ULTRAPAR HOLDINGS INC
Form 6-K
May 03, 2012

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 May, 2012

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__

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes ______ No __X__

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of

Ultrapar Participações S.A.

São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Ultrapar Participações S.A. (the Company), included in the Interim Financial Information Form (ITR), for the three months ended March 31, 2012, which comprises the balance sheet as of March 31, 2012 and the related statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on individual interim financial information

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

Conclusion on consolidated interim financial information

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

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added, for the three months ended March 31, 2012, prepared under the responsibility of the Company s Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR) and considered as supplemental information for International Financial Reporting Standards - IFRS, that do not require the presentation of these statements. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

Review of individual and consolidated interim financial information for the three months ended March 31, 2011 and audit of individual and consolidated financial statements for the year ended December 31, 2011

The amounts for the three months ended March 31, 2011, presented for comparison purposes, were previously reviewed by other independent auditors, whose report, without qualification, was issued and dated on May 11, 2011. The 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 individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 2, 2012

DELOITTE TOUCHE TOHMATSU	Edimar Facco
Auditores Independentes	Engagement Partner

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of March 31, 2012 and December 31, 2011

(In thousands of Reais)

		Parent		Consolidated	
Assets	**Note**	**03/31/2012**	**12/31/2011**	**03/31/2012**	**12/31/2011**
Current assets					
Cash and cash equivalents	4	176,518	178,672	1,398,188	1,790,954
Financial investments	4	22,306	52,902	834,899	916,936
Trade accounts receivable	5	-	-	2,068,318	2,026,417
Inventories	6	-	-	1,318,969	1,310,132
Recoverable taxes	7	46,666	48,706	438,420	470,511
Dividends receivable		54,397	73,526	-	-
Other receivables		2,405	1,971	19,675	20,323
Prepaid expenses	10	-	-	65,173	40,221
Total current assets		302,292	355,777	6,143,642	6,575,494
Non-current assets					
Financial investments	4	-	-	73,813	74,437
Trade accounts receivable	5	-	-	116,035	117,716
Related parties	8.a	750,000	779,531	10,859	10,144
Deferred income and social contribution taxes	9.a	65	690	512,529	510,135
Recoverable taxes	7	44,814	39,906	92,365	81,395
Escrow deposits		232	232	484,772	469,381
Other receivables		-	-	10,429	1,312
Prepaid expenses	10	-	-	66,717	69,198
		795,111	820,359	1,367,519	1,333,718
Investments					
Subsidiaries	11.a	5,282,857	5,291,099	-	-
Associates	11.b	-	-	12,602	12,626
Other		-	-	2,793	2,793
Property, plant and equipment	12 ; 14.g	-	-	4,323,003	4,278,931
Intangible assets	13	246,163	246,163	1,553,099	1,539,177
		5,529,020	5,537,262	5,891,497	5,833,527
Total non-current assets		6,324,131	6,357,621	7,259,016	7,167,245
Total assets		6,626,423	6,713,398	13,402,658	13,742,739

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

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of March 31, 2012 and December 31, 2011

(In thousands of Reais)

		Parent		Consolidated	
Liabilities	**Note**	**03/31/2012**	**12/31/2011**	**03/31/2012**	**12/31/2011**
Current liabilities					
Loans	14	-	-	1,449,672	1,300,326
Debentures	14.f	205,658	1,002,451	210,788	1,002,451
Finance leases	14.g	-	-	2,211	2,222
Trade payables	15	16	54	885,673	1,075,103
Salaries and related charges	16	136	128	213,332	268,345
Taxes payable	17	9	2,361	118,151	109,653
Dividends payable	20.g	6,029	156,076	13,606	163,802
Income and social contribution taxes payable		-	-	52,430	38,620
Post-employment benefits	24.b	-	-	13,282	13,282
Provision for assets retirement obligation	18	-	-	6,219	7,251
Provision for tax, civil and labor litigation	23.a	-	-	38,946	41,347
Other payables		214	214	34,013	55,643
Deferred revenue	19	-	-	18,031	19,731
Total current liabilities		212,062	1,161,284	3,056,354	4,097,776
Non-current liabilities					
Loans	14	-	-	2,983,977	3,196,102
Debentures	14.f	793,518	-	808,044	19,102
Finance leases	14.g	-	-	40,922	41,431
Related parties	8.a	-	-	3,872	3,971
Deferred income and social contribution taxes	9.a	-	-	53,380	37,980
Provision for tax, civil and labor litigation	23.a	1,057	1,047	528,220	512,788
Post-employment benefits	24.b	-	-	101,978	96,751
Provision for assets retirement obligation	18	-	-	62,613	60,253
Other payables		-	-	106,963	90,625
Deferred revenue	19	-	-	8,947	8,724
Total non-current liabilities		794,575	1,047	4,698,916	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	9,780	9,780	9,780	9,780
Revaluation reserve	20.d	6,959	7,075	6,959	7,075
Profit reserves	20.e	1,837,667	1,837,667	1,837,667	1,837,667
Treasury shares	20.b	(118,234)	(118,234)	(118,234)	(118,234)
Retained earnings		190,114	-	190,114	-
Additional dividends to the minimum mandatory dividends	20.g	-	122,239	-	122,239
Valuation adjustment	2.c ; 20.f	10	193	10	193
Cumulative translation adjustments	2.q ; 20.f	(3,283)	(4,426)	(3,283)	(4,426)
Shareholders equity attributable to owners of the parent		5,619,786	5,551,067	5,619,786	5,551,067
Non-controlling interests in subsidiaries		-	-	27,602	26,169

Total shareholders equity	5,619,786	5,551,067	5,647,388	5,577,236
Total liabilities and shareholders equity	6,626,423	6,713,398	13,402,658	13,742,739

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

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Ultrapar Participações S.A. and Subsidiaries

Income statements

Periods ended March 31, 2012 and 2011

(In thousands of Reais, except earnings per share)

		Parent		Consolidated	
	Note	**03/31/2012**	**03/31/2011**	**03/31/2012**	**03/31/2011**
Net revenue from sales and services	2.a ; 25	-	-	12,401,370	10,806,074
Cost of products and services sold	2.a ; 26	-	-	(11,496,950)	(9,980,364)
Gross profit		-	-	904,420	825,710
Operating income (expenses)					
Selling and marketing	26	-	-	(377,356)	(310,320)
General and administrative	26	(3,072)	(2,705)	(197,114)	(192,734)
Income (loss) from disposal of assets	27	-	-	(1,500)	2,739
Other operating income, net		3,078	2,724	9,537	8,581
Operating income		6	19	337,987	333,976
Financial income	28	34,537	41,210	66,309	85,634
Financial expenses	28	(26,634)	(34,597)	(129,180)	(152,009)
Share of profit of subsidiaries and associates	11.a ; 11.b	184,802	188,632	(24)	126
Income before income and social contribution taxes		192,711	195,264	275,092	267,727
Income and social contribution taxes					
Current	9.b	(2,058)	(2,265)	(78,841)	(61,136)
Deferred	9.b	(625)	16	(13,546)	(20,342)
Tax incentives - SUDENE	9.b ; 9.c	-	-	8,716	7,933
		(2,683)	(2,249)	(83,671)	(73,545)
Net income		190,028	193,015	191,421	194,182
Income attributable to:					
Shareholders of the Company		190,028	193,015	190,028	193,015
Non-controlling interests in subsidiaries		-	-	1,393	1,167
Earnings per share common share (based on weighted average of shares outstanding) R$	29				
Basic		0.36	0.36	0.36	0.36
Diluted		0.35	0.36	0.35	0.36

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

Ultrapar Participações S.A. and Subsidiaries

Comprehensive income statements

Periods ended March 31, 2012 and 2011

(In thousands of Reais)

		Parent		Consolidated	
	Note	**03/31/2012**	**03/31/2011**	**03/31/2012**	**03/31/2011**
Net income attributable to shareholders of the Company		190,028	193,015	190,028	193,015
Net income attributable to non-controlling interests in subsidiaries		-	-	1,393	1,167
Net income		190,028	193,015	191,421	194,182
Valuation adjustment	2.c ; 20.f	(183)	2,328	(183)	2,328
Cumulative translation adjustments	2.q ; 20.f	1,143	470	1,143	470
Total comprehensive income		190,988	195,813	192,381	196,980
Total comprehensive income attributable to shareholders of the Company		190,988	195,813	190,988	195,813
Total comprehensive income attributable to non-controlling interests in subsidiaries		-	-	1,393	1,167

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

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders equity - parent and consolidated

Periods ended March 31, 2012 and 2011

(In thousands of Reais)

	Note	Share capital	Capital reserve	Revaluation reserve	Profit reserves: Legal reserve	Profit reserves: Investments reserve	Profit reserves: Retention of profits	Comprehensive income: Valuation adjustment	Comprehensive income: Cumulative translation adjustments	Retained earnings	Treasury shares	Additional dividends	Shareholders equity attributable to owners of the parent	Non-controlling interests	Shareholders equity in the consolidated
alance at ecember 31, 010		3,696,773	7,688	7,590	180,854	-	1,333,066	(2,403)	(18,597)	-	(119,964)	68,323	5,153,330	22,253	5,175,583
ealization of valuation serve	20.d	-	-	(142)	-	-	-	-	-	142	-	-	-	190	190
come and cial ntribution xes on alization of valuation serve of bsidiaries	20.d	-	-	-	-	-	-	-	-	(37)	-	-	(37)	-	(37
cquisition of on-controlling terest		-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3
pproval of dditional vidends by e hareholders eeting		-	-	-	-	-	-	-	-	-	-	(68,323)	(68,323)	-	(68,323
et income		-	-	-	-	-	-	-	-	193,015	-	-	193,015	1,167	194,182
omprehensive come:															
aluation ljustments for nancial struments	2.c ; 20.f	-	-	-	-	-	-	2,328	-	-	-	-	2,328	-	2,328
urrency anslation of reign bsidiaries	2.q ; 20.f	-	-	-	-	-	-	-	470	-	-	-	470	-	470
alance at arch 31, 2011		3,696,773	7,688	7,448	180,854	-	1,333,066	(75)	(18,127)	193,120	(119,964)	-	5,280,783	23,607	5,304,390

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

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders equity - parent and consolidated

Periods ended March 31, 2012 and 2011

(In thousands of Reais)

					Profit reserves			Comprehensive income							
	Note	**Share capital**	**Capital reserve**	**Revaluation reserve**	**Legal reserve**	**Investments reserve**	**Retention of profits**	**Valuation adjustment**	**Cumulative translation adjustments**	**Retained earnings**	**Treasury shares**	**Additional dividends**	**Shareholders equity attributable to owners of the parent**	**Non-controlling interests**	**Shareholde equity t consolidat**
ance at ember 31, 1		3,696,773	9,780	7,075	223,292	281,309	1,333,066	193	(4,426)	-	(118,234)	122,239	5,551,067	26,169	5,577,2
lization of luation rve	20.d	-	-	(116)	-	-	-	-	-	116	-	-	-	-	
ome and al ribution s on ization of luation rve of sidiaries	20.d	-	-	-	-	-	-	-	-	(30)	-	-	(30)	-	(
roval of tional dends by reholders ting		-	-	-	-	-	-	-	-	-	-	(122,239)	(122,239)	40	(122,1
income		-	-	-	-	-	-	-	-	190,028	-	-	190,028	1,393	191,4
nprehensive me:															
uation stments for ncial ruments	2.c ; 20.f	-	-	-	-	-	-	(183)	-	-	-	-	(183)	-	(1
rency slation of ign sidiaries	2.q ; 20.f	-	-	-	-	-	-	-	1,143	-	-	-	1,143	-	1,1
ance at ch 31, 2		3,696,773	9,780	6,959	223,292	281,309	1,333,066	10	(3,283)	190,114	(118,234)	-	5,619,786	27,602	5,647,3

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

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Periods ended March 31, 2012 and 2011

(In thousands of Reais)

		Parent		Consolidated	
	Note	**03/31/2012**	**03/31/2011**	**03/31/2012**	**03/31/2011**
Cash flows from operating activities					
Net income for the period		190,028	193,015	191,421	194,182
Adjustments to reconcile net income to cash provided by operating activities					
Share of profit of subsidiaries and associates	11	(184,802)	(188,632)	24	(126)
Depreciation and amortization		-	-	162,091	135,912
PIS and COFINS credits on depreciation		-	-	2,851	2,429
Assets retirement expenses	18	-	-	(279)	(783)
Interest, monetary and exchange variations		3,728	9,113	131,388	123,741
Deferred income and social contribution taxes	9.b	625	(16)	13,546	20,342
Income from disposal of assets	27	-	-	1,500	(2,739)
Others		-	-	137	(449)
Dividends received from subsidiaries		213,104	-	-	-
(Increase) decrease in current assets					
Trade accounts receivable	5	-	-	(41,901)	(22,714)
Inventories	6	-	-	(8,250)	(118,691)
Recoverable taxes	7	2,040	28,040	32,091	27,514
Other receivables		(434)	(1,510)	648	1,320
Prepaid expenses	10	-	-	(24,952)	(22,153)
Increase (decrease) in current liabilities					
Trade payables	15	(38)	(107)	(189,430)	(38,887)
Salaries and related charges	16	8	1	(55,013)	(37,580)
Taxes payable	17	(2,352)	8	8,498	(19,452)
Income and social contribution taxes		-	-	30,064	20,383
Post-employment benefits	24.b	-	-	-	721
Provision for tax, civil and labor litigation	23.a	-	-	(2,401)	1,886
Other payables		-	-	(21,630)	(9,397)
Deferred revenue	19	-	-	(1,700)	1,084
(Increase) decrease in non-current assets					
Trade accounts receivable	5	-	-	1,681	(2,528)
Recoverable taxes	7	(4,908)	(33,425)	(10,970)	(44,788)
Escrow deposits		-	-	(15,391)	(13,434)
Other receivables		-	-	(9,117)	130
Prepaid expenses	10	-	-	2,481	1,176
Increase (decrease) in non-current liabilities					
Post-employment benefits	24.b	-	-	5,227	(721)
Provision for tax, civil and labor litigation	23.a	10	46	15,432	18,311
Other payables		-	-	16,338	3,307
Deferred revenue	19	-	-	223	895
Income and social contribution taxes paid		-	-	(16,254)	(17,556)
Net cash provided by operating activities		217,009	6,533	218,353	201,335

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

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Periods ended March 31, 2012 and 2011

(In thousands of Reais)

		Parent		Consolidated	
	Note	**03/31/2012**	**03/31/2011**	**03/31/2012**	**03/31/2011**
Cash flows from investing activities					
Financial investments, net of redemptions		30,596	12,743	82,661	192,609
Acquisition of subsidiaries, net		-	-	-	(25,514)
Acquisition of property, plant and equipment	12	-	-	(158,678)	(157,444)
Increase in intangible assets	13	-	-	(77,117)	(45,145)
Proceeds from disposal of assets	27	-	-	13,500	20,084
Net cash provided by (used in) investing activities		30,596	12,743	(139,634)	(15,410)
Cash flows from financing activities					
Loans and debentures					
Borrowings	14	793,485	-	1,305,802	135,492
Repayments	14	(800,000)	-	(1,358,224)	(256,583)
Interest paid	14	(25,108)	-	(144,661)	(39,247)
Payment of financial lease	14.g	-	-	(1,148)	(1,968)
Dividends paid		(272,287)	(250,872)	(272,276)	(250,834)
Related parties		54,151	51,033	(815)	-
Net cash used in financing activities		(249,759)	(199,839)	(471,322)	(413,140)
Effect of exchange rate changes on cash and cash equivalents in foreign currency		-	-	(163)	(97)
Decrease in cash and cash equivalents		(2,154)	(180,563)	(392,766)	(227,312)
Cash and cash equivalents at the beginning of the period	4	178,672	407,704	1,790,954	2,642,418
Cash and cash equivalents at the end of the period	4	176,518	227,141	1,398,188	2,415,106

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

Ultrapar Participações S.A. and Subsidiaries

Statements of value added

Periods ended March 31, 2012 and 2011

(In thousands of Reais, except percentages)

		Parent				Consolidated			
	Note	**03/31/2012**	**%**	**03/31/2011**	**%**	**03/31/2012**	**%**	**03/31/2011**	**%**
Revenue									
Gross revenue from sales and services, except rents and royalties	25	-		-		12,747,455		11,181,886	
Rebates, discounts and returns	25	-		-		(58,425)		(43,961)	
Allowance for doubtful accounts - Reversal (allowance)		-		-		(1,355)		(1,506)	
Income from disposal of assets	27	-		-		(1,500)		2,739	
		-		-		12,686,175		11,139,158	
Materials purchased from third parties									
Raw materials used		-		-		(652,875)		(516,073)	
Cost of goods, products and services sold		-		-		(10,813,026)		(9,454,497)	
Third-party materials, energy, services and others		(1,885)		(2,705)		(342,305)		(294,351)	
Reversal of impairment losses		3,078		3,701		1,312		1,810	
		1,193		996		(11,806,894)		(10,263,111)	
Gross value added		1,193		996		879,281		876,047	
Deductions									
Depreciation and amortization		-		-		(164,942)		(138,341)	
Net value added by the Company		1,193		996		714,339		737,706	
Value added received in transfer									
Share of profit of subsidiaries and associates	11.a ; 11.b	184,802		188,632		(24)		126	
Rents and royalties	25	-		-		15,044		15,991	
Financial income	28	34,537		41,210		66,309		85,634	
		219,339		229,842		81,329		101,751	
Total value added available for distribution		220,532	100	230,838	100	795,668	100	839,457	100
Distribution of value added									
Labor and benefits		998	-	822	-	255,296	32	247,506	30
Taxes, fees and contributions		1,039	1	632	-	202,058	25	235,585	28
Financial expenses and rents		28,467	13	36,369	16	146,893	19	162,184	19
Retained earnings		190,028	86	193,015	84	191,421	24	194,182	23
Value added distributed		220,532	100	230,838	100	795,668	100	839,457	100

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

1. Operations

Ultrapar Participações S.A. (Company), is a publicly-held company headquartered at the Brigadeiro Luis Antônio Avenue, 1343 in São Paulo SP, Brazil.

The Company invests 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), automotive fuels & lubricants 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 investment in Refinaria de Petróleo Riograndense S.A. (RPR).

2. Summary of significant accounting policies

The accounting policies adopted by the Company and its subsidiaries are in accordance with the statements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) in the process of convergence with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company s consolidated interim financial information was prepared in accordance with technical pronouncement CPC 21 and international standard (IAS) 34 - Interim Financial Reporting issued by the IASB, and presented in a consistent manner with the standards issued by the CVM.

The Company s individual interim financial information was prepared in a consistent manner with CPC 21 and presented in accordance with the standards issued by the CVM.

The Company s individual and consolidated interim financial information are presented in Brazilian Reais, which is the Company´s functional currency.

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

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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

b. Cash and cash equivalents

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

c. Financial instruments

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

Measured at fair value through profit or loss: financial assets and liabilities held for trading, that is, purchased or created primarily for the purpose of sale or repurchase in the short term, and derivatives. Changes in fair value are recorded as profit or loss, and the balances are stated at fair value.

Held to maturity: non-derivative financial assets with fixed or determinable payments, with fixed maturities for which the entity has the positive intent and ability to hold to maturity. The interest earned is recorded in income, and balances are stated at acquisition cost plus the interest earned.

Available for sale: non-derivative financial assets that are designated as available for sale or that are not classified into other categories. The interest earned is recorded as income, and the balances are stated at fair value. Differences between fair value and acquisition cost plus the interest earned are recorded in a specific account of the shareholders equity. Gains and losses recorded in the shareholders equity are included in income in case of prepayment.

Loans and receivables: non-derivative financial assets with fixed or determinable payments or receipts, not quoted in active markets, except: (i) those which the entity intends to sell immediately or in the short 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 the holder of which cannot substantially recover its initial investment for reasons other than credit deterioration. The interest earned is recorded as income, and balances are stated at acquisition cost plus the interest earned.

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 income. The hedge and the hedged item are measured at fair value.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

Hedge accounting: derivative financial instrument used to hedge exposure to a specific risk associated with a recognized asset or liability, which may affect the entity s income. In the initial designation of the hedge, the relationship between the hedging instruments and the hedged items are documented, including the objectives of risk management, the strategy in the conduction of the transaction and the methods to be used to evaluate its effectiveness.

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

d. Trade accounts receivable

Trade accounts receivable are recorded at the amount invoiced, adjusted to present value if applicable, including all direct taxes attributable to the Company and its subsidiaries. Allowance for doubtful accounts is calculated based on estimated losses and is set at an amount deemed by management to be sufficient to cover any loss on realization of accounts receivable (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 calculated using the weighted average cost and includes the cost 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 of the last month 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 made. Provisions are also made for obsolescence of products, materials or supplies that (i) do not meet the Company s specifications, (ii) have exceeded their expiration date or (iii) are considered slow-moving inventory. This classification is made by management with the support of its industrial team.

f. Investments

Investments in subsidiaries are valued by the equity method of accounting in the interim financial information 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 the equity method of accounting (see Note 11).

In the consolidated interim financial information the investments in joint control entities are consolidated proportionally by the Company (see Note 3). The other investments are stated at acquisition cost less provision for loss, unless the loss is considered temporary.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

g. Property, plant and equipment

Recorded 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 economic life of the assets, which is annually revised.

Leasehold improvements are depreciated over the shorter of the contract term and useful/economic 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 are stated at 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 Note 12 and 13. Financial charges under the finance lease contracts are allocated to income over the contract term, based on the amortized cost and actual interest rate method (see Note 14.g).

Operating leases

There are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where 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 interim financial information

(In thousands of 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 as of 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 to verify the existence of probable losses (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 gas stations and major consumers are recorded when incurred 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 economic life, which is annually revised.

The Company and its subsidiaries have not recorded intangible assets that were created internally or that have an indefinite useful life, except for goodwill.

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.t).

k. Current and non-current liabilities

The Company and its subsidiaries s financial liabilities include trade payables and other accounts payable, loans, debentures and derivative financial instruments used as hedge.

Current and noncurrent liabilities are stated at known or calculable amounts plus, if applicable, related charges, monetary changes and changes in exchange rates incurred until the date of the interim financial information. When applicable, the current and noncurrent liabilities are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction.

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

l. Income and social contribution taxes

Current and deferred income tax (IRPJ) and social contribution on net income tax (CSLL) are calculated based on the current rates of income and social contribution taxes, including the value of tax incentives. The taxes are recognized based on the rates of income tax and social contribution on net income provided for by the laws enacted on the last day of the interim financial information. For further details about recognition and realization of income and social contribution on net income taxes, see Note 9.

m. Provision for asset retirement obligation fuel tanks

Corresponds to the legal obligation to remove Ipiranga s underground fuel tanks located at Ipiranga-branded gas stations after a certain period. The estimated cost of the obligation to remove these fuel tanks is recorded as a liability when tanks are installed. The estimated cost is also recorded 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). The estimated removal cost is revised periodically.

n. Tax, civil and labor provisions

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

o. Actuarial obligation for post-employment benefits

Reserves for actuarial liabilities for 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 income.

p. 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 on the date of each transaction. Outstanding monetary assets and liabilities of the Company and its subsidiaries are converted at the exchange rate prevailing on the balance sheet date. The effect of the difference between those exchange rates is recognized in income until the conclusion of each transaction.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

q. Basis for translation of interim financial information of foreign subsidiaries

Assets and liabilities of the subsidiaries Oxiteno México S.A. de C.V. (Oxiteno México) and its subsidiaries, located in Mexico (functional currency: Mexican Peso), and Oxiteno Andina, C.A. (Oxiteno Andina), located in Venezuela (functional currency: Bolivares Fortes), denominated in currencies other than that of the Company (functional currency: Real), are translated at the exchange rate in effect on the date of the interim financial information. 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 as income if these investments are disposed of. The recorded balance in comprehensive income and presented in the shareholders equity as cumulative translation adjustments as of March 31, 2012 was R$ 3,283 of exchange rate loss (R$ 4,426 loss as of December 31, 2011).

According to IAS 29, from 2010, Venezuela is regarded as a hyperinflationary economy. As a result, the interim financial information of Oxiteno Andina were adjusted by the Venezuelan Consumer Price Index (CPI).

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered extended activities of the parent company and are translated at the exchange rate in effect by the end of the respective period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The gain recognized as income as of March 31, 2012 amounted to R$ 267 (R$ 243 gain as of March 31, 2011).

r. Use of estimates, assumptions and judgments

The preparation of interim financial information requires the use of estimates, assumptions and judgments for the accounting of certain assets, liabilities and income. Thereunto, the Company and subsidiaries management use the best information available at the time of preparation of the interim financial information, as well as the experience of past and current events, also considering assumptions regarding future events. The interim financial information therefore include estimates, assumptions and judgments related mainly to determining the fair value of financial instruments (Notes 4, 14 and 22), the determination of provisions for income taxes (Note 9), the useful life of property, plants and equipment (Note 12), the economic life of intangible assets and impairment of goodwill (Note 13), provisions for asset retirement obligations (Note 18), tax, civil and labor provisionsNote 23) and estimates for the preparation of actuarial reports (Note 24). The actual result of the transactions and information may differ from estimates.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

s. Impairment of assets

The Company reviews, at least annually, the existence of indication that an asset may be impaired. If there is an indication, the Company estimates 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 considers 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 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 income. 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 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 loss of value had not been recognized.

No impairment was recorded in the periods presented.

t. Adjustment to present value

The Company´s subsidiaries booked an adjustment to present value of Tax on Goods and Services (ICMS) 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 interim financial information, the time value of the recovery of ICMS credits.

The Company and its subsidiaries reviewed all items classified as non-current and, where relevant, current assets and liabilities and did not identify a need to adjust other balances to present value.

u. Statements of value added

The Company and its subsidiaries prepare the individual and consolidated statements of value added according to CPC 09 - Statement of Value Added, as an integral part of interim financial information as applicable to public companies, and as supplemental information for IFRS, that do not require their presentation.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

v. New pronouncements not yet adopted

Some standards, amendments and interpretations to IFRS issued by IASB have not yet taken effect for the period ended March 31, 2012, which are:

- IFRS 9 - Financial Instruments classification and measurement
- Amendments to 32 Financial Instruments: Presentation
- Amendments to IAS 19 - Employee Benefits
- Consolidated Financial Statements - IFRS 10
- Joint Arrangements - IFRS 11
- Disclosure of Interests in Other Entities- IFRS 12
- Fair Value Measurement - IFRS 13
- Amendments to IAS 1 - Presentation of Financial Statements
- Amendments to IFRS 7 - Financial Instruments: Disclosures
- Amendments to IAS 27 Separate Financial Statements
- Amendments to IAS 28 Investments in Associates and Joint Ventures

CPC has not yet issued statements equivalent to the above IFRS pronouncement, 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.

The Company and its subsidiaries have not estimated the impact of these new standards on their interim financial information.

w. Authorization for issuance of the interim financial information

On May 2, 2012, the Company s Board of Directors authorized the issuance of this interim financial information.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial information

(In thousands of Reais, unless otherwise stated)

3. Principles of consolidation and investments in affiliates

The consolidated interim financial information were prepared following the basic principles of consolidation established by the CPC 36 (R2) and IAS 27. 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. The non-controlling interests in subsidiaries are indicated in the interim financial information.

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

		% interest in the share			
		03/31/2012		12/31/2011	
		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
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
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
Empresa Carioca de Produtos Químicos S.A.	Brazil	-	100	-	100
Ipiranga Produtos de Petróleo S.A.	Brazil	100	-	100	-
am/pm Comestíveis Ltda.	Brazil				