipiranga network. Diesel volumes, in turn, grew by 7% as a result of investments made to capture new clients and, to a lesser extent, the growth of the Brazilian economy, particularly the agricultural sector. At Oxiteno, sales volume totaled 761 thousand tons in 2012, up 15% compared with 2011, mainly due to (i) investments to expand production capacity, completed in September 2011, (ii) the growth of segments served by Oxiteno in Brazil, in particular cosmetics and detergents, agrochemicals and coatings, and (iii) the increased volume of exports. Ultracargo's average storage grew by 5% compared with 2011, mainly due to the acquisition of Temmar, a terminal in the port of Itaqui, in August 2012 and by higher volumes of ethanol handled at the Santos terminal. Ultragaz's sales volume reached 1,681 thousand tons in 2012, up 2% over 2011, as a consequence of the 6% growth in the bulk segment, resulting from the acquisition of Repsol in October 2011, which exclusively operated in this segment, and the investments to capture new clients.

Net revenue from sales and services
Ultrapar’s net revenue from sales and services amounted to R$ 53,919 million in 2012, an 11% growth over 2011. Ipiranga’s net revenue from sales and services totaled R$ 46,833 million in 2012, up 11% over 2011, mainly due to (i) increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxiteno reported R$ 2,929 million in net revenue from sales and services, a 22% increase compared with 2011, mainly due to the 15% growth in sales volume and a 17% weaker Real, partially offset by the 10% lower average price in dollar, mainly as result of the increased share of glycol in the product mix, with lower prices. Ultracargo’s net revenue from sales and services totaled R$ 301 million, up 13% over 2011, mainly due to the growth in average storage, tariff adjustments, and an improved mix of handled products and contracts. Ultragaz’s net revenue from sales and services amounted to R$ 3,847 million in 2012, up 2% over 2011, in line with the volume sold.

Cost of products and services sold
Ultrapar’s cost of products and services sold amounted to R$ 49,797 million in 2012, growth of 10% over 2011. Ipiranga’s cost of products sold amounted to R$ 44,055 million, up 10% over 2011, mainly due to (i) the increased sales volume, (ii) the 6% increase in diesel costs by Petrobras in July 2012, and (iii) the increased share of gasoline in the sales mix. Oxiteno’s cost of products sold totaled R$ 2,312 million, a 20% increase over 2011, mainly due to the 15% growth in sales volume and the 17% weaker Real, partially offset by a 10% reduction in unit variable costs in dollar. Ultracargo’s cost of services provided totaled R$ 123 million, up 7% over 2011, mainly due to higher depreciation resulting from recent capacity expansions and the acquisition of Temmar. Ultragaz’s cost of products sold amounted R$ 3,313 million, up 3% over 2011, due to the growth in sales volume and the effects of inflation on personnel and on freight costs, partially offset by cost reduction initiatives in bottling and storage facilities.

Gross profit
Ultrapar reported gross profit of R$ 4,122 million in 2012, 17% growth over 2011, as a consequence of the growth in the gross profit of Ipiranga, Oxiteno and Ultracargo.

Selling, marketing, general and administrative expenses
Ultrapar’s selling, marketing, general and administrative expenses amounted to R$ 2,495 million in 2012, up 16% over 2011. Ipiranga's selling, marketing, general and administrative expenses totaled R$ 1,622 million, 19% higher than that in 2011, as a result of (i) higher sales volume, (ii) the effects of inflation on expenses, (iii) the expansion of the distribution network, and (iv) increased advertising and marketing expenses. Oxiteno’s selling, marketing, general and administrative expenses amounted to R$ 389 million, up 22% over 2011, mainly due to (i) higher logistics expenses, resulting from increased sales volume and the effect of exchange rate on international freight expenses, (ii) the effects of inflation on expenses, and (iii) expenses with the expansion projects in the United States and Uruguay. Ultracargo’s selling, marketing, general and administrative expenses amounted to R$ 76 million in 2012, 14% growth compared to 2011, mainly as a result of higher expenses related to expansion projects and the acquisition of Temmar. Ultragaz’s selling, marketing, general and administrative expenses totaled R$ 412 million, up 6% over 2011, mainly due to (i) the effects of inflation on personnel expenses, (ii) higher expenses with marketing and sales campaigns, and (iii) the higher sales volume, partially offset by expense reduction initiatives.

Income from disposal of assets
Ultrapar recorded in 2012 an income from disposal of assets in the total amount of R$ 4 million, R$ 18 million lower than that in 2011, mainly due to lower income from the sale of land by Ipiranga and of vehicles by Ultragaz.

EBITDA

Ultrapar’s consolidated EBITDA reached R$ 2,405 million in 2012, an 18% growth over 2011, as a result of EBITDA growth of Ipiranga, Oxiteno and Ultracargo. Ipiranga reported an EBITDA of R$ 1,640 million in 2012, up 21% from 2011, mainly due to (i) increased sales volume, (ii) improved sales mix, with a higher share of gasoline, and (iii) the strategy of constant innovation in services and convenience at the service station, creating increased customer satisfaction and loyalty. Ipiranga’s unit EBITDA margin in 2012 was R$ 70/m³, corresponding to an EBITDA margin of 3.5%, higher than the unit EBITDA margin of R$ 62/m³ in 2011. Oxiteno’s EBITDA totaled R$ 350 million, growth of 34% over 2011, as a result of (i) the 15% growth in sales volume, and (ii) the effect of the 17% weaker Real. Oxiteno’s unit EBITDA reached US$ 235/ton in 2012, in line with that of 2011. Ultracargo reached an EBITDA of R$ 145 million in 2012, an increase of 23% over 2011, mainly due to the acquisition of Temmar, higher average storage, and the improved mix of handled products and contracts. In 2012, Ultracargo’s EBITDA margin reached 48%, higher than the 44% margin of 2011. Ultragaz’s EBITDA amounted to R$ 243 million, 13% below that of 2011, mainly due to the effects of inflation on costs and expenses and higher expenses with marketing and sales campaigns, partially offset by costs and expenses reduction initiatives.

Depreciation and amortization

Total depreciation and amortization costs and expenses in 2012 amounted to R$ 696 million, up R$ 116 million (20%) over 2011, due to (i) increased investments in the expansion of Ipiranga’s network of services stations and logistics infrastructure, (ii) the start-up of operations of Oxiteno’s and Ultracargo’s capacity expansions throughout 2011 and 2012, and (iii) acquisitions.

Financial result

Ultrapar reported net financial expenses of R$ 262 million in 2012, R$ 34 million below that of 2011, mainly due to the reduction of interest rates (CDI) in 2012.

Net income

Ultrapar’s consolidated net income in 2012 reached R$ 1,018 million, 19% higher than that of 2011, mainly as a result of the growth in the EBITDA between the periods.

Indebtedness

Ultrapar closed the fiscal year 2012 with a gross debt of R$ 6,239 million, resulting in a net debt of R$ 3,077 million, an increase of 11% over 2011, mainly due to investments in expansion and maintenance in all businesses, acquisitions and dividends distributed over the last 12 months.

Outlook

The nature of Ultrapar's businesses, which are at the same time resilient and leveraged on the Brazilian economic growth, combined with the investments and acquisitions made in recent years, allow the company to have visibility to keep the earnings growth trajectory.

Ipiranga will continue to invest in expanding its distribution network and logistics infrastructure, leveraging the benefits from the growth of the vehicle fleet in Brazil and the growth of the Brazilian economy. Additionally, Ipiranga will intensify its differentiation initiatives, based on increasing the offer of products, services and convenience to its consumers.

Oxiteno will continue capturing benefits from the completion and maturing process of investments in Brazil in a more favorable exchange rate environment, in addition to focusing on its international expansion plan, with investments underway in the United States and Mexico, and on the implementation of the business plan for the acquisition in Uruguay, made in 2012.

The completion by Ultracargo, in 2012, of a cycle of capacity expansions in its terminals, in order to meet the growing demand for liquid bulk storage in Brazil, and the acquisition of the terminal at the port of Itaqui, will strengthen its operating scale and produce significant benefits in 2013.

At Ultragaz, investments made and the economic growth will continue to contribute to the growth in sales volume in the bulk LPG segment, coupled with the focus on managing costs and expenses for earnings recovery.

The company will remain attentive to acquisition and investment opportunities in all of its businesses, aiming at continued growth and value creation of Ultrapar. Ultrapar closes 2012 with the satisfaction for the results and recognitions achieved, confident that it has solid foundations to continue its success story.

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

Ultrapar Participações S.A.
and Subsidiaries

Individual and Consolidated
Financial Statements for the Year
Ended December 31, 2012 and
Independent Auditors' Report
on Financial Statements

1

Ultrapar Participações S.A. and Subsidiaries

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

Table of contents

(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, 2012 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion on the individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of Ultrapar Participações S.A. as of December 31, 2012, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ultrapar Participações S.A. as of December 31, 2012, its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRSs, issued by IASB, and accounting practices adopted in Brazil.

Emphasis of matter

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

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2012, prepared under the responsibility of the Company’s Management, the presentation of which is required by Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS, that do not require the presentation of the statements of value added. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Audit of individual and consolidated financial statements for the year ended December 31, 2011

The information and amounts for the year ended December 31, 2011, presented for comparison purposes, were previously audited by other independent auditors, whose report, without qualification, was issued and dated on February 15, 2012.

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

São Paulo, February 20, 2013

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edimar Facco
Engagement Partner

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2012 and 2011

(In thousands of Brazilian Reais)

		Parent		Consolidated	
Assets	Note	2012	2011	2012	2011
Current assets					
Cash and cash equivalents	4	76,981	178,672	2,050,051	1,790,954
Financial investments	4	216	52,902	962,136	916,936
Trade receivables	5	-	-	2,306,798	2,026,417
Inventories	6	-	-	1,299,807	1,310,132
Recoverable taxes	7	63,266	48,706	483,201	470,511
Dividends receivable		57,014	73,526	-	-
Other receivables		314	1,971	20,541	20,323
Prepaid expenses	10	-	-	54,036	40,221
Total current assets		197,791	355,777	7,176,570	6,575,494
Non-current assets					
Financial investments	4	-	-	149,530	74,437
Trade receivables	5	-	-	137,359	117,716
Related parties	8.a	781,312	779,531	10,858	10,144
Deferred income and social contribution taxes	9.a	43	690	465,190	510,135
Recoverable taxes	7	25,999	39,906	49,070	81,395
Escrow deposits		232	232	534,009	469,381
Other receivables		-	-	10,949	1,312
Prepaid expenses	10	-	-	80,856	69,198
		807,586	820,359	1,437,821	1,333,718
Investments					
In subsidiaries	11.a	5,802,691	5,291,099	-	-
In associates	11.b	-	-	12,670	12,626
Other		-	-	2,843	2,793
Property, plant and equipment	12 ; 14.h	-	-	4,701,406	4,278,931
Intangible assets	13	246,163	246,163	1,968,615	1,539,177
		6,048,854	5,537,262	6,685,534	5,833,527
Total non-current assets		6,856,440	6,357,621	8,123,355	7,167,245
Total assets		7,054,231	6,713,398	15,299,925	13,742,739

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

5

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of December 31, 2012 and 2011

(In thousands of Brazilian Reais)

		Parent		Consolidated	
Liabilities	Note	2012	2011	2012	2011
Current liabilities					
Loans	14	-	-	1,573,463	1,300,326
Debentures	14.g	50,412	1,002,451	65,663	1,002,451
Finance leases	14.h	-	-	1,974	2,222
Trade payables	15	177	54	1,312,268	1,075,103
Salaries and related charges	16	138	128	254,566	268,345
Taxes payable	17	3,059	2,361	107,822	109,653
Dividends payable	20.g	213,992	156,076	222,370	163,802
Income and social contribution taxes payable		-	-	75,363	38,620
Post-employment benefits	24.b	-	-	11,624	13,282
Provision for assets retirement obligation	18	-	-	3,719	7,251
Provision for tax, civil and labor risks	23.a	-	-	50,052	41,347
Other payables		214	214	52,514	55,643
Deferred revenue	19	-	-	18,054	19,731
Total current liabilities		267,992	1,161,284	3,749,452	4,097,776
Non-current liabilities					
Loans	14	-	-	3,153,096	3,196,102
Debentures	14.g	795,479	-	1,403,571	19,102
Finance leases	14.h	-	-	40,939	41,431
Related parties	8.a	-	-	3,872	3,971
Deferred income and social contribution taxes	9.a	-	-	84,924	37,980
Post-employment benefits	24.b	-	-	120,619	96,751
Provision for assets retirement obligation	18	-	-	66,692	60,253
Provision for tax, civil and labor risks	23.a	519	1,047	551,606	512,788
Other payables		-	-	99,565	90,625
Deferred revenue	19	-	-	9,853	8,724
Total non-current liabilities		795,998	1,047	5,534,737	4,067,727
Shareholders' equity					
Share capital	20.a	3,696,773	3,696,773	3,696,773	3,696,773
Capital reserve	20.c	20,246	9,780	20,246	9,780
Treasury shares	20.b	(114,885)	(118,234)	(114,885)	(118,234)
Revaluation reserve	20.d	6,713	7,075	6,713	7,075
Profit reserves	20.e	2,221,555	1,837,667	2,221,555	1,837,667
	20.g	147,195	122,239	147,195	122,239

Additional dividends to the minimum mandatory dividends					
Valuation adjustments	2.c ; 20.f	23	193	23	193
Cumulative translation adjustments	2.q ; 20.f	12,621	(4,426)	12,621	(4,426)
Shareholders’ equity attributable to:					
Shareholders of the Company		5,990,241	5,551,067	5,990,241	5,551,067
Non-controlling interests in subsidiaries		-	-	25,495	26,169
Total shareholders’ equity		5,990,241	5,551,067	6,015,736	5,577,236
Total liabilities and shareholders’ equity		7,054,231	6,713,398	15,299,925	13,742,739

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

Ultrapar Participações S.A. and Subsidiaries

Income statements

Years ended December 31, 2012 and 2011

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

		Parent		Consolidated	
	Note	2012	2011	2012	2011
Net revenue from sales and services	2.a); 25	-	-	53,919,424	48,661,304
Cost of products and services sold	2.a); 25	-	-	(49,797,200)	(45,139,601)
Gross profit		-	-	4,122,224	3,521,703
Operating income (expenses)					
Selling and marketing	26	-	-	(1,581,501)	(1,349,880)
General and administrative	26	(879)	(1,351)	(913,389)	(793,224)
Income from disposal of assets	27	-	-	3,676	21,390
Other operating income, net		852	1,575	77,916	52,010
Operating income before financial income (expenses) and share of profit of subsidiaries and associates		(27)	224	1,708,926	1,451,999
Financial income	28	109,211	161,084	218,061	322,372
Financial expenses	28	(94,672)	(139,640)	(480,557)	(618,876)
Share of profit of subsidiaries and associates	11.a); 11.b)	1,023,215	851,433	190	192
Income before income and social contribution taxes		1,037,727	873,101	1,446,620	1,155,687
Income and social contribution taxes					
Current	9.b)	(26,071)	(24,842)	(364,952)	(243,241)
Deferred	9.b)	(647)	505	(107,246)	(85,851)
Tax incentives	9.b); 9.c)	-	-	43,442	28,192
		(26,718)	(24,337)	(428,756)	(300,900)
Net income for the year		1,011,009	848,764	1,017,864	854,787
Net income for the year attributable to:					
Shareholders of the Company		1,011,009	848,764	1,011,009	848,764
Non-controlling interests in subsidiaries		-	-	6,855	6,023
Earnings per share (based on weighted average of shares outstanding) – R$	29				
Basic		1.8933	1.5895	1.8933	1.5895

Diluted	1.8856	1.5833	1.8856	1.5833

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

7

Ultrapar Participações S.A. and Subsidiaries

Statements of comprehensive income

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	2012	2011	2012	2011
Net income for the year attributable to shareholders of the Company		1,011,009	848,764	1,011,009	848,764
Net income for the year attributable to non-controlling interests in subsidiaries		-	-	6,855	6,023
Net income for the year		1,011,009	848,764	1.017.864	854,787
Valuation adjustment	2.c); 20.f)	(170)	2,596	(170)	2,596
Cumulative translation adjustments	2.q); 20.f)	17,047	14,171	17,047	14,171
Total comprehensive income for the year		1,027,886	865,531	1,034,741	871,554
Total comprehensive income for the year attributable to shareholders of the Company		1,027,886	865,531	1,027,886	865,531
Total comprehensive income for the year attributable to non-controlling interest in subsidiaries		-	-	6,855	6,023

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

Ultrapar Participações S.A. and Subsidiaries
Statements of changes in equity
Years ended December 31, 2012 and 2011
(In thousands of Brazilian Reais, except dividends per share)

					Profit reserve			Other comprehensive income			
	Note	Share capital	Capital reserve	Revalua -tion reserve	Legal reserve	Invest -ments reserve	Retention of profits	Valuation adjustments	Cumula -tive transla -tion adjust -ments	Retained earnings	Tre s
Balance as of December 31, 2010		3,696,773	7,688	7,590	180,854	-	1,333,066	(2,403)	(18,597)	-	(119
Net income for the year		-	-	-	-	-	-	-	-	848,764	-
Other comprehensive income:											
Valuation adjustments for financial instruments	2.c); 20.f)	-	-	-	-	-	-	2,596	-	-	-
Currency translation of foreign subsidiaries	2.q); 20.f)	-	-	-	-	-	-	-	14,171	-	-
Total comprehensive income for the year		-	-	-	-	-	-	2,596	14,171	848,764	-
Sale of treasury shares		-	2,092	-	-	-	-	-	-	-	1,73
Realization of revaluation reserve	20.d)	-	-	(515)	-	-	-	-	-	515	-
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d)	-	-	-	-	-	-	-	-	(130)	-

Transfer to investment reserve		-	-	-	-	385	-	-	-	(385)	-
Approval of additional dividends by the Shareholders' Meeting		-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest		-	-	-	-	-	-	-	-	-	-
Allocation of net income:											
Legal reserve	20.e); 20.g)	-	-	-	42,438	-	-	-	-	(42,438)	-
Interim dividends (R$ 0.47 per share of the Company)	20.g)	-	-	-	-	-	-	-	-	(251,949)	-
Proposed dividends (R$0.51per share of the Company)	20.g)	-	-	-	-	-	-	-	-	(273,453)	-
Retention of profits	20.e); 20.g)	-	-	-	-	280,924	-	-	-	(280,924)	-
Balance as of December 31, 2011		3,696,773	9,780	7,075	223,292	281,309	1,333,066	193	(4,426)	-	(118

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

9

Ultrapar Participações S.A. and Subsidiaries
Statements of changes in equity
Years ended December 31, 2012 and 2011
(In thousands of Brazilian Reais, except dividends per share)

					Profit reserves			Other comprehensive income			
	Note	Share capital	Capital reserve	Revaluation reserve	Legal reserve	Investments reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings	Trea sh
Balance as of December 31, 2011		3,696,773	9,780	7,075	223,292	281,309	1,333,066	193	(4,426)	-	(118
Net income for the year		-	-	-	-	-	-	-	-	1,011,009	-
Other comprehensive income:											
Valuation adjustments for financial instruments	2.c; 20.f	-	-	-	-	-	-	(170)	-	-	-
Currency translation of foreign subsidiaries	2.q; 20.f	-	-	-	-	-	-	-	17,047	-	-
Total comprehensive income for the year		-	-	-	-	-	-	(170)	17,047	1,011,009	-
Sale of treasury shares		-	10,466	-	-	-	-	-	-	-	3,34
Realization of revaluation reserve	20.d	-	-	(362)	-	-	-	-	-	362	-
Income and social contribution taxes on realization of revaluation reserve of subsidiaries	20.d	-	-	-	-	-	-	-	-	(59)	-
		-	-	-	-	303	-	-	-	(303)	-

Transfer to investment reserve											
Approval of additional dividends by the Shareholders' Meeting		-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest		-	-	-	-	-	-	-	-	-	-
Redemption of shares of non-controlling interests		-	-	-	-	-	-	-	-	-	-
Allocation of net income:											
Legal reserve	20.e); 20.g)	-	-	-	50,550	-	-	-	-	(50,550)	-
Interim dividends (R$ 0.51 per share of the Company)	20.g)	-	-	-	-	-	-	-	-	(273,392)	-
Proposed dividends payable (R$0.66 per share of the Company)	20.g)	-	-	-	-	-	-	-	-	(354,032)	-
Retention of profits	20.e); 20.g)	-	-	-	-	333,035	-	-	-	(333,035)	-
Balance as of December 31, 2012		3,696,773	20,246	6,713	273,842	614,647	1,333,066	23	12,621	-	(114

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

10

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	2012	2011	2012	2011
Cash flows from operating activities					
Net income for the year		1,011,009	848,764	1,017,864	854,787
Adjustments to reconcile net income to cash provided by operating activities					
Share of profit of subsidiaries and associates	11	(1,023,215)	(851,433)	(190)	(192)
Depreciation and amortization		-	-	696,332	580,076
PIS and COFINS credits on depreciation		-	-	11,683	10,169
Assets retirement expenses	18	-	-	(2,477)	(3,022)
Interest, monetary and exchange variations		14,115	30,567	613,857	736,049
Deferred income and social contribution taxes	9.b	647	(505)	107,246	85,851
Income from disposal of assets	27	-	-	(3,676)	(21,390)
Others		-	-	2,319	2,555
Dividends received from subsidiaries		694,953	335,399	-	-
(Increase) decrease in current assets					
Trade receivables	5	-	-	(245,111)	(303,145)
Inventories	6	-	-	46,027	(164,276)
Recoverable taxes	7	(14,560)	21,191	(5,789)	(115,102)
Other receivables		1,657	(1,165)	1,317	(1,585)
Prepaid expenses	10	-	-	(10,535)	(5,037)
Increase (decrease) in current liabilities					
Trade payables	15	123	(56)	204,529	155,599
Salaries and related charges	16	10	18	(17,511)	38,609
Taxes payable	17	698	2,354	(2,765)	(48,330)
Income and social contribution taxes		-	(5)	205,812	93,317
Post-employment benefits	24.b	-	-	(1,658)	1,943
Provision for tax, civil and labor risks	23.a	-	-	8,705	1,721
Other payables		-	-	(10,829)	27,568
Deferred revenue	19	-	-	(1,677)	5,159
(Increase) decrease in non-current assets					
Trade receivables	5	-	-	(19,644)	(21,048)
Recoverable taxes	7	13,907	(30,893)	32,326	(26,359)
Escrow deposits		-	-	(64,628)	(88,631)
Other receivables		-	-	(9,637)	(617)
Prepaid expenses	10	-	-	1,649	(28,589)

Increase (decrease) in non-current liabilities					
Post-employment benefits	24.b	-	-	23,869	3,589
Provision for tax, civil and labor risks	23.a	(528)	(2,210)	38,684	41,669
Other payables		-	-	1,714	27,461
Deferred revenue	19	-	-	1,129	2,812
Income and social contribution taxes paid		-	-	(169,069)	(131,478)
Net cash provided by operating activities		698,816	352,026	2,449,866	1,710,133

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

11

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	2012	2011	2012	2011
Cash flows from investing activities					
Financial investments, net of redemptions		52,686	(40,144)	(120,293)	(413,414)
Acquisition of subsidiaries, net		-	-	(168,668)	(76,430)
Cash and cash equivalents of acquired subsidiaries		-	-	8,915	2,151
Financial investments of acquired subsidiaries		-	-	3,426	-
Acquisition of property, plant and equipment	12	-	-	(763,132)	(705,548)
Increase in intangible assets	13	-	-	(598,093)	(365,825)
Capital increase in subsidiaries		(150,000)	(320,000)	-	-
Capital reduction to subsidiaries		-	500,000	-	-
Proceeds from disposal of assets	27	-	-	66,098	101,190
Net cash provided by (used in) investing activities		(97,314)	139,856	(1,571,747)	(1,457,876)
Cash flows from financing activities					
Loans and debentures					
Borrowings	14	793,485	-	2,755,245	975,588
Repayments	14	(1,000,000)	(200,000)	(2,437,906)	(1,226,535)
Interest paid	14	(44,136)	(134,246)	(331,917)	(348,130)
Payment of financial lease	14.h	-	-	(4,611)	(6,996)
Dividends paid		(544,553)	(501,842)	(548,610)	(502,036)
Acquisition of non-controlling interests		-	-	(33)	(82)
Payment of loan with Noble Brasil S.A.	3.b	-	-	(49,982)	-
Sale of treasury shares		13,815	3,822	-	-
Related parties		78,196	111,352	(813)	3,772
Net cash used in financing activities		(703,193)	(720,914)	(618,627)	(1,104,419)
Effect of exchange rate changes on cash and cash equivalents in foreign currency		-	-	(395)	698
Increase (decrease) in cash and cash equivalents		(101,691)	(229,032)	259,097	(851,464)
Cash and cash equivalents at the beginning of the year	4	178,672	407,704	1,790,954	2,642,418
Cash and cash equivalents at the end of the year	4	76,981	178,672	2,050,051	1,790,954

Additional information:					
Loan of acquired subsidiaries	3.a ; 3.b	-	-	136,256	-

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

12

Ultrapar Participações S.A. and Subsidiaries

Statements of value added

Years ended December 31, 2012 and 2011

(In thousands of Brazilian Reais, except percentages)

		Parent				Consolidated			
	Note	2012	%	2011	%	2012	%	2011	%
Revenue									
Gross revenue from sales and services, except rents and royalties	25	-		-		55,427,371		50,104,852	
Rebates, discounts and returns	25	-		-		(261,085)		(222,770)	
Allowance for doubtful accounts - Reversal (allowance)		-		-		(1,765)		3,260	
Income from disposal of assets	27	-		-		3,676		21,390	
		-		-		55,168,197		49,906,732	
Materials purchased from third parties									
Raw materials used		-		-		(2,777,546)		(2,314,464)	
Cost of goods, products and services sold		-		-		(46,822,861)		(42,683,500)	
Third-party materials, energy, services and others		(4,521)		(10,773)		(1,472,569)		(1,330,858)	
Reversal of impairment losses		9,244		15,314		2,242		8,551	
		4,723		4,541		(51,070,734)		(46,320,271)	
Gross value added		4,723		4,541		4,097,463		3,586,461	
Deductions									
Depreciation and amortization		-		-		(708,015)		(590,245)	
Net value added by the Company		4,723		4,541		3,389,448		2,996,216	

Value added received in transfer									
Share of profit of subsidiaries and associates	11.a ; 11.b	1,023,215		851,433		190		192	
Dividends and interest on equity at cost		27		31		-		-	
Rents and royalties	25	-		-		71,559		62,684	
Financial income	28	109,211		161,084		218,061		322,372	
		1,132,453		1,012,548		289,810		385,248	
Total value added available for distribution		1,137,176		1,017,089		3,679,258		3,381,464	
Distribution of value added									
Labor and benefits		4,016	-	3,683	-	1,088,972	29	1,001,871	29
Taxes, fees and contributions		27,687	2	23,056	2	1,025,367	28	851,376	25
Financial expenses and rents		94,464	9	141,586	14	547,055	15	673,431	20
Dividends paid		627,424	55	525,402	52	629,417	17	527,260	16
Retained earnings		383,585	34	323,362	32	388,447	11	327,526	10
Value added distributed		1,137,176	100	1,017,089	100	3,679,258	100	3,381,464	100

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

1. Operations

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

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

2. Summary of significant accounting policies

The Company's consolidated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with accounting practices adopted in Brazil ("BR GAAP"), as issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM").

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

The presentation currency of the Company's individual and consolidated financial statements is the Brazilian Real, 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 these individual and consolidated financial statements.

a. Recognition of income

Revenue and cost of sales are recognized when all risks and benefits associated with the products are transferred to the purchaser. Revenue from services provided and their costs are recognized when the services are provided. Costs of products and services sold provided include goods (mainly fuels/lubricants and LPG), raw materials (chemicals and petrochemicals) and production, distribution, storage and filling costs.

b. Cash and cash equivalents

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c. Financial instruments

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

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

- Held to maturity: non-derivative financial assets with fixed or determinable payments, and fixed maturities for which the entity has the positive intention and ability to hold to maturity. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned through the date of the financial statements, 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 a specific account in the shareholders' equity. Accumulated gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case of prepayment.

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

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

- Fair value hedge: derivative financial instrument used to hedge exposure to changes in the fair value of an item, attributable to a particular risk, which can affect the entity's profit or loss.

- Hedge accounting: 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.

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, including all direct taxes attributable to the Company and its subsidiaries. An allowance for doubtful accounts is recorded based on estimated losses and is set at an amount deemed by management to be sufficient to cover any probable loss on realization of trade receivables (see Note 22 - Customer credit risk).

e. Inventories

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

f. Investments

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

In the consolidated financial statements, the investments in joint venture entities are proportionally consolidated by the Company (see Note 3). Other investments are stated at acquisition cost less provision for losses, unless the loss is considered temporary.

g. Property, plant and equipment

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

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

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

h. Leases

• Finance leases

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

•Operating leases

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

i. Intangible assets

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

- Goodwill is carried net of accumulated amortization as of December 31, 2008, when it ceased to be amortized. Goodwill generated since January 1, 2009 is shown as intangible asset corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the identified assets and liabilities assumed of the acquired entity, and is tested annually for impairment. Goodwill is allocated to the respective cash generating units ("CGU") for impairment testing purposes.

- Bonus disbursements as provided in Ipiranga's agreements with reseller service stations and major consumers are recognized as distribution rights when paid and amortized using the straight-line method according to the term of the agreement.

- Other intangible assets acquired from third parties, such as software, technology and commercial property rights, are measured at the total acquisition cost and amortized using straight-line method, for the periods mentioned in Note 13, taking into account their useful life, which is reviewed annually.

The Company and its subsidiaries have not recognized intangible assets that were created internally. The Company and its subsidiaries have not recognized intangible assets that have an indefinite useful life, except for goodwill and the "am/pm" brand acquired in 2012.

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 amortised cost". The financial liabilities at fair value through profit or loss refer to derivative financial instruments and financial liabilities designated as hedged items in a fair value hedge relationship upon initial recognition (see Note 2.c – fair value hedge). The financial liabilities at amortised cost are stated at the initial transaction amount plus related charges and transaction costs, net of amortization. The charges are recognized in profit or loss using the effective interest rate method.

Transaction costs incurred and directly attributable to the activities necessary for contracting loans or for issuing bonds, as well as premiums and discounts upon issuance of debentures and other debt or equity instruments, are allocated to the instrument and amortized to profit or loss over its term, using the effective interest rate method.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

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 the current rates of IRPJ and CSLL, including 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 financial statements. For further details about recognition and realization of IRPJ and CSLL, see Note 9.

m. Provision for assets retirement obligation – fuel tanks

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

n. Provisions for tax, civil and labor risks

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

o. Post-employment benefits

Post-employment benefits granted and to be granted to employees, retirees, and pensioners are based on an actuarial calculation prepared by an independent actuary, using the projected unit credit method (see Note 24.b). The actuarial gains and losses are recognized in profit or loss.

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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

r. Basis for translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each period and shareholders' equity are translated at the historic exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in the shareholders' equity as cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The recognized balance in other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments in 2012 was a gain of R$ 12,621 (loss of R$ 4,426 in 2011).

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 Forte	Venezuela
American Chemical I.C.S.A.	U.S. Dollar	Uruguay

The subsidiary American Chemical I.C.S.A. ("American Chemical") determined its functional currency as the U.S. dollar, as its sales and purchases of goods, and financing activities are performed substantially in this currency.

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.

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered as an extention 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 as income in 2012 amounted to R$ 2,347 (R$ 1,811 gain in 2011).

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

s. Use of estimates, assumptions and judgments

The preparation of financial statements requires the use of estimates, assumptions and judgments for the accounting of certain assets, liabilities and income. Therefore, Company and subsidiaries' management use the best information available at the time of preparation of the financial statements, as well as the experience of past and current events, also considering assumptions regarding future events. The financial statements therefore include estimates, assumptions and judgments related mainly to determining the fair value of financial instruments (Notes 4, 14 and 22), the determination of the allowance for doubtful accounts (Note 5), the determination of provisions for income taxes (Note 9), the useful life of property, plant and equipment (Note 12), the useful life of intangible assets and the determination of the recoverable amount of goodwill (Note 13), provisions for assets retirement obligations (Note 18), tax, civil and labor provisions (Note 23 items a,b,c,d) and estimates for the preparation of actuarial reports (Note 24.b). The actual result of the transactions and information may differ from their estimates.

t. Impairment of assets

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

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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

u. Adjustment to present value

The Company's subsidiaries recognized a present value adjustment to Tax on Goods and Services ("ICMS", the Brazilian VAT) credit balances related to property, plant and equipment (CIAP – see Note 7). Because recovery of these credits occurs over a 48 months period, the present value adjustment reflects, in the financial statements, the time value of the ICMS credits to be recovered.

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

v. Statements of value added

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

w. New and revised standards in issue but not yet effective

Certain standards, amendments and interpretations to IFRS issued by IASB that have been issued but are not yet effective were not applied in the year ended December 31, 2012, as follows:

	Related CPC	Effective date
• Consolidated financial statements – IFRS 10 and transition guidance (1)	CPC 36(R3)	2013
• Joint arrangements – IFRS 11 and transition guidance (1)	CPC 19(R2)	2013
• Disclosure of interests in other entities– IFRS 12 and transition guidance (1)	CPC 45	2013
• Amendments to IAS 27 – Separate financial statements (1)	CPC 35(R2)	2013
• Amendments to IAS 28 – Investments in associates and joint ventures (1)	CPC 18(R2)	2013
• Amendments to IAS 19 – Employee benefits (2)	CPC 33(R1)	2013
• Amendments to IFRS 7 – Financial instruments: offsetting financial assets and liabilities (3) (4)		2013
• Fair value measurement – IFRS 13 (3)	CPC 46	2013
• Amendments to IAS 1 – Presentation of financial statements: other comprehensive income (3) (4)		2013
• Amendments to IAS 32 – Financial instruments: presentation (4)		2014

• IFRS 9 – Financial instruments' classification and measurement (4)	2015

22

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

(1) For 2013, the Company and its subsidiaries expect that the adoption of IFRS 11 - Joint arrangements will impact the financial statements. The investments in RPR, Maxfácil Participações S.A. (“Maxfácil”), União Vopak Armazéns Gerais Ltda. (“União Vopak”) and ConectCar Soluções de Mobilidade Eletrônica S.A. (“Conectcar”) will no longer be proportionally consolidated and will be accounted for using the equity method. IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities, amendments to IAS 27 - Separate financial statements and amendments to IAS 28 - Investments in associates and joint ventures, must be adopted in conjunction with IFRS 11, and do not produce impact on the financial statements of the Company and its subsidiaries.

(2) The Company and its subsidiaries estimate that the amendments to IAS 19 - Employee benefits will impact the financial statements. Currently, the Company and its subsidiaries recognize actuarial gains and losses in income and, from 2013, actuarial gains and losses will be recognized in shareholders’ equity as other comprehensive income. In 2012, the actuarial losses recognized in income in the amount of R$ 13,501, will be reversed from income and will be presented in shareholders' equity, net of deferred IRPJ and CSLL.

The table below summarizes the main effects of adopting these standards on the consolidated financial statements as of December 31, 2012, that will be restated for the comparative financial statements as of December 31, 2013.

Mainly balance sheet effects

	IFRS 11 effects	IAS 19 effects
Current assets	(43,532)	-
Non-current assets	(11,814)	4,975
Total assets	(55,346)	4,975
Current liabilities	(28,202)	-
Non-current liabilities	(27,144)	14,633
Shareholders’ equity	-	(9,658)
Total liabilities and shareholders’ equity	(55,346)	4,975

Mainly income statement effects

	IFRS 11 effects	IAS 19 effects
Net revenue from sales and services	(50,498)	-
Cost of products and services sold	29,063	-
Selling and marketing, general and administrative and other operating income, net	6,917	13,501
Financial income, net	(7,826)	-
Income and social contribution taxes	12,074	(4,590)

Share of profit of associates	10,290	-
Net income for the year	-	8,911

23

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

Mainly statement of cash flow effects

	IFRS 11 effects	IAS 19 effects
Net cash provided by operating activities	(20,771)	-
Net cash used in investing activities	7,774	-
Net cash used in financing activities	9,508	-
Increase in cash and cash equivalents	(3,489)	-
Cash and cash equivalents at the beginning of the year	(25,448)	-
Cash and cash equivalents at the end of the year	(28,937)	-

(3) Amendments to IFRS 7 - Disclosures - offsetting financial assets and liabilities, amendments to IAS 1 - Presentation of other comprehensive income and the adoption of IFRS 13 - Fair value measurement will not produce an impact on the financial statements of the Company and its subsidiaries.

(4) CPC has not yet issued pronouncements equivalent to these IAS/IFRS, but is expected to do so before the date they become effective. The early adoption of IFRS pronouncements is subject to prior approval by the CVM.

x. Authorization for issuance of the financial statements

These financial statements were authorized for issue by the Board of Directors on February 20, 2013.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

3. Principles of consolidation and investments in subsidiaries

The consolidated financial statements were prepared following the basic principles of consolidation established by IAS 27 (CPC 36 (R2)). Investments of one company in another, balances of asset and liability accounts and revenues and expenses were eliminated, as well as the effects of transactions conducted between the companies. Non-controlling interests in subsidiaries are presented within consolidated shareholders' equity and net income.

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

		% interest in the share			
		2012		2011	
		Control		Control	
	Location	Direct control	Indirect control	Direct control	Indirect control
Ultracargo - Operações Logísticas e Participações Ltda.	Brazil	100	-	100	-
Terminal Químico de Aratu S.A. – Tequimar	Brazil	-	99	-	99
União Vopak Armazéns Gerais Ltda. (*)	Brazil	-	50	-	50
Temmar- Terminal Marítimo do Maranhão S.A.	Brazil	-	100	-	-
Melamina Ultra S.A. Indústria Química	Brazil	-	99	-	99
Oxiteno S.A. Indústria e Comércio	Brazil	100	-	100	-
Oxiteno Nordeste S.A. Indústria e Comércio	Brazil	-	99	-	99
Oxiteno Argentina Sociedad de Responsabilidad Ltda.	Argentina	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	-	100	-	100
American Chemical I.C.S.A.	Uruguay	-	100	-	-
Barrington S.L.	Spain	-	100	-	100
Oxiteno México S.A. de C.V.	Mexico	-	100	-	100
Oxiteno Servicios Corporativos S.A. de C.V.	Mexico	-	100	-	100
Oxiteno Servicios Industriales S.A. de C.V.	Mexico	-	100	-	100
Oxiteno USA LLC	United States	-	100	-	100
Global Petroleum Products Trading Corp.	Virgin Islands	-	100	-	100
Oxiteno Overseas Corp.	Virgin Islands	-	100	-	100
Oxiteno Andina, C.A.	Venezuela	-	100	-	100
Oxiteno Europe SPRL	Belgium	-	100	-	100
Oxiteno Colombia S.A.S	Colombia	-	100	-	100
Oxiteno Shanghai Trading LTD.	China	-	100	-	-

Empresa Carioca de Produtos Químicos S.A.	Brazil	-	100	-	100
Ipiranga Produtos de Petróleo S.A.	Brazil	100	-	100	-
am/pm Comestíveis Ltda.	Brazil	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	-	100	-	100
Ipiranga Logística Ltda.	Brazil	-	100	-	100
Maxfácil Participações S.A. (*)	Brazil	-	-	-	50
Isa-Sul Administração e Participações Ltda.	Brazil	-	100	-	100
ConectCar Soluções de Mobilidade Eletrônica S.A. (*)	Brazil	-	50	-	-
Companhia Ultragaz S.A.	Brazil	-	99	-	99
Distribuidora de Gás LP Azul S.A.	Brazil	-	-	-	100
Bahiana Distribuidora de Gás Ltda.	Brazil	-	100	-	100
Utingás Armazenadora S.A.	Brazil	-	57	-	57
LPG International Inc.	Cayman Islands	-	100	-	100
Imaven Imóveis Ltda.	Brazil	-	100	-	100
Oil Trading Importadora e Exportadora Ltda.	Brazil	-	100	-	100
SERMA - Ass. dos usuários equip. proc. de dados	Brazil	-	100	-	100
Refinaria de Petróleo Riograndense S.A. (*)	Brazil	33	-	33	-

25

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

(*) The Company and its subsidiaries maintain a shared equity interest in these companies, whose bylaws establish joint control. These joint ventures are recognized by the Company and its subsidiaries using proportionate consolidation, as allowed by IAS 31 (CPC 19 (R1)). RPR is primarily engaged in oil refining, Maxfácil is primarily engaged in the management of Ipiranga-branded credit cards, and União Vopak is primarily engaged in liquid bulk storage in the port of Paranaguá. ConectCar is a joint venture with Odebrecht TransPort Participações, formed in November 2012, and is engaged in electronic payment of tolls, parking and fuel, with start-up scheduled for the first quarter of 2013 in the State of São Paulo.

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

In November 2012, Maxfácil was split between the partners in proportion to their shareholdings and subsequently merged by each partner.

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

a) Business combination – acquisition of American Chemical I.C.S.A.

On November 1st, 2012, the Company, through its subsidiary Oxiteno S.A. Indústria e Comércio (“Oxiteno S.A.”), purchased 100% of the shares of American Chemical I.C.S.A. (“American Chemical”), a Uruguayan specialty chemicals company. American Chemical owns a plant in Montevideo, with production capacity of 81 thousand tons of specialty chemicals, particularly sulfonate and sulfate surfactants for the home and personal care industries, as well as products for the leather industry. The amount paid at closing was R$ 107,435, subject to the customary final adjustments of working capital and net debt.

The purchase price paid for the shares is being allocated among the identified assets acquired and liabilities assumed, measured at fair value. The fair values of inventories, property, plant and equipment and intangible assets are being determined and were not concluded as of December 31, 2012. The conclusion of the determination of fair values is expected for the first quarter of 2013. During the process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity’s books will also be taken into account. The temporary goodwill is R$ 54,927.

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

Current assets		Current liabilities	
Cash and cash equivalents	7,147	Loans	32,481
Trade receivables	31,169	Trade payables	32,443
Inventories	35,526	Salaries and related charges	3,431
Recoverable taxes	3,163	Other	1,869
Other	1,906		70,224
	78,911		
Non-current assets		Non-current liabilities	
Property, plant and equipment	43,614	Loans	7,362
Intangible assets	104		
Deferred income and social contribution taxes	7,465		
Temporary goodwill	54,927		
	106,110	Total liabilities assumed	77,586
Total assets acquired and goodwill	185,021	Consideration transferred	107,435

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

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

	2012
Net revenue from sales and services	53,947,270
Operating income	1,708,005
Net income for the year	1,016,615
Earnings per share basic - whole R$ (see Note 29)	1.8910
Earnings per share diluted - whole R$ (see Note 29)	1.8833

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

On July 31, 2012, the Company, through its subsidiary Terminal Químico de Aratu S.A. (“Tequimar”), concluded the acquisition of Temmar - Terminal Marítimo do Maranhão S.A. (“Temmar”). Temmar is located in the port area of Itaqui, in the state of Maranhão, in the Northeast region of Brazil, with a capacity of 55 thousand cubic meters and used mainly for the handling of fuels and biofuels. Temmar has contracts with clients for the entire capacity of the terminal and a long-term lease contract, which includes a large area for future expansions.

The amount paid in the settlement of acquisition was R$ 68,196. Tequimar will disburse a minimum extra value of R$ 12,000, which may reach approximately R$ 30,000 as a result of possible future expansions in the storage capacity of the terminal, provided that such expansions are implemented within the next 7 years, restated by General Market Price Index (“IGP-M”). The total purchase price of the acquisition, in the amount of R$ 80,196 was allocated among the identified assets acquired and liabilities assumed, measured at fair value. During the process of identification of assets and liabilities, intangible assets and provision for tax, civil and labor risks which were not recognized in the acquired entity’s books were also taken into account. The goodwill is R$ 43,781 and is based on expected future profitability. The additional value for the assets acquired, which was determined by an independent appraiser and amounts R$ 30,857 based on its report, reflects the difference between the fair value and the book value of such assets.

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

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

28

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

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

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

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

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

	2012
Net revenue from sales and services	53,932,190
Operating income	1,712,426
Net income for the year	1,014,026
Earnings per share basic - whole R$ (see Note 29)	1.8861
Earnings per share diluted - whole R$ (see Note 29)	1.8785

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

c) Business combination – acquisition of Repsol Gás Brasil S.A.

On October 20, 2011, the Company, through its subsidiary Cia. Ultragaz, acquired a 100% equity interest in Repsol Gás Brasil S.A. ("Repsol"). The total acquisition amount was R$ 49,822. This acquisition strengthens Ultragaz's bulk LPG business, providing economies of scale in logistics and management, and a better position for growth in the bulk segment in the Southeast. After the acquisition, its name was changed to Distribuidora de Gás LP Azul S.A.

The purchase price paid for the shares was allocated among the identified assets acquired and liabilities assumed, measured at fair value. During the process of identification of assets and liabilities, intangible assets which were not recognized in the acquired entity's books were also taken into account. The goodwill is R$ 13,403. The additional value for the assets acquired, which was determined by an independent appraiser and amounts R$ 16,555 based on its report, reflects the difference between the fair value and the book value of such assets. The table below summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date:

Current assets		Current liabilities	
Cash and cash equivalents	2,151	Trade payables	3,838
Trade receivables	2,875	Salaries and related charges	1,521
Inventories	995	Other	67
Prepaid expenses	1,596		5,426
Recoverable taxes	1,092		
Other	360		
	9,069		
Non-current assets		Non-current liabilities	
Property, plant and equipment	22,026	Provision for tax, civil and	
Intangible assets	11,625	labor risks	1,140
Other	265		
Goodwill	13,403		
	47,319	Total liabilities assumed	6,566
Total assets acquired and goodwill	56,388	Consideration transferred	49,822

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

The following summary presents the Company's pro forma information for 2011, as if the acquisition had been completed at the beginning of that year. The pro forma information is only presented for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition actually been made at such date, nor is it necessarily indicative of future operating results:

	2011
Net revenue from sales and services	48,708,540
Operating income	1,451,106
Net income for the year	854,182
Earnings per share basic - whole R$ (see Note 29)	1.5883
Earnings per share diluted - whole R$ (see Note 29)	1.5822

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

4. Cash and cash equivalents and financial investments

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

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

• Cash and cash equivalents

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

	Parent		Consolidated	
	2012	2011	2012	2011
Cash and bank deposits				
In local currency	173	71	36,088	78,077
In foreign currency	-	-	43,866	29,523
Financial investments				
In local currency				
Fixed-income securities and funds	76,808	178,601	1,940,852	1,668,178
In foreign currency				
Fixed-income securities and funds	-	-	29,245	15,176
Total cash and cash equivalents	76,981	178,672	2,050,051	1,790,954

32

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

• Financial investments

The financial investments of the Company and its subsidiaries are distributed as follows:

	Parent		Consolidated	
	2012	2011	2012	2011
Financial investments				
In local currency				
Fixed-income securities and funds	216	52,902	641,974	638,879
In foreign currency				
Fixed-income securities and funds	-	-	290,636	259,091
Currency and interest rate hedging instruments (a)	-	-	179,056	93,403
Total financial investments	216	52,902	1,111,666	991,373
Current	216	52,902	962,136	916,936
Non-current	-	-	149,530	74,437

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

33

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

5. Trade receivables (Consolidated)

	2012	2011
Domestic customers	2,131,093	1,885,901
Reseller financing - Ipiranga	276,937	239,588
Foreign customers	164,943	135,098
(-) Allowance for doubtful accounts	(128,816)	(116,454)
Total	2,444,157	2,144,133
Current	2,306,798	2,026,417
Non-current	137,359	117,716

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

The breakdown of trade receivables, gross, is as follows:

	Total	Current	Past due less than 30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-180 days	Past due more than 180 days
2012	2,572,973	2,270,909	81,666	18,463	8,932	25,885	167,118
2011	2,260,587	1,994,399	80,635	18,088	5,788	14,944	146,733

Movements in the allowance for doubtful accounts are as follows:

Balance at December 31, 2010	119,932
Repsol acquisition	520
Additions	19,766
Write-offs	(23,764)
Balance at December 31, 2011	116,454
Additions	20,616
Write-offs	(8,254)
Balance at December 31, 2012	128,816

Ultrapar Participações S.A. and Subsidiaries

Notes to the financial statements

(In thousands of Brazilian Reais, unless otherwise stated)

6. Inventories (Consolidated)

	2012			2011		
	Cost	Provision for losses	Net balance	Cost	Provision for losses	Net balance
Finished goods	262,667	(6,314)	256,353	272,377	(14,605)	257,772
Work in process	3,619	-	3,619	2,841	-	2,841
Raw materials	208,446	(297)	208,149	197,982	(114)	197,868
Liquefied petroleum gas (LPG)	36,820	-	36,820	41,147	-	41,147
Fuels, lubricants and greases	630,439	(635)	629,804	633,035	(710)	632,325
Consumable materials and bottles for resale	65,049	(1,197)	63,852	58,126	(1,696)	56,430
Advances to suppliers	74,378	-	74,378	89,103	-	89,103
Properties for resale	26,832	-	26,832	32,646	-	32,646
	1,308,250	(8,443)	1,299,807	1,327,257	(17,125)	1,310,132

Movements in the provision for losses are as follows:

Balance in 2010	&#