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

# Ultrapar Participações S.A.

*Individual and Consolidated Financial Statements for the Year Ended December 31, 2015 and Independent Auditors' Report on Financial Statements*

Deloitte Touche Tohmatsu Auditores Independentes

# Ultrapar Participações S.A. and Subsidiaries

## Individual and Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014

Table of Contents


| | |
|---|---|
| Independent Auditors' Report on Financial Statements | 3 – 4 |
| Balance Sheets | 5 – 6 |
| Income Statements | 7 |
| Statements of Comprehensive Income | 8 |
| Statements of Changes in Equity | 9 – 12 |
| Statements of Cash Flows - Indirect Method | 13 – 14 |
| Statements of Value Added | 15 |
| Notes to the Financial Statements | 16 – 101 |

Deloitte Touche Tohmatsu
Rua Henri Dunant, 1383
4º ao 12º Andares - 04709-110
São Paulo - Brasil

Tel.: +55 (11) 5186-1000
Fax: +55 (11) 5181-2911
www.deloitte.com.br

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

INDEPENDENT AUDITORS' REPORT

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, 2015, 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**

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

**Auditors' responsibility**

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

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

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte Touche Tohmatsu. All rights reserved.

## Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Ultrapar Participações S.A. as of December 31, 2015, its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with IFRSs issued by the IASB.

## Other matters

*Statements of value added*

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2015, prepared under the responsibility of the Company's Management, the presentation of which is required by Brazilian corporate law for publicly-traded companies, and as supplemental information for IFRSs, which do not require the presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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

São Paulo, February 17, 2016

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Edimar Facco
Engagement Partner

2015-2684

© 2016 Deloitte Touche Tohmatsu. All rights reserved.

# Ultrapar Participações S.A. and Subsidiaries

# Balance Sheets

**as of December 31, 2015 and 2014**

*(In thousands of Brazilian Reais)*

| | | Parent | | Consolidated | |
|---|---|---|---|---|---|
| **Assets** | **Note** | **2015** | **2014** | **2015** | **2014** |
| **Current assets** | | | | | |
| Cash and cash equivalents | 4 | 48,061 | 119,227 | 2,702,893 | 2,827,369 |
| Financial investments | 4 | 6,708 | 67,864 | 803,304 | 1,441,813 |
| Trade receivables, net | 5 | - | - | 3,167,164 | 2,604,101 |
| Inventories, net | 6 | - | - | 2,495,237 | 1,925,002 |
| Recoverable taxes, net | 7 | 48,019 | 30,713 | 628,778 | 593,462 |
| Dividends receivable | | 392,127 | 448,233 | 2,710 | - |
| Other receivables | | 6,051 | 15,881 | 29,787 | 43,342 |
| Prepaid expenses, net | 10 | 89 | 39 | 81,476 | 67,268 |
| Total current assets | | 501,055 | 681,957 | 9,911,349 | 9,502,357 |
| **Non-current assets** | | | | | |
| Financial investments | 4 | - | - | 466,965 | 130,940 |
| Trade receivables, net | 5 | - | - | 152,239 | 143,806 |
| Related parties | 8.a | 782,404 | 806,456 | 490 | 10,858 |
| Deferred income and social contribution taxes | 9.a | 8,680 | 1,479 | 558,993 | 462,573 |
| Recoverable taxes, net | 7 | 4,037 | 23,122 | 135,449 | 75,404 |
| Escrow deposits | 20.a | 148 | 148 | 740,835 | 696,835 |
| Other receivables | | - | - | 16,507 | 5,832 |
| Prepaid expenses, net | 10 | - | - | 146,664 | 131,228 |
| | | 795,269 | 831,205 | 2,218,142 | 1,657,476 |
| Investments | | | | | |
| In subsidiaries | 11.a | 7,619,441 | 7,099,524 | - | - |
| In joint-ventures | 11.a; 11.b | 31,514 | 24,076 | 79,377 | 54,508 |
| In associates | 11.c | - | - | 21,537 | 13,143 |
| Other | | - | - | 2,814 | 2,814 |
| Property, plant, and equipment, net | 12 | - | - | 5,438,895 | 5,091,971 |
| Intangible assets, net | 13 | 246,163 | 246,163 | 3,293,935 | 3,158,113 |
| | | 7,897,118 | 7,369,763 | 8,836,558 | 8,320,549 |
| Total non-current assets | | 8,692,387 | 8,200,968 | 11,054,700 | 9,978,025 |
| Total assets | | 9,193,442 | 8,882,925 | 20,966,049 | 19,480,382 |

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

# Ultrapar Participações S.A. and Subsidiaries

# Balance Sheets

**as of December 31, 2015 and 2014**

*(In thousands of Brazilian Reais)*

| | | Parent | | Consolidated | |
|---|---|---|---|---|---|
| **Liabilities** | **Note** | **2015** | **2014** | **2015** | **2014** |
| **Current liabilities** | | | | | |
| Loans | 14 | - | - | 1,048,098 | 2,554,730 |
| Debentures | 14.g | 33,560 | 874,312 | 47,372 | 884,900 |
| Finance leases | 14.i | - | - | 2,385 | 2,734 |
| Trade payables | 15 | 2,636 | 536 | 1,460,532 | 1,279,502 |
| Salaries and related charges | 16 | 195 | 158 | 404,313 | 294,579 |
| Taxes payable | 17 | 877 | 110 | 168,804 | 138,835 |
| Dividends payable | 22.g | 293,460 | 213,301 | 298,791 | 218,375 |
| Income and social contribution taxes payable | | 301 | - | 216,883 | 134,399 |
| Post-employment benefits | 18.b | - | - | 13,747 | 11,419 |
| Provision for asset retirement obligation | 19 | - | - | 5,232 | 4,598 |
| Provision for tax, civil, and labor risks | 20.a | - | - | 45,322 | 64,169 |
| Other payables | | 1,359 | 236 | 97,492 | 80,392 |
| Deferred revenue | 21 | - | - | 24,420 | 23,450 |
| Total current liabilities | | 332,388 | 1,088,653 | 3,833,391 | 5,692,082 |
| **Non-current liabilities** | | | | | |
| Loans | 14 | - | - | 5,561,401 | 3,489,586 |
| Debentures | 14.g | 799,554 | - | 2,198,843 | 1,398,952 |
| Finance leases | 14.i | - | - | 43,509 | 44,310 |
| Related parties | 8.a | 5 | - | 4,372 | 4,372 |
| Subscription warrants – indemnification | 3.a | 112,233 | 92,072 | 112,233 | 92,072 |
| Deferred income and social contribution taxes | 9.a | - | - | 266,004 | 152,847 |
| Provision for tax, civil, and labor risks | 20.a | 4,221 | 4,201 | 684,660 | 623,272 |
| Post-employment benefits | 18.b | - | - | 112,848 | 108,372 |
| Provision for asset retirement obligation | 19 | - | - | 69,484 | 66,204 |
| Other payables | | - | - | 94,139 | 74,009 |
| Deferred revenue | 21 | - | - | 11,036 | 7,709 |
| Total non-current liabilities | | 916,013 | 96,273 | 9,158,529 | 6,061,705 |
| **Shareholders' equity** | | | | | |
| Share capital | 22.a | 3,838,686 | 3,838,686 | 3,838,686 | 3,838,686 |
| Capital reserve | 22.c | 546,607 | 547,462 | 546,607 | 547,462 |
| Revaluation reserve | 22.d | 5,590 | 5,848 | 5,590 | 5,848 |
| Profit reserves | 22.e | 3,801,999 | 3,169,704 | 3,801,999 | 3,169,704 |
| Treasury shares | 22.b | (490,881) | (103,018) | (490,881) | (103,018) |
| Additional dividends to the minimum mandatory dividends | 22.g | 157,162 | 188,976 | 157,162 | 188,976 |
| Valuation adjustments | 2.c; 2.o; 22.f | 18,953 | 7,149 | 18,953 | 7,149 |
| Cumulative translation adjustments | 2.c; 2.r; 22.f | 66,925 | 43,192 | 66,925 | 43,192 |
| Shareholders' equity attributable to: | | | | | |
| Shareholders of the Company | | 7,945,041 | 7,697,999 | 7,945,041 | 7,697,999 |
| Non-controlling interests in subsidiaries | | - | - | 29,088 | 28,596 |
| Total shareholders' equity | | 7,945,041 | 7,697,999 | 7,974,129 | 7,726,595 |
| Total liabilities and shareholders' equity | | 9,193,442 | 8,882,925 | 20,966,049 | 19,480,382 |

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

# Ultrapar Participações S.A. and Subsidiaries

# Income Statements

**For the years ended December 31, 2015 and 2014**

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

| | Note | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 |
| **Net revenue from sales and services** | 23 | - | - | 75,655,274 | 67,736,298 |
| Cost of products and services sold | 24 | - | - | (68,933,702) | (62,304,631) |
| **Gross profit** | | - | - | 6,721,572 | 5,431,667 |
| **Operating income (expenses)** | | | | | |
| Selling and marketing | 24 | - | - | (2,516,561) | (2,158,659) |
| General and administrative | 24 | (13) | (42,566) | (1,321,341) | (1,130,303) |
| Gain on disposal of property, plant and equipment and intangibles | 25 | - | 56,389 | 27,276 | 36,978 |
| Other operating income, net | 26 | 29,817 | - | 50,584 | 106,914 |
| **Operating income before financial income (expenses) and share of profit of subsidiaries, joint ventures and associates** | | 29,804 | 13,823 | 2,961,530 | 2,286,597 |
| Financial income | 27 | 175,398 | 131,889 | 426,429 | 366,009 |
| Financial expenses | 27 | (135,569) | (94,795) | (1,129,767) | (811,416) |
| Share of profit (loss) of subsidiaries, joint ventures and associates | 11 | 1,457,750 | 1,208,325 | (10,884) | (16,489) |
| **Income before income and social contribution taxes** | | 1,527,383 | 1,259,242 | 2,247,308 | 1,824,701 |
| **Income and social contribution taxes** | | | | | |
| Current | 9.b | (31,119) | (18,763) | (801,959) | (615,148) |
| Deferred | 9.b | 7,202 | 1,084 | (14,813) | (21,745) |
| Tax incentives | 9.b; 9.c | - | - | 82,436 | 63,405 |
| | | (23,917) | (17,679) | (734,336) | (573,488) |
| **Net income for the year** | | 1,503,466 | 1,241,563 | 1,512,972 | 1,251,213 |
| Net income for the year attributable to: | | | | | |
| Shareholders of the Company | | 1,503,466 | 1,241,563 | 1,503,466 | 1,241,563 |
| Non-controlling interests in subsidiaries | | - | - | 9,506 | 9,650 |
| **Earnings per share (based on weighted average number of shares outstanding) – R$** | | | | | |
| Basic | 28 | 2.7649 | 2.2753 | 2.7649 | 2.2753 |
| Diluted | 28 | 2.7433 | 2.2592 | 2.7433 | 2.2592 |

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

# Ultrapar Participações S.A. and Subsidiaries

# Statements of Comprehensive Income

**For the years ended December 31, 2015 and 2014**

*(In thousands of Brazilian Reais)*

| | | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | Note | 2015 | 2014 | 2015 | 2014 |
| Net income for the year attributable to shareholders of the Company | | 1,503,466 | 1,241,563 | 1,503,466 | 1,241,563 |
| Net income for the year attributable to non-controlling interests in subsidiaries | | - | - | 9,506 | 9,650 |
| Net income for the year | | 1,503,466 | 1,241,563 | 1,512,972 | 1,251,213 |
| Items that are subsequently reclassified to profit or loss: | | | | | |
| Fair value adjustments of financial instruments | 2.c; 22.f | 7,733 | 46 | 7,733 | 46 |
| Cumulative translation adjustments, net of hedge of net investments in foreign operations | 2.c; 2.r; 22.f | 23,733 | 5,116 | 23,733 | 5,116 |
| Items that are not subsequently reclassified to profit or loss: | | | | | |
| Actuarial gains of post-employment benefits | 2.o; 22.f | 4,071 | 1,675 | 4,071 | 1,675 |
| Total comprehensive income for the year | | 1,539,003 | 1,248,400 | 1,548,509 | 1,258,050 |
| Total comprehensive income for the year attributable to shareholders of the Company | | 1,539,003 | 1,248,400 | 1,539,003 | 1,248,400 |
| Total comprehensive income for the year attributable to non-controlling interest in subsidiaries | | - | - | 9,506 | 9,650 |

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

# Ultrapar Participações S.A. and Subsidiaries
# Statements of Changes in Equity
## For the years ended December 31, 2015 and 2014
*(In thousands of Brazilian Reais, except dividends per share)*

| | | | | | Profit reserve | | | Cumulative other comprehensive income | | | | | Shareholders' equity attributable to: | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital | Capital reserve | Revaluation reserve of subsidiaries | Legal reserve | Investments statutory reserve | Retained earnings reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Treasury shares | Additional dividends to the minimum mandatory dividends | Shareholders of the Company | Non-controlling interests in subsidiaries | Consolidated shareholders' equity |
| **Balance as of December, 31 2013** | | **3,696,773** | **20,246** | **6,107** | **335,099** | **1,038,467** | **1,333,066** | **5,428** | **38,076** | **-** | **(114,885)** | **161,584** | **6,519,961** | **26,925** | **6,546,886** |
| Net income for the year | | - | - | - | - | - | - | - | - | 1,241,563 | - | - | 1,241,563 | 9,650 | 1,251,213 |
| Other comprehensive income: | | | | | | | | | | | | | | | |
| Fair value adjustments of financial instruments | 2.c; 22.f | - | - | - | - | - | - | 46 | - | - | - | - | 46 | - | 46 |
| Actuarial gains of post-employment benefits, net | 2.o; 22.f | - | - | - | - | - | - | 1,675 | - | - | - | - | 1,675 | - | 1,675 |
| Currency translation of foreign subsidiaries | 2.c, 2.r; 22.f | - | - | - | - | - | - | - | 5,116 | - | - | - | 5,116 | - | 5,116 |
| Total comprehensive income for the year | | - | - | - | - | - | - | 1,721 | 5,116 | 1,241,563 | - | - | 1,248,400 | 9,650 | 1,258,050 |
| Increase in share capital | 3.a; 22.a | 141,913 | - | - | - | - | - | - | - | - | - | - | 141,913 | - | 141,913 |
| Capital surplus on subscription of shares | 3.a; 22.c | - | 498,812 | - | - | - | - | - | - | - | - | - | 498,812 | - | 498,812 |
| Share issue costs | 22.c | - | (2,260) | - | - | - | - | - | - | - | - | - | (2,260) | - | (2,260) |
| Sale of treasury shares | | - | 30,664 | - | - | - | - | - | - | - | 11,867 | - | 42,531 | - | 42,531 |
| Realization of revaluation reserve of subsidiaries | 22.d | - | - | (259) | - | - | - | - | - | 259 | - | - | - | - | - |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 22.d | - | - | - | - | - | - | - | - | (32) | - | - | (32) | - | (32) |
| Transfer to investments reserve | | - | - | - | - | 227 | - | - | - | (227) | - | - | - | - | - |
| Dividends attributable to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (2,714) | (2,714) |
| Acquisition of non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (106) | (106) |
| Additional dividends attributable to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (5,159) | (5,159) |
| Approval of additional dividends by the Shareholders' Meeting | 22.g | - | - | - | - | - | - | - | - | - | - | (161,584) | (161,584) | - | (161,584) |
| Allocation of net income: | | | | | | | | | | | | | | | |
| Legal reserve | 22.e; 22.g | - | - | - | 62,078 | - | - | - | - | (62,078) | - | - | - | - | - |
| Interim dividends (R$ 0.71 per share of the Company) | 22.g | - | - | - | - | - | - | - | - | (389,554) | - | - | (389,554) | - | (389,554) |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Proposed dividends (R$ 0.71 per share of the Company) | 22.g | - | - | - | - | - | - | - | - | (389,164) | - | 188,976 | (200,188) | - | (200,188) |
| Retention of profits | 22.e; 22.g | - | - | - | - | 400,767 | - | - | - | (400,767) | - | - | - | - | - |
| **Balance as of December, 31 2014** | | **3,838,686** | **547,462** | **5,848** | **397,177** | **1,439,461** | **1,333,066** | **7,149** | **43,192** | **-** | **(103,018)** | **188,976** | **7,697,999** | **28,596** | **7,726,595** |

Ultrapar Participações S.A. and Subsidiaries

# Statements of Changes in Equity

**For the years ended December 31, 2015 and 2014**

*(In thousands of Brazilian Reais, except dividends per share)*

| | | | | | Profit reserve | | | Cumulative other comprehensive income | | | | | Shareholders' equity attributable to: | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Share capital | Capital reserve | Revaluation reserve on subsidiaries | Legal Reserve | Investments statutory reserve | Retained earnings reserve | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Treasury shares | Additional dividends to the minimum mandatory dividends | Shareholders of the Company | Non-controlling interests in subsidiaries | Consolidated shareholders' equity |
| **Balance as of December, 31 2014** | | **3,838,686** | **547,462** | **5,848** | **397,177** | **1,439,461** | **1,333,066** | **7,149** | **43,192** | **-** | **(103,018)** | **188,976** | **7,697,999** | **28,596** | **7,726,595** |
| Net income for the year | | - | - | - | - | - | - | - | - | 1,503,466 | - | - | 1,503,466 | 9,506 | 1,512,972 |
| Other comprehensive income: | | | | | | | | | | | | | | | |
| Fair value adjustments of financial instruments | 2.c; 22.f | - | - | - | - | - | - | 7,733 | - | - | - | - | 7,733 | - | 7,733 |
| Actuarial gains of post-employment benefits, net | 2.o; 22.f | - | - | - | - | - | - | 4,071 | - | - | - | - | 4,071 | - | 4,071 |
| Currency translation of foreign subsidiaries hedge of net investments in foreign operation | 2.c; 2.r; 22.f | - | - | - | - | - | - | - | 23,733 | | - | - | 23,733 | - | 23,733 |
| Total comprehensive income for the year | | - | - | - | - | - | - | 11,804 | 23,733 | 1,503,466 | - | - | 1,539,003 | 9,506 | 1,548,509 |
| Acquisition of own shares to held in treasury | 22.b | - | (855) | - | - | - | - | - | - | - | (387,863) | - | (388,718) | - | (388,718) |
| Realization of revaluation reserve of subsidiaries | 22.d | - | - | (258) | - | - | - | - | - | 258 | - | - | - | - | - |
| Income and social contribution taxes on realization of revaluation reserve of subsidiaries | 22.d | - | - | - | - | - | - | - | - | (120) | - | - | (120) | - | (120) |
| Transfer to investments reserve | | - | - | - | - | 138 | - | - | - | (138) | - | - | - | - | - |
| Dividends attributable to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (2,757) | (2,757) |
| Acquisition of non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (9) | (9) |
| Additional dividends attributable to non-controlling interests | | - | - | - | - | - | - | - | - | - | - | - | - | (6,248) | (6,248) |
| Approval of additional dividends by the Shareholders' Meeting | 22.g | - | - | - | - | - | - | - | - | - | - | (188,976) | (188,976) | - | (188,976) |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Allocation of net income: | | | | | | | | | | | | | | | | |
| Legal reserve | 22.e; 22.g | - | - | - | 75,173 | - | - | - | - | (75,173) | - | - | - | - | - | - |
| Interim dividends (R$ 0.80 per share of the Company) | 22.g | - | - | - | - | - | - | - | - | (436,842) | - | - | (436,842) | - | (436,842) | |
| Proposed dividends (R$ 0.80 per share of the Company) | 22.g | - | - | - | - | - | - | - | - | (434,467) | - | 157,162 | (277,305) | - | (277,305) | |
| Retention of profits | 22.e; 22.g | - | - | - | - | 556,984 | - | - | - | (556,984) | - | - | - | - | - | |
| **Balance as of December, 31 2015** | | **3,838,686** | **546,607** | **5,590** | **472,350** | **1,996,583** | **1,333,066** | **18,953** | **66,925** | **-** | **(490,881)** | **157,162** | **7,945,041** | **29,088** | **7,974,129** | |

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

# Ultrapar Participações S.A. and Subsidiaries

# Statements of Cash Flows - Indirect Method

**For the years ended December 31, 2015 and 2014**

*(In thousands of Brazilian Reais)*

| | Note | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 |
| **Cash flows from operating activities** | | | | | |
| **Net income for the year** | | 1,503,466 | 1,241,563 | 1,512,972 | 1,251,213 |
| **Adjustments to reconcile net income to cash provided by operating activities** | | | | | |
| Share of loss (profit) of subsidiaries, joint ventures and associates | 11 | (1,457,750) | (1,208,325) | 10,884 | 16,489 |
| Depreciation and amortization | 12;13 | - | 22,896 | 1,002,647 | 887,827 |
| PIS and COFINS credits on depreciation | 12;13 | - | - | 12,146 | 12,667 |
| Asset retirement obligation | 19 | - | - | (3,949) | (4,026) |
| Interest, monetary, and foreign exchange rate variations | | 133,484 | 97,965 | 1,582,579 | 964,788 |
| Deferred income and social contribution taxes | 9.b | (7,202) | (1,084) | 14,813 | 21,745 |
| Gain on disposal of property, plant and equipment and intangibles | 25 | - | (56,389) | (27,276) | (36,978) |
| Others | | - | - | 13,313 | 3,924 |
| **Dividends received from subsidiaries and joint-ventures** | | 1,021,917 | 1,068,332 | 3,417 | 2,039 |
| **(Increase) decrease in current assets** | | | | | |
| Trade receivables | 5 | - | - | (615,381) | (212,325) |
| Inventories | 6 | - | - | (615,390) | (184,339) |
| Recoverable taxes | 7 | (17,306) | (3,646) | (60,141) | (106,778) |
| Other receivables | | 9,830 | (2,310) | 13,555 | (8,209) |
| Prepaid expenses | 10 | (50) | 1,868 | (14,209) | 8,116 |
| **Increase (decrease) in current liabilities** | | | | | |
| Trade payables | 15 | 2,100 | (597) | 181,030 | 192,061 |
| Salaries and related charges | 16 | 37 | 17 | 109,734 | (19,614) |
| Taxes payable | 17 | 767 | 86 | 29,969 | 19,086 |
| Income and social contribution taxes | | 301 | - | 504,495 | 437,068 |
| Post-employment benefits | 18.b | - | - | - | (503) |
| Provision for tax, civil, and labor risks | 20.a | - | - | (18,847) | (5,137) |
| Other payables | | 1,123 | (84) | 29,235 | (20,972) |
| Deferred revenue | 21 | - | - | 970 | 568 |
| **(Increase) decrease in non-current assets** | | | | | |
| Trade receivables | 5 | - | - | (8,433) | (19,328) |
| Recoverable taxes | 7 | 19,085 | (1,658) | (60,045) | (38,039) |
| Escrow deposits | | - | - | (44,000) | (80,639) |
| Other receivables | | - | - | (10,675) | 802 |
| Prepaid expenses | 10 | - | - | (15,437) | 461 |
| **Increase (decrease) in non-current liabilities** | | | | | |
| Post-employment benefits | 18.b | - | - | 10,868 | 9,521 |
| Provision for tax, civil, and labor risks | 20.a | 20 | 16 | 61,388 | (11,959) |
| Other payables | | - | - | 20,130 | (10,814) |
| Deferred revenue | 21 | - | - | 3,327 | (1,425) |
| Income and social contribution taxes paid | | - | (559) | (422,010) | (416,594) |
| **Net cash provided by operating activities** | | 1,209,822 | 1,158,091 | 3,201,679 | 2,650,696 |

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

# Ultrapar Participações S.A. and Subsidiaries

# Statements of Cash Flows - Indirect Method

**For the years ended December 31, 2015 and 2014**

*(In thousands of Brazilian Reais)*

| | Note | Parent | | Consolidated | |
|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 | 2014 |
| **Cash flows from investing activities** | | | | | |
| Financial investments, net of redemptions | | 61,156 | (67,600) | 573,446 | (305,123) |
| Cash and cash equivalents of acquired subsidiaries | 3.a | - | - | - | 9,123 |
| Acquisition of property, plant, and equipment | 12 | - | - | (803,503) | (705,936) |
| Acquisition of intangible assets | 13 | - | - | (609,600) | (608,881) |
| Capital increase in subsidiaries | 11.a | - | (236,100) | - | - |
| Capital increase in joint ventures | 11.b | - | - | (41,080) | (28,500) |
| Proceeds from disposal of property, plant and equipment and intangibles | 25 | - | - | 78,941 | 99,087 |
| **Net cash provided by (used in) investing activities** | | 61,156 | (303,700) | (801,796) | (1,540,230) |
| **Cash flows from financing activities** | | | | | |
| Loans and debentures | | | | | |
| Proceeds | 14 | 799,042 | - | 2,384,589 | 1,815,562 |
| Repayments | 14 | (800,000) | - | (2,824,543) | (925,356) |
| Interest paid | 14 | (153,557) | (75,489) | (855,190) | (639,122) |
| Payments of financial lease | 14.i | - | - | (5,174) | (5,545) |
| Dividends paid | | (822,963) | (775,962) | (831,654) | (783,021) |
| Acquisition of non-controlling interests of subsidiaries | | - | - | (9) | (106) |
| Acquisition of own shares to hold in treasury | | (388,718) | - | (388,718) | - |
| Sale of treasury shares | | - | 42,531 | - | - |
| Share issue costs | 22.c | - | (2,260) | - | (2,260) |
| Related parties | | 24,052 | (34,262) | - | 500 |
| **Net cash used in financing activities** | | (1,342,144) | (845,442) | (2,520,699) | (539,348) |
| **Effect of exchange rate changes on cash and cash equivalents in foreign currency** | | - | - | (3,660) | (19,818) |
| **Increase (decrease) in cash and cash equivalents** | | (71,166) | 8,949 | (124,476) | 551,300 |
| **Cash and cash equivalents at the beginning of the year** | 4 | 119,227 | 110,278 | 2,827,369 | 2,276,069 |
| **Cash and cash equivalents at the end of the year** | 4 | 48,061 | 119,227 | 2,702,893 | 2,827,369 |
| **Additional information - transactions that do not affect cash and cash equivalents:** | | | | | |
| Extrafarma acquisition – capital increase and subscription warrants | 3.a | - | 719,926 | - | 719,926 |
| Extrafarma acquisition – gross debt assumed on the closing date | 3.a | - | - | - | 207,911 |

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

# Ultrapar Participações S.A. and Subsidiaries

# Statements of Value Added

**For the years ended December 31, 2015 and 2014**

*(In thousands of Brazilian Reais, except percentages)*

| | | Parent | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | 2015 | % | 2014 | % | 2015 | % | 2014 | % |
| **Revenue** | | | | | | | | | |
| Gross revenue from sales and services, except rents and royalties | 23 | - | | - | | 77,909,310 | | 69,566,696 | |
| Rebates, discounts, and returns | 23 | - | | - | | (360,777) | | (302,915) | |
| Allowance for doubtful accounts - Reversal (allowance) | | - | | - | | (23,355) | | (22,124) | |
| Gain on disposal of property, plant and equipment and intangibles and other operating income, net | | 29,784 | | 56,389 | | 77,860 | | 143,892 | |
| | | 29,784 | | 56,389 | | 77,603,038 | | 69,385,549 | |
| **Materials purchased from third parties** | | | | | | | | | |
| Raw materials used | | - | | - | | (4,146,956) | | (3,817,076) | |
| Cost of goods, products, and services sold | | - | | - | | (64,712,767) | | (58,242,795) | |
| Third-party materials, energy, services, and others | | 6,127 | | (14,566) | | (2,178,765) | | (1,904,000) | |
| Reversal of impairment losses | | - | | - | | (6,199) | | (4,405) | |
| | | 6,127 | | (14,566) | | (71,044,687) | | (63,968,276) | |
| **Gross value added** | | 35,911 | | 41,823 | | 6,558,351 | | 5,417,273 | |
| **Deductions** | | | | | | | | | |
| Depreciation and amortization | 12;13 | - | | (22,896) | | (1,002,647) | | (887,827) | |
| PIS and COFINS credits on depreciation | 12;13 | - | | - | | (12,146) | | (12,667) | |
| | | - | | (22,896) | | (1,014,793) | | (900,494) | |
| **Net value added by the Company** | | 35,911 | | 18,927 | | 5,543,558 | | 4,516,779 | |
| **Value added received in transfer** | | | | | | | | | |
| Share of profit (loss) of subsidiaries, joint-ventures, and associates | 11 | 1,457,750 | | 1,208,325 | | (10,884) | | (16,489) | |
| Dividends at cost | | 33 | | 34 | | - | | - | |
| Rents and royalties | 23 | - | | - | | 118,601 | | 101,000 | |
| Financial income | 27 | 175,398 | | 131,889 | | 426,429 | | 366,009 | |
| | | 1,633,181 | | 1,340,248 | | 534,146 | | 450,520 | |
| **Total value added available for distribution** | | 1,669,092 | | 1,359,175 | | 6,077,704 | | 4,967,299 | |
| **Distribution of value added** | | | | | | | | | |
| Labor and benefits | | 5,180 | - | 4,319 | - | 1,704,536 | 28 | 1,402,036 | 28 |
| Taxes, fees, and contributions | | 25,526 | 2 | 14,942 | 1 | 1,603,455 | 26 | 1,370,026 | 28 |
| Financial expenses and rents | | 134,920 | 8 | 98,351 | 7 | 1,256,741 | 21 | 944,024 | 19 |
| Dividends paid | | 871,309 | 52 | 778,718 | 58 | 874,066 | 14 | 781,432 | 16 |
| Retained earnings | | 632,157 | 38 | 462,845 | 34 | 638,906 | 11 | 469,781 | 9 |
| **Value added distributed** | | 1,669,092 | 100 | 1,359,175 | 100 | 6,077,704 | 100 | 4,967,299 | 100 |

The accompanying notes are an integral part of 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, through the subscription or acquisition of shares of other companies. Through its subsidiaries, it operates in the segments of liquefied petroleum gas - LPG distribution ("Ultragaz"), fuel distribution and related businesses ("Ipiranga"), production and marketing of chemicals ("Oxiteno"), and storage services for liquid bulk ("Ultracargo"), and, as from January 31, 2014, retail distribution of pharmaceutical, hygiene, beauty, and skincare products, through Imifarma Produtos Farmacêuticos e Cosméticos S.A. ("Extrafarma") – see Note 3.a. For further information about segments see Note 29.

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

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

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

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

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

### *a. Recognition of Income*

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

Revenue from sales of fuels and lubricants is recognized when the products are delivered to gas stations and to large consumers. Revenue from sales of LPG is recognized when the products are delivered to customers at home, to independent dealers and to industrial and commercial customers. Revenue from sales of pharmaceuticals is recognized when the products are delivered to end user customers in own drugstores and when the products are delivered to independent resellers. Revenue from sales of chemical products is recognized when the products are delivered to industrial customers, depending of the freight mode of delivery. The revenue provided from storage services is recognized as services are performed.

Costs of products sold and services provided include goods (mainly fuels, lubricants, LPG, and pharmaceutical products), raw materials (chemicals and petrochemicals) and production, distribution, storage, and filling costs.

### *b. Cash and Cash Equivalents*

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

***c. Financial Assets***

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

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

- Held to maturity: non-derivative financial assets with fixed or determinable payments, and fixed maturities for which the entity has the positive intention and ability to hold to maturity. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned, using the effective interest rate method.
- Available for sale: non-derivative financial assets that are designated as available for sale or that are not classified into other categories at initial recognition. The balances are stated at fair value, and the interest earned and the foreign currency exchange variation are recognized in profit or loss. Differences between fair value and acquisition cost plus the interest earned are recognized in other comprehensive income in the "Valuation adjustments". Accumulated gains and losses recognized in shareholders' equity are reclassified to profit or loss in case of prepayment.

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

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

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

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

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

For further detail on financial instruments of the Company and its subsidiaries, see Notes 4, 14, and 30.

***d. Trade Receivables***

Trade receivables are recognized at the amount invoiced, adjusted to present value if applicable, and includes all direct taxes attributable to the Company and its subsidiaries. An allowance for doubtful accounts is recorded based on estimated losses and is set at an amount deemed by management to be sufficient to cover any probable loss on realization of trade receivables (see Notes 5 and 30 - Customer Credit Risk).

***e. Inventories***

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

***f. Investments***

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

A subsidiary is an investee in which the investor is entitled to variable returns on investment and has the ability to interfere in its financial and operational activities. Usually the equity interest in a subsidiary is more than 50%.

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

An associate is an investment, in which an investor has significant influence, that is, has the power to participate in the financial and operating decisions of the investee but does not exercise control.

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

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

***g. Property, Plant, and Equipment***

Property, plant, and equipment is recognized at acquisition or construction cost, including financial charges incurred on property, plant, and equipment under construction, as well as maintenance costs resulting from scheduled plant outages and estimated costs to remove, to decommission, or to restore assets (see Notes 2.m and 19).

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

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

***h. Leases***

- Finance Leases

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

- Operating Leases

There are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where there is no purchase option, or the purchase option at the end of the contract is equivalent to the market value of the leased asset. Payments made under an operating lease contract are recognized as cost or expense in the income statement on a straight-line basis over the term of the lease contract (see Note 31.c).

***i. Intangible Assets***

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

- Goodwill is carried net of accumulated amortization as of December 31, 2008, when it ceased to be amortized. Goodwill generated since January 1, 2009 is shown as intangible assets corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the identified assets and liabilities assumed of the acquired entity, and is tested annually for impairment. Goodwill is allocated to the business segments, which represent the lowest level that goodwill is monitored by the Company 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, over 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 generated internally. The Company and its subsidiaries have goodwill and brands acquired in business combinations, which are evaluated as intangible assets with indefinite useful life (see Note 13 items i and vi).

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

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

***l. Income and Social Contribution Taxes on Income***

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

***m. Provision for Asset Retirement Obligation – Fuel Tanks***

The Company and its subsidiaries have the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain period. The estimated cost of the obligation to remove these fuel tanks is recognized as a liability when the tanks are installed. The estimated cost is recognized in property, plant, and equipment and depreciated over the respective useful lives of the tanks. The amounts recognized as a liability are monetarily restated using the National Consumer Price Index - IPCA until the respective tank is removed (see Note 19). An increase in the estimated cost of the obligation to remove the tanks could result in negative impact in future results. The estimated removal cost is reviewed and updated annually or when there is significant change in its amount and change in the estimated costs are recognized in income when they become known.

***n. Provisions for Tax, Civil, and Labor Risks***

A provision for tax, civil and labor risks is recognized for quantifiable risks, when the chance of loss is more-likely-than-not in the opinion of management and internal and external legal counsel, and the amounts are recognized based on the evaluation of the outcomes of the legal proceedings (see Note 20 items a,b).

***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 18.b). The actuarial gains and losses are recognized in cumulative other comprehensive income in the "Valuation adjustments" and presented in the statement of shareholders' equity. Past service cost is recognized in the income statement.

***p. Other Liabilities***

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

***q. Foreign Currency Transactions***

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

***r. Basis for Translation of Financial Statements of Foreign Subsidiaries***

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each year and shareholders' equity is translated at the historic exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in shareholders' equity in cumulative other comprehensive income in the "cumulative translation adjustments" and will be recognized in profit or loss if these investments are disposed of. The balance in cumulative other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments, net of the exchange rate effect of hedge of net investments, in 2015 was a gain of R$ 66,925 (gain of R$ 43,192 in 2014).

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

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

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

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

On February 10, 2015, the Venezuelan Central Bank issued Foreign Exchange Regulation No. 33 altering the Venezuelan foreign exchange markets and regulating the legally recognized types of exchange rates:

a) Oficial: Bolivar ("VEF") is traded at an exchange rate of 6.30 VEF/US$. This rate is applied to importation of essential goods (medicines and food) channeled through CENCOEX - *Centro Nacional de Comercio Exterior en Venezuela*;
b) SICAD - *Sistema Complementario de Administración de Divisas*: Bolivar is traded at exchange rate of 13.50 VEF/US$, last quotation of September 1, 2015. In accordance with the Foreign Exchange Regulation No. 25, only some transactions are allowed to be exchanged using this rate, for example, imports of goods, payment of dividends, among other transactions.
c) SICAD-II - this foreign exchange market was eliminated with Foreign Exchange Regulation No. 33. The last quotation was 52.1013 VEF/US$; and
d) SIMADI - *Sistema Marginal de Divisas*: Bolivar is traded at variable exchange rate of approximately 199 VEF/US$ on December 31, 2015. This rate is applied through the bank market, retail market and securities market.

Due to the political and economic situation in Venezuela, the Company's management reassessed the exchange rate used in the translation of financial statements and changed, on December 31, 2015, the rate from SICAD to SIMADI, due to the fact that currently this exchange rate is the one that most closely matches the best expression of the Venezuelan economy. Thus, on December 31, 2015, the amounts in Bolivar have been translated to the U.S. dollar at the exchange rate of SIMAD and subsequently translated into Brazilian Reais using the official exchange rate published by the Central Bank of Brazil.

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered an extension of the activities of their parent company and are translated using the exchange rate at the end of the reporting period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The gain recognized in income in 2015 amounted to R$ 6,243 (R$ 2,906 gain in 2014).

***s. Use of Estimates, Assumptions and Judgments***

The preparation of the financial statements requires the use of estimates, assumptions, and judgments for the accounting of certain assets, liabilities, and income. Therefore, the Company's and subsidiaries' management use the best information available at the time of preparation of the financial statements, as well as the experience of past and current events, also considering assumptions regarding future events. The financial statements therefore include estimates, assumptions, and judgments related mainly to determining the fair value of financial instruments (Notes 2.c, 2.k, 4, 14 and 30), the determination of the allowance for doubtful accounts (Notes 2.d, 5 and 30), the determination of provisions for losses of inventories (Notes 2.e and 6), the determination of deferred income taxes amounts (Notes 2.l and 9), the determination of control in subsidiaries (Notes 2.f, 2.r, 3 and 11.a), the determination of joint control in joint venture (Notes 2.f, 11.a and 11.b), the determination of significant influence in associates (Notes 2.f and 11.c), the determination of exchange rate used to translation of Oxiteno Andina' financial statements (Notes 2.r), the useful lives of property, plant, and equipment (Notes 2.g and 12), the useful lives of intangible assets, and the determination of the recoverable amount of goodwill (Notes 2.i and 13), provisions for assets retirement obligations (Notes 2.m and 19), provisions for tax, civil, and labor risks (Notes 2.n and 20 items a,b), estimates for the preparation of actuarial reports (Notes 2.o and 18.b) and the determination of fair value of subscription warrants – indemnification (Notes 3.a and 30). The actual result of the transactions and information may differ from their estimates.

***t. Impairment of Assets***

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

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

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

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

***u. Adjustment to Present Value***

Some of the Company's subsidiaries recognized a present value adjustment to Tax on Goods and Services ("ICMS", the Brazilian VAT) credit balances related to property, plant, and equipment (CIAP). Because recovery of these credits occurs over a 48 month period, the present value adjustment reflects, in the financial statements, the time value of the ICMS credits to be recovered. The balance of these adjustment to present value totaled R$ 109 in 2015 (R$ 279 in 2014).

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. Business Combination***

A business combination is accounted applying the acquisition method. The cost of the acquisition is measured based on the consideration transferred and to be transferred, measured at fair value at the acquisition date. In a business combination, the assets acquired and liabilities assumed are measured in order to classify and allocate them accordingly to the contractual terms, economic circumstances and relevant conditions on the acquisition date. The non-controlling interest in the acquired is measured at fair value or based on its interest in identifiable net assets acquired. Goodwill is measured as the excess of the consideration transferred and to be transferred over the fair value of net assets acquired (identifiable assets and liabilities assumed, net). After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill is allocated to the Company's operating segments. When the cost of the acquisition is lower than the fair value of net assets acquired, a gain is recognized directly in the income statement. Costs related to the acquisition are recorded in the income statement when incurred.

***w. Statements of Value Added***

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

***x. Statements of Cash Flows***

The Company and its subsidiaries prepared its individual and consolidated statements of cash flows in accordance with IAS 7 (CPC 03) - Cash Flow Statement. The Company and its subsidiaries present the interest paid on loans and debentures in financing activities.

***y. Adoption of the Pronouncements Issued by CPC and IFRS***

The following standards, amendments, and interpretations to IFRS were issued by the IASB but are not yet effective and were not adopted as of December 31, 2015:

| | **Effective date** |
|---|---|
| • IFRS 9: Financial instrument classification and measurement: includes new requirements for the classification and measurement of financial assets and liabilities, derecognition requirements, new impairment methodology for financial instruments, and new hedge accounting guidance. | 2018 |
| • IFRS 15 - Revenue from contracts with customers: establish the principles of nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with a customer. | 2018 |
| • IFRS 16 - Lease: requires lessees record, in the financial statements, a liability reflecting future payments of a lease and the right to use an asset for the lease contracts, except for certain short-term leases and low asset value contracts. The criteria for recognition and measurement of leases in the financial statements of lessors are substantially maintained. | 2019 |

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

***z. Authorization for Issuance of the Financial Statements***

These financial statements were authorized for issue by the Board of Directors on February 17, 2016.

## 3. Principles of Consolidation and Investments in Subsidiaries

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

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

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

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

| | | | % interest in the share | | | |
|---|---|---|---|---|---|---|
| | | | 12/31//2015 | | 12/31/2014 | |
| | | | Control | | Control | |
| | Location | Segment | Direct control | Indirect control | Direct control | Indirect control |
| Ipiranga Produtos de Petróleo S.A. | Brazil | Ipiranga | 100 | - | 100 | - |
| am/pm Comestíveis Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Centro de Conveniências Millennium Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Icorban - Correspondente Bancário Ltda. (*) | Brazil | Ipiranga | - | 100 | - | 100 |
| Ipiranga Trading Limited | Virgin Islands | Ipiranga | - | 100 | - | 100 |
| Tropical Transportes Ipiranga Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Ipiranga Imobiliária Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Ipiranga Logística Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Oil Trading Importadora e Exportadora Ltda. | Brazil | Ipiranga | - | 100 | - | 100 |
| Companhia Ultragaz S.A. | Brazil | Ultragaz | - | 99 | - | 99 |
| Bahiana Distribuidora de Gás Ltda. | Brazil | Ultragaz | - | 100 | - | 100 |
| Utingás Armazenadora S.A. | Brazil | Ultragaz | - | 57 | - | 57 |
| LPG International Inc. | Cayman Islands | Ultragaz | - | 100 | - | 100 |
| Imaven Imóveis Ltda. | Brazil | Others | - | 100 | - | 100 |
| Isa-Sul Administração e Participações Ltda. (b) | Brazil | Ipiranga | - | - | 99 | 1 |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A. (b) | Brazil | Extrafarma | - | 100 | - | 100 |
| Oxiteno S.A. Indústria e Comércio | Brazil | Oxiteno | 100 | - | 100 | - |
| Oxiteno Nordeste S.A. Indústria e Comércio | Brazil | Oxiteno | - | 99 | - | 99 |
| Oxiteno Argentina Sociedad de Responsabilidad Ltda. | Argentina | Oxiteno | - | 100 | - | 100 |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil | Oxiteno | - | 100 | - | 100 |
| Oxiteno Uruguay S.A. | Uruguay | Oxiteno | - | 100 | - | 100 |
| Barrington S.L. | Spain | Oxiteno | - | 100 | - | 100 |
| Oxiteno México S.A. de C.V. | Mexico | Oxiteno | - | 100 | - | 100 |
| Oxiteno Servicios Corporativos S.A. de C.V. | Mexico | Oxiteno | - | 100 | - | 100 |
| Oxiteno Servicios Industriales S.A. de C.V. | Mexico | Oxiteno | - | 100 | - | 100 |
| Oxiteno USA LLC | United States | Oxiteno | - | 100 | - | 100 |
| Global Petroleum Products Trading Corp. | Virgin Islands | Oxiteno | - | 100 | - | 100 |
| Oxiteno Overseas Corp. | Virgin Islands | Oxiteno | - | 100 | - | 100 |
| Oxiteno Andina, C.A. | Venezuela | Oxiteno | - | 100 | - | 100 |
| Oxiteno Europe SPRL | Belgium | Oxiteno | - | 100 | - | 100 |
| Oxiteno Colombia S.A.S | Colombia | Oxiteno | - | 100 | - | 100 |
| Oxiteno Shanghai Trading LTD. | China | Oxiteno | - | 100 | - | 100 |
| Empresa Carioca de Produtos Químicos S.A. | Brazil | Oxiteno | - | 100 | - | 100 |
| Ultracargo - Operações Logísticas e Participações Ltda. | Brazil | Ultracargo | 100 | - | 100 | - |
| Terminal Químico de Aratu S.A. – Tequimar | Brazil | Ultracargo | - | 99 | - | 99 |
| SERMA - Ass. dos usuários equip. proc. de dados | Brazil | Others | - | 100 | - | 100 |

(*) In October 2015, the name of Conveniências Ipiranga Norte Ltda. was changed to Icorban - Correspondente Bancário Ltda.

The percentages in the table above are rounded.

***a) Business Combination – Acquisition of Extrafarma***

On January 31, 2014, Extrafarma became a wholly-owned subsidiary of Ultrapar, through the merger of the total shares issued by Extrafarma. As a result, 12,021,100 new ordinary, nominative, book-entry shares with no par value of the Company were issued, totaling an increase in equity in the amount of R$ 640,725. The Company also issued subscription warrants – working capital of up to 801,409 shares, equivalent to R$ 42,138. On December 31, 2014, the Company determined that it had a receivable in the amount of R$ 12,222 due to the adjustment of working capital, recognizing in "Other receivables" in current assets. In 2015, the final agreement of working capital and net debt was formalized in the amount of R$ 26,006, and the Company recognized a revenue of R$ 13,784 in "other operating income" (see Note 26). In addition, 7 subscription warrants – indemnification were issued, corresponding to up to 3,205,622 shares. The shares of the subscription warrants – indemnification may be exercised from 2020 onwards and are adjusted according to the changes in the amounts of provisions for tax, civil, and labor risks and contingent liabilities related to the period prior to January 31, 2014. The subscription warrants – indemnification's fair value is measured based on the share price of Ultrapar (UGPA3) and is reduced by the dividend yield until 2020, since the exercise is possible only from 2020, and they are not entitled to dividends until that date. As of December 31, 2015, the subscription warrants – indemnification were represented by 2,011,766 shares and amounted R$ 112,233 (in 2014 were represented by 2,002,773 and totaled R$ 92,072). This transaction did not affect the Company's cash flow.

The purchase price is presented below:

| | |
|---|---|
| Increase in share capital | 141,913 |
| Capital surplus on subscription of shares | 498,812 |
| Receivables - working capital adjustments | (12,222) |
| Subscription warrants – indemnification | 91,423 |
| Purchase price | 719,926 |

The purchase price in the amount of R$ 719,926 was allocated among the identified assets acquired and liabilities assumed, measured at fair value. The goodwill of R$ 661,553 is substantiated related to the Company's entry into the pharmaceutical retail and wholesale markets in Brazil and by Extrafarma bringing a significant initial scale, an excellent network of drugstores as a starting point and specific knowledge and expertise of the market sector. The deductible tax basis of goodwill is R$ 780,239. During the process of identification of assets and liabilities, intangible assets which were not previously recognized in the acquired entity's books were also taken into account, as shown below:

| | Amount | Useful life | Amortization method |
|---|---|---|---|
| Brand – Extrafarma | 72,523 | Indefinite | - |
| Loyalty program – Clube Extrafarma | 31,953 | 4 years | Straight line |
| Customer relationship - wholesale | 17,346 | 10 years | Straight line |
| Other | 517 | By contract | Straight line |
| Total | 122,339 | | |

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

| **Current assets** | | **Current liabilities** | |
|---|---|---|---|
| Cash and cash equivalents | 9,123 | Loans [1] | 179,818 |
| Trade receivables | 65,104 | Trade payables | 118,769 |
| Inventories | 154,937 | Salaries and related charges | 16,539 |
| Recoverable taxes | 12,385 | Income and social contribution taxes payable | 3,150 |
| Other | 5,109 | Deferred revenue | 5,152 |
| | 246,658 | Other | 6,316 |
| | | | 329,744 |
| **Non-current assets** | | **Non-current liabilities** | |
| Property, plant, and equipment | 48,838 | Loans [1] | 28,093 |
| Intangible assets | 135,636 | Provision for tax, civil and labor risks | 65,517 |
| Deferred income and social contribution taxes | 56,408 | Other | 7,097 |
| Escrow deposits | 1,284 | | 100,707 |
| Goodwill | 661,553 | | |
| | 903,719 | Total liabilities assumed | 430,451 |
| Total assets acquired and goodwill | 1,150,377 | Purchase price | 719,926 |

[1] The gross debt assumed on the closing date amounted to R$ 207,911.

The acquisition costs related to lawyers and consultants were recognized as administrative expenses and represent approximately 2% of the transaction amount. Additionally, the Company recognized in shareholders' equity, reducing the capital reserve, the amount of R$ 2,260 of expenses with lawyers and external audit related to transaction costs for the issuance of shares to the shareholders of Extrafarma.

The following summary presents the Company’s consolidated information for 2014, 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, neither is an indicative of future operating results:

| | **2014** |
|---|---|
| Net revenue from sales and services | 67,824,629 |
| Operating income | 2,287,695 |
| Net income for the year | 1,248,369 |
| Earnings per share basic - whole R$ (see Note 28) | 2.2701 |
| Earnings per share diluted - whole R$ (see Note 28) | 2.2540 |

***b) Statutory reorganization***

On December 10, 2014, the Company and the wholly-subsidiary Ipiranga Produtos de Petróleo S.A. ("IPP"), approved a capital increase in Isa-Sul Administração e Participações Ltda. ("Isa-Sul"), in the amount of R$ 995,696 with the issuance of 995,696,017 new shares. All shares were subscribed and paid up with ordinary shares of Extrafarma held by the Company. After this reorganization, the Company became the direct parent company of Isa-Sul and Isa-Sul became the parent company of Extrafarma.

On October 31, 2015, the Company increased the capital of IPP in the amount of R$ 986,886 with the capital contribution of 995,696,017 shares issued by Isa-Sul. After this step, Isa-Sul became a direct subsidiary of IPP and Extrafarma became an indirect subsidiary of IPP. On December 1, 2015, Isa-Sul was merged by its subsidiary Extrafarma with equity fully incorporated at book-value. After this reorganization, the Extrafarma became the subsidiary of IPP and Isa-Sul was extinguished.

## 4. Cash and Cash Equivalents and Financial Investments

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

The financial assets were classified in Note 30, according to their characteristics and intention of the Company and its subsidiaries.

The balance of cash, cash equivalents and financial investments (consolidated) amounted to R$ 3,973,162 in 2015 (R$ 4,400,122 in 2014) and are distributed as follows:

- **Cash and Cash Equivalents**

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

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Cash and bank deposits | | | | |
| In local currency | 120 | 96 | 92,160 | 47,426 |
| In foreign currency | - | - | 99,856 | 85,870 |
| Financial investments considered cash equivalents | | | | |
| In local currency | | | | |
| Fixed-income securities | 47,941 | 119,131 | 2,497,903 | 2,690,638 |
| In foreign currency | | | | |
| Fixed-income securities | - | - | 12,974 | 3,435 |
| Total cash and cash equivalents | 48,061 | 119,227 | 2,702,893 | 2,827,369 |

- **Financial Investments**

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

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Financial investments | | | | |
| In local currency | | | | |
| Fixed-income securities and funds | 6,708 | 67,864 | 801,587 | 902,683 |
| In foreign currency | | | | |
| Fixed-income securities and funds | - | - | 35,013 | 505,574 |
| Currency and interest rate hedging instruments (a) | - | - | 433,669 | 164,496 |
| Total financial investments | 6,708 | 67,864 | 1,270,269 | 1,572,753 |
| Current | 6,708 | 67,864 | 803,304 | 1,441,813 |
| Non-current | - | - | 466,965 | 130,940 |

(a) Accumulated gains, net of income tax (see Note 30).

## 5. Trade Receivables (Consolidated)

The composition of trade receivables is as follows:

| | 2015 | 2014 |
|---|---|---|
| Domestic customers | 2,971,019 | 2,424,756 |
| Reseller financing - Ipiranga | 350,119 | 310,062 |
| Foreign customers | 199,081 | 191,533 |
| (-) Allowance for doubtful accounts | (200,816) | (178,444) |
| Total | 3,319,403 | 2,747,907 |
| Current | 3,167,164 | 2,604,101 |
| Non-current | 152,239 | 143,806 |

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

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

| | | | Past due | | | | |
|---|---|---|---|---|---|---|---|
| | Total | Current | less than 30 days | 31-60 days | 61-90 days | 91-180 days | more than 180 days |
| 2015 | 3,520,219 | 3,080,681 | 113,136 | 22,834 | 13,473 | 30,411 | 259,684 |
| 2014 | 2,926,351 | 2,515,782 | 128,778 | 25,479 | 12,457 | 23,542 | 220,313 |

Movements in the allowance for doubtful accounts are as follows:

| | |
|---|---|
| Balance in 2013 | 147,080 |
| Initial balance of Extrafarma (January 31, 2014) | 6,964 |
| Additions | 26,864 |
| Write-offs | (2,464) |
| Balance in 2014 | 178,444 |
| Additions | 44,380 |
| Write-offs | (22,008) |
| Balance in 2015 | 200,816 |

For further information about allowance for doubtful accounts see Note 30 – Customer credit risk.

## 6. Inventories (Consolidated)

The composition of inventories is as follows:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | Cost | Provision for losses | Net balance | Cost | Provision for losses | Net balance |
| Finished goods | 400,994 | (7,649) | 393,345 | 345,255 | (7,849) | 337,406 |
| Work in process | 1,723 | - | 1,723 | 986 | - | 986 |
| Raw materials | 257,700 | (1,026) | 256,674 | 193,726 | (2,661) | 191,065 |
| Liquefied petroleum gas (LPG) | 58,875 | (5,761) | 53,114 | 41,616 | (5,761) | 35,855 |
| Fuels, lubricants, and greases | 1,205,598 | (729) | 1,204,869 | 907,466 | (619) | 906,847 |
| Consumable materials and other items for resale | 103,013 | (9,259) | 93,754 | 81,662 | (3,594) | 78,068 |
| Pharmaceutical, hygiene, and beauty products | 303,603 | (9,568) | 294,035 | 272,864 | (25,841) | 247,023 |
| Advances to suppliers | 171,726 | - | 171,726 | 103,124 | - | 103,124 |
| Properties for resale | 25,997 | - | 25,997 | 24,628 | - | 24,628 |
| | 2,529,229 | (33,992) | 2,495,237 | 1,971,327 | (46,325) | 1,925,002 |

Movements in the provision for losses are as follows:

| | |
|---|---|
| Balance in 2013 | 15,238 |
| Initial balance of Extrafarma (January 31, 2014) | 27,689 |
| Additions to net realizable value adjustment | 2,637 |
| Additions to obsolescence and other losses | 761 |
| Balance in 2014 | 46,325 |
| Additions to net realizable value adjustment | 2,003 |
| Reversals of obsolescence and other losses | (14,336) |
| Balance in 2015 | 33,992 |

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

| | 2015 | 2014 |
|---|---|---|
| Net realizable value adjustment | 14,137 | 12,134 |
| Obsolescence and other losses | 19,855 | 34,191 |
| Total | 33,992 | 46,325 |

## 7. Recoverable Taxes

Recoverable taxes are substantially represented by credits of State VAT (ICMS), Contribution for Social Security Financing (COFINS), Social Integration Program (PIS), Income Tax (IRPJ), and Social Contribution (CSLL).

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| IRPJ and CSLL | 52,055 | 53,835 | 197,890 | 182,602 |
| ICMS | - | - | 350,325 | 296,747 |
| Provision for ICMS losses [(1)] | - | - | (64,891) | (67,657) |
| PIS and COFINS | - | - | 248,254 | 207,694 |
| Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno Andina and Oxiteno Uruguay | - | - | 22,791 | 40,035 |
| Excise tax - IPI | - | - | 4,542 | 4,157 |
| Others | 1 | - | 5,316 | 5,288 |
| Total | 52,056 | 53,835 | 764,227 | 668,866 |
| Current | 48,019 | 30,713 | 628,778 | 593,462 |
| Non-current | 4,037 | 23,122 | 135,449 | 75,404 |

[(1)] The provision for ICMS losses relates to tax credits that the subsidiaries believe will not be utilized or offset in the future, based on its estimative, and its movements are as follows:

| | |
|---|---|
| Balance in 2013 | 65,180 |
| Initial balance of Extrafarma (January 31, 2014) | 20,888 |
| Write-offs, additions and reversals, net | (18,411) |
| Balance in 2014 | 67,657 |
| Write-offs, additions and reversals, net | (2,766) |
| Balance in 2015 | 64,891 |

## 8. Related Parties

### *a. Related Parties*

- **Parent Company**

| | Assets Debentures [1] | Liabilities Account payable | Financial income |
|---|---|---|---|
| Ipiranga Produtos de Petróleo S.A. | 782,404 | - | 146,185 |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A. | - | 5 | - |
| Total in 2015 | 782,404 | 5 | 146,185 |

| | Assets | | | |
|---|---|---|---|---|
| | Trade receivables [2] | Debentures [1] | Total | Financial income |
| Companhia Ultragaz S.A. | 14,685 | - | 14,685 | - |
| Terminal Químico de Aratu S.A. - Tequimar | 2,026 | - | 2,026 | - |
| Oxiteno S.A. Indústria e Comércio | 2,532 | - | 2,532 | - |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A. | 3,545 | - | 3,545 | - |
| Ipiranga Produtos de Petróleo S.A. | 7,090 | 776,578 | 783,668 | 119,806 |
| Total in 2014 | 29,878 | 776,578 | 806,456 | 119,806 |

[1] In March 2009, Ipiranga made its first private offering in a single series of 108 debentures at face value of R$ 10,000,000.00 (ten million Brazilian Reais), nonconvertible into shares, unsecured debentures. The Company subscribed 75 debentures with maturity on March 31, 2016 and semiannual remuneration linked to CDI.

[2] Refers to the Deferred Stock Plan (see Note 8.c).

- **Consolidated**

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. The balances and transactions between the Company and its subsidiaries with other related parties are disclosed below:

| | Loans | | Commercial transactions | |
|---|---|---|---|---|
| | Assets | Liabilities | Receivables[1] | Payables[1] |
| Oxicap Indústria de Gases Ltda. | - | - | - | 1,506 |
| Química da Bahia Indústria e Comércio S.A. | - | 3,046 | - | - |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | - | - | 12,553 | 6,562 |
| Refinaria de Petróleo Riograndense S.A. | - | - | - | 23,784 |
| Others | 490 | 1,326 | - | - |
| Total in 2015 | 490 | 4,372 | 12,553 | 31,852 |

| | Loans/AFAC | | Commercial transactions | |
|---|---|---|---|---|
| | Assets | Liabilities | Receivables[1] | Payables[1] |
| Oxicap Indústria de Gases Ltda. | 10,368[2] | - | - | 1,061 |
| Química da Bahia Indústria e Comércio S.A. | - | 3,046 | - | - |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | - | - | 10,499 | 1,494 |
| Others | 490 | 1,326 | - | - |
| Total in 2014 | 10,858 | 4,372 | 10,499 | 2,555 |

(1) Included in “trade receivables” and “trade payables,” respectively.
(2) On January 28, 2015, the subsidiary Oxiteno S.A. Indústria e Comércio (“Oxiteno S.A.”) capitalized this Advance for Future Capital Increase – “AFAC” (see Note 11.c).

| | Commercial transactions | |
|---|---|---|
| | Sales and services | Purchases |
| Oxicap Indústria de Gases Ltda. | 6 | 12,353 |
| Refinaria de Petróleo Riograndense S.A. | - | 615,014 |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 18,205 | - |
| Total in 2015 | 18,211 | 627,367 |

| | Commercial transactions | |
|---|---|---|
| | Sales and services | Purchases |
| Oxicap Indústria de Gases Ltda. | 6 | 12,725 |
| Refinaria de Petróleo Riograndense S.A. | - | 59,162 |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 18,887 | - |
| Total in 2014 | 18,893 | 71,887 |

Purchase and sale transactions relate substantially to the purchase of raw materials, feedstock, transportation, and storage services based on similar market prices and terms with customers and suppliers with comparable operational performance. The above operations related to ConectCar Soluções de Mobilidade Eletrônica S.A. ("ConectCar") refer to the adhesion to Ipiranga's marketing plan and services provided. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company and its subsidiaries' management, transactions with related parties are not subject to credit risk, which is why no allowance for doubtful accounts or collateral is provided. Collateral provided by the Company in loans of subsidiaries and affiliates are mentioned in Note 14.k). Intercompany loans are contracted in light of temporary cash surpluses or deficits of the Company, its subsidiaries, and its associates.

***b. Key executives (Consolidated)***

The Company's compensation strategy combines short and long-term elements, following the principles of alignment of interests and of maintaining a competitive compensation, and is aimed at retaining key officers and remunerating them adequately according to their attributed responsibilities and the value created to the Company and its shareholders.

Short-term compensation is comprised of: (a) fixed monthly compensation paid with the objective of rewarding the executive's experience, responsibility, and his/her position's complexity, and includes salary and benefits such as medical coverage, check-up, life insurance, and others; (b) variable compensation paid annually with the objective of aligning the executive's and the Company's objectives, which is linked to: (i) the business performance measured through its economic value creation and (ii) the fulfillment of individual annual goals that are based on the strategic plan and are focused on expansion and operational excellence projects, people development and market positioning, among others. In addition, the chief executive officer is entitled to additional long term variable compensation relating to the Company's shares' performance between 2013 and 2018, reflecting the target of more than doubling the share value of the Company in 5 years. Further details about the Deferred Stock Plan are contained in Note 8.c) and about post-employment benefits in Note 18.b).

The Company and its subsidiaries recognized expenses for compensation of its key executives (Company's directors and executive officers) as shown below:

| | 2015 | 2014 |
|---|---|---|
| Short-term compensation | 37,759 | 30,187 |
| Stock compensation | 6,126 | 5,462 |
| Post-employment benefits | 2,936 | 3,660 |
| Long-term compensation | 2,302 | 1,684 |
| Total | 49,123 | 40,993 |

***c. Deferred Stock Plan***

On April 27, 2001, the General Shareholders' Meeting approved a benefit plan to members of management and employees in executive positions in the Company and its subsidiaries. On November 26, 2003, the Extraordinary General Shareholders' Meeting approved certain amendments to the original plan of 2001 (the "Deferred Stock Plan"). In the Deferred Stock Plan, certain members of management of the Company and its subsidiaries have the voting and economic rights of shares and the ownership of these shares is retained by the subsidiaries of the Company. The Deferred Stock Plan provides for the transfer of the ownership of the shares to those eligible members of management after five to ten years from the initial concession of the rights subject to uninterrupted employment of the participant during the period. The total number of shares to be used for the Deferred Stock Plan is subject to the availability in treasury of such shares. It is incumbent on Ultrapar's executive officers to select the members of management eligible for the plan and propose the number of shares in each case for approval by the Board of Directors. The fair value of the awards were determined on the grant date based on the market value of the shares on the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA"), the Brazilian Securities, Commodities and Futures Exchange and the amounts are amortized between five and ten years from the grant date.

The table below summarizes shares granted to the Company and its subsidiaries' management:

| Grant date | Balance of number of shares granted | Vesting period | Market price of shares on the grant date (in R$ per share) | Total grant costs, including taxes | Accumulated recognized grant costs | Accumulated unrecognized grant costs |
|---|---|---|---|---|---|---|
| December 9, 2014 | 590,000 | 2019 to 2021 | 50.64 | 41,210 | (7,583) | 33,627 |
| March 5, 2014 | 83,400 | 2019 to 2021 | 52.15 | 5,999 | (1,868) | 4,131 |
| February 3, 2014 | 150,000 | 2018 to 2020 | 55.36 | 11,454 | (4,513) | 6,941 |
| November 7, 2012 | 320,000 | 2017 to 2019 | 42.90 | 19,098 | (10,347) | 8,751 |
| December 14, 2011 | 120,000 | 2016 to 2018 | 31.85 | 5,272 | (3,656) | 1,616 |
| November 10, 2010 | 173,336 | 2015 to 2017 | 26.78 | 9,602 | (8,319) | 1,283 |
| December 16, 2009 | 83,328 | 2014 to 2016 | 20.75 | 7,155 | (6,843) | 312 |
| October 8, 2008 | - | 2013 to 2015 | 9.99 | 8,090 | (8,090) | - |
| November 9, 2006 | 207,200 | 2016 | 11.62 | 3,322 | (3,045) | 277 |
| December 14, 2005 | - | 2015 | 8.21 | 1,060 | (1,060) | - |
| | 1,727,264 | | | 112,262 | (55,324) | 56,938 |

In 2015, the amortization in the amount of R$ 16,935 (R$ 12,289 in 2014) was recognized as a general and administrative expense.

The table below summarizes the changes of number of shares granted:

| | |
|---|---|
| Balance in 2013 | 1,886,028 |
| Shares granted on February 3, 2014 | 150,000 |
| Shares granted on March 5, 2014 | 83,400 |
| Shares granted on December 9, 2014 | 590,000 |
| Shares vested and transferred | (496,564) |
| Balance in 2014 | 2,212,864 |
| Shares vested and transferred | (455,600) |
| Cancellation of granted shares due to termination of executive employment | (30,000) |
| | |
| Balance in 2015 | 1,727,264 |

## 9. Income and Social Contribution Taxes

### *a. Deferred Income and Social Contribution Taxes*

The Company and its subsidiaries recognize deferred tax assets and liabilities which are not subject to the statute of limitations, resulting from tax loss carryforwards, temporary differences, negative tax bases and revaluation of property, plant, and equipment, among others. Deferred tax assets are sustained by the continued profitability of their operations. Deferred IRPJ and CSLL are recognized under the following main categories:

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Assets - Deferred income and social contribution taxes on: | | | | |
| Provision for impairment of assets | - | - | 41,428 | 55,527 |
| Provisions for tax, civil, and labor risks | 22 | 15 | 140,707 | 128,365 |
| Provision for post-employment benefits | - | - | 42,297 | 40,729 |
| Provision for differences between cash and accrual basis | - | - | 989 | 457 |
| Goodwill | - | - | 33,894 | 48,162 |
| Business combination – fiscal basis vs. accounting basis of goodwill | - | - | 72,691 | 68,458 |
| Provision for asset retirement obligation | - | - | 22,418 | 21,116 |
| Other provisions | 8,658 | 1,464 | 145,336 | 59,802 |
| Tax losses and negative basis for social contribution carryforwards (d) | - | - | 59,233 | 39,957 |
| Total | 8,680 | 1,479 | 558,993 | 462,573 |
| Liabilities - Deferred income and social contribution taxes on: | | | | |
| Revaluation of property, plant, and equipment | - | - | 2,887 | 3,009 |
| Lease | - | - | 4,426 | 4,948 |
| Provision for differences between cash and accrual basis | - | - | 184,951 | 77,266 |
| Provision for goodwill/negative goodwill | - | - | 17,794 | 11,183 |
| Business combination – fair value of assets | - | - | 47,110 | 49,181 |
| Temporary differences of foreign subsidiaries | - | - | 2,855 | 5,097 |
| Other provisions | - | - | 5,981 | 2,163 |
| Total | - | - | 266,004 | 152,847 |

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

| | 2015 | 2014 |
|---|---|---|
| Initial balance | 309,726 | 274,633 |
| Deferred IRPJ and CSLL recognized in income of the year | (14,813) | (21,745) |
| Deferred IRPJ and CSLL recognized in comprehensive income of the year | (2,250) | (863) |
| Deferred IRPJ and CSLL recognized in business combinations | - | 56,408 |
| Others | 326 | 1,293 |
| Final balance | 292,989 | 309,726 |

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

| | Parent | Consolidated |
|---|---|---|
| Up to 1 year | 3 | 195,705 |
| From 1 to 2 years | 1,629 | 88,552 |
| From 2 to 3 years | 1,607 | 44,149 |
| From 3 to 5 years | 3,214 | 69,225 |
| From 5 to 7 years | 1,855 | 111,256 |
| From 7 to 10 years | 372 | 50,106 |
| | 8,680 | 558,993 |

***b. Reconciliation of Income and Social Contribution Taxes***

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

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Income before taxes and share of profit (loss) of subsidiaries, joint ventures, and associates | 69,633 | 50,917 | 2,258,192 | 1,841,190 |
| Statutory tax rates - % | 34 | 34 | 34 | 34 |
| Income and social contribution taxes at the statutory tax rates | (23,675) | (17,312) | (767,785) | (626,005) |
| Adjustments to the statutory income and social contribution taxes: | | | | |
| Nondeductible expenses (i) | (277) | (405) | (70,540) | (26,519) |
| Nontaxable revenues (ii) | 11 | 13 | 3,753 | 2,596 |
| Adjustment to estimated income (iii) | - | - | 12,926 | 13,638 |
| Other adjustments | 24 | 25 | 4,874 | (603) |
| Income and social contribution taxes before tax incentives | (23,917) | (17,679) | (816,772) | (636,893) |
| Tax incentives - SUDENE | - | - | 82,436 | 63,405 |
| Income and social contribution taxes in the income statement | (23,917) | (17,679) | (734,336) | (573,488) |
| Current | (31,119) | (18,763) | (801,959) | (615,148) |
| Deferred | 7,202 | 1,084 | (14,813) | (21,745) |
| Tax incentives - SUDENE | - | - | 82,436 | 63,405 |
| Effective IRPJ and CSLL rates - % | 34.3 | 34.7 | 32.5 | 31.1 |

(i) Nondeductible expenses consist of certain expenses that cannot be deducted for tax purposes under applicable tax legislation, such as expenses with fines, donations, gifts, losses of assets, negative effects of foreign subsidiaries and certain provisions;

(ii) Nontaxable revenues consist of certain gains and income that are not taxable under applicable tax legislation, such as the reimbursement of taxes and the reversal of certain provisions;

(iii) Brazilian tax law allows for an alternative method of taxation for companies that generated gross revenues of up to R$ 78 million in their previous fiscal year. Certain subsidiaries of the Company adopted this alternative form of taxation, whereby income and social contribution taxes are calculated on a basis equal to 32% of operating revenues, as opposed to being calculated based on the effective taxable income of these subsidiaries. The adjustment to estimated income represents the difference between the taxation under this alternative method and the income and social contribution taxes that would have been paid based on the effective statutory rate applied to the taxable income of these subsidiaries.

***c. Tax Incentives - SUDENE***

The following subsidiaries are entitled to federal tax benefits providing for IRPJ reduction under the program for development of northeastern Brazil operated by the Superintendency for the Development of the Northeast ("SUDENE"):

| Subsidiary | Units | Incentive - % | Expiration |
|---|---|---|---|
| Oxiteno Nordeste S.A. Indústria e Comércio | Camaçari plant | 75 | 2016 |
| Bahiana Distribuidora de Gás Ltda. | Caucaia base [1] | 75 | 2012 |
| | Mataripe base [2] | 75 | 2024 |
| | Aracaju base | 75 | 2017 |
| | Suape base | 75 | 2018 |
| Terminal Químico de Aratu S.A. – Tequimar | Suape terminal | 75 | 2020 |
| | Aratu terminal | 75 | 2022 |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Camaçari plant | 75 | 2021 |

On December 30, 2014, Terminal Químico de Aratu S.A. - Tequimar ("Tequimar") filed a request at SUDENE requiring the income tax reduction incentive, due to the implementation of the Itaqui Terminal in São Luis - Maranhão.

[1] On December 22, 2015, the subsidiary requested SUDENE the extension of the recognition of tax incentives for another 10 years, due to the expansion of the Caucaia base.

[2] Due to modernization realized in the Mataripe base, SUDENE approved the 75% income tax reduction until 2024 through an appraisal report issued on December 30, 2015. On January 19, 2016, the constitutive benefit appraisal report was forwarded to the Brazilian Federal Revenue Service for approval within a term of 120 days.

***d. Income and Social Contribution Taxes Carryforwards***

In 2015, certain subsidiaries of the Company had tax loss carryforwards related to income tax (IRPJ) of R$ 190,359 (R$ 126,624 in 2014) and negative basis of CSLL of R$ 129,368 (R$ 92,232 in 2014), whose compensations are limited to 30% of taxable income in a given tax year, which do not expire. Based on these values, the Company and its subsidiaries recognized deferred income and social contribution tax assets in the amount of R$ 59,233 in 2015 (R$ 39,957 in 2014).

**10. Prepaid Expenses (Consolidated)**

| | 2015 | 2014 |
|---|---|---|
| Rents | 114,439 | 99,285 |
| Deferred Stock Plan, net (see Note 8.c) | 45,889 | 61,183 |
| Advertising and publicity | 25,195 | 6,103 |
| Insurance premiums | 24,644 | 20,295 |
| Software maintenance | 8,937 | 6,790 |
| Purchases of meal and transportation tickets | 1,757 | 1,559 |
| Taxes and other prepaid expenses | 7,279 | 3,281 |
| | 228,140 | 198,496 |
| Current | 81,476 | 67,268 |
| Non-current | 146,664 | 131,228 |

## 11. Investments

### *a. Subsidiaries and Joint Venture (Parent Company)*

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

| | 2015 | | | |
|---|---|---|---|---|
| | Subsidiaries | | | Joint-venture |
| | Ultracargo - Operações Logísticas e Participações Ltda. | Oxiteno S.A. Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Refinaria de Petróleo Riograndense S.A. |
| Number of shares or units held | 11,839,764 | 35,102,127 | 224,467,228,244 | 5,078,888 |
| Assets | 1,093,260 | 3,469,471 | 13,599,752 | 348,217 |
| Liabilities | 4,168 | 534,215 | 10,004,718 | 253,306 |
| Shareholders' equity | 1,089,092 | 2,935,315(*) | 3,595,034 | 94,911 |
| Net revenue from sales and services | - | 1,203,462 | 65,235,322 | 974,807 |
| Net income for the year | 4,498 | 423,062(*) | 1,015,100 | 27,647 |
| % of capital held | 100 | 100 | 100 | 33 |

| | 2014 | | | | |
|---|---|---|---|---|---|
| | Subsidiaries | | | | Joint-venture |
| | Ultracargo - Operações Logísticas e Participações Ltda. | Oxiteno S.A. Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Isa-Sul Administração e Participações Ltda. | Refinaria de Petróleo Riograndense S.A. |
| Number of shares or units held | 11,839,764 | 35,102,127 | 224,467,228,244 | 995,696,017 | 5,078,888 |
| Assets | 1,168,896 | 3,546,989 | 10,668,027 | 995,028 | 263,527 |
| Liabilities | 84,003 | 526,423 | 8,654,065 | 11,524 | 191,018 |
| Shareholders' equity | 1,084,893 | 3,020,625 (*) | 2,013,962 | 983,504(*) | 72,509 |
| Net revenue from sales and services | - | 1,023,388 | 58,764,533 | 21,197 | 233,308 |
| Net income (loss) for the year | 99,990 | 240,457(*) | 881,131 | (16,410)(**) | (151) |
| % of capital held | 100 | 100 | 100 | 99 | 33 |

(*) adjusted for intercompany unrealized profits.
(**) reduced by the elimination of the gain due to corporate restructuring in the amount of R$ 56,389 (see Note 3b).

The percentages in the table above are rounded.

Operating financial information of the subsidiaries is detailed in Note 29.

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

| | Investments in subsidiaries | | | | | | Joint-venture | |
|---|---|---|---|---|---|---|---|---|
| | **Ultracargo - Operações Logísticas e Participações Ltda.** | **Oxiteno S.A. - Indústria e Comércio** | **Ipiranga Produtos de Petróleo S.A.** | **Imifarma Produtos Farmacêuticos e Cosméticos S.A.** | **Isa-Sul Administração e Participação Ltda.** | **Total** | **Refinaria de Petróleo Riograndense S.A.** | **Total** |
| **Balance in 2013** | **1,064,959** | **2,892,330** | **2,154,904** | **-** | **-** | **6,112,193** | **22,751** | **6,134,944** |
| Share of profit of subsidiaries and joint venture | 99,990 | 240,457 | 881,131 | 2,523 | (15,726) | 1,208,375 | (50) | 1,208,325 |
| Dividends | (80,000) | (117,107) | (1,022,540) | - | - | (1,219,647) | - | (1,219,647) |
| Extrafarma acquisition (see Note 3.a) | - | - | - | 719,926 | - | 719,926 | - | 719,926 |
| Capital increase in cash | - | - | - | 236,100 | - | 236,100 | - | 236,100 |
| Contingent liabilities – business combination Extrafarma [(1)] | - | - | - | 3.654 | - | 3.654 | - | 3.654 |
| Realization of fair value of acquisition | - | - | - | (22,896) | - | (22,896) | - | (22,896) |
| Tax liabilities on equity- method revaluation reserve | - | - | (32) | - | - | (32) | - | (32) |
| Valuation adjustment of subsidiaries | (56) | (171) | 499 | - | 74 | 346 | 1,375 | 1,721 |
| Translation adjustments of foreign-based subsidiaries | - | 5,116 | - | - | - | 5,116 | - | 5,116 |
| Corporate Restructuring (see Note 3.b) [(2)] | - | - | - | (939,307) | 995,696 | 56,389 | - | 56,389 |
| **Balance in 2014** | **1,084,893** | **3,020,625** | **2,013,962** | **-** | **980,044** | **7,099,524** | **24,076** | **7,123,600** |
| Share of profit of subsidiaries and joint venture | 4,498 | 423,062 | 1,015,100 | - | 6,842 | 1,449,502 | 8,248 | 1,457,750 |
| Dividends | - | (531,860) | (431,607) | - | - | (963,467) | (2,345) | (965,812) |
| Tax liabilities on equity- method revaluation reserve | - | - | (120) | - | - | (120) | - | (120) |
| Valuation adjustment of subsidiaries | (299) | (245) | 10,813 | - | - | 10,269 | 1,535 | 11,804 |
| Translation adjustments of foreign-based subsidiaries | - | 23,733 | - | - | - | 23,733 | - | 23,733 |
| Corporate Restructuring (see Note 3.b) | - | - | 986,886 | - | (986,886) | - | - | - |
| **Balance in 2015** | **1,089,092** | **2,935,315** | **3,595,034** | **-** | **-** | **7,619,441** | **31,514** | **7,650,955** |

(1) transferred to the non-current liabilities due to corporate restructuring (see Note 3.b)
(2) the gain of R$ 56,389 obtained in the corporate reorganization (see Note 3.b) was offset in the share of profit of subsidiaries and joint venture.

***b. Joint Ventures (Consolidated)***

The Company holds an interest in Refinaria de Petróleo Riograndense ("RPR"), which is primarily engaged in oil refining.

The subsidiary Ultracargo – Operações Logísticas e Participações Ltda. ("Ultracargo Participações") holds an interest in União Vopak – Armazéns Gerais Ltda. ("União Vopak"), which is primarily engaged in liquid bulk storage in the port of Paranaguá.

The subsidiary IPP holds an interest in ConectCar, which is primarily engaged in electronic payment of tolls, parking and fuel. ConectCar, formed in November 2012 currently operates in the States of Alagoas, Bahia, Ceará, Espírito Santo, Goiás, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo, and the Distrito Federal.

These investments are accounted for under the equity method of accounting based on their financial statements as of December 31, 2015.

Balances and changes in joint ventures are as follows:

| | Movements in investments | | | |
|---|---|---|---|---|
| | **União Vopak** | **RPR** | **ConectCar** | **Total** |
| Balance in 2013 | 5,916 | 22,751 | 15,719 | 44,386 |
| Capital increase | - | - | 28,500 | 28,500 |
| Valuation adjustments | - | 1,375 | - | 1,375 |
| Share of profit (loss) of joint ventures | 181 | (50) | (18,747) | (18,616) |
| Dividends received | (1,137) | - | - | (1,137) |
| Balance in 2014 | 4,960 | 24,076 | 25,472 | 54,508 |
| Capital increase | - | - | 37,080 | 37,080 |
| Advance for Future Capital Increase | - | - | 4,000 | 4,000 |
| Valuation adjustments | - | 1,535 | - | 1,535 |
| Share of profit (loss) of joint ventures | 699 | 8,248 | (23,234) | (14,287) |
| Dividends received | (1,114) | (2,345) | - | (3,459) |
| Balance in 2015 | 4,545 | 31,514 | 43,318 | 79,377 |

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

| | 2015 | | |
|---|---|---|---|
| | **União Vopak** | **RPR** | **ConectCar** |
| Current assets | 3,360 | 234,094 | 59,599 |
| Non-current assets | 7,300 | 114,123 | 85,195 |
| Current liabilities | 1,570 | 176,134 | 62,158 |
| Non-current liabilities | - | 77,172 | - |
| Shareholders' equity | 9,090 | 94,911 | 82,636 |
| Net revenue from sales and services | 12,026 | 974,807 | 18,410 |
| Costs and operating expenses | (10,198) | (926,392) | (89,431) |
| Net financial income and income and social contribution taxes | (430) | (20,768) | 24,553 |
| Net income (loss) | 1,398 | 27,647 | (46,468) |
| | | | |
| Number of shares or units held | 29,995 | 5,078,888 | 94,579,500 |
| % of capital held | 50 | 33 | 50 |

The percentages in the table above are rounded.

| | 2014 | | |
|---|---|---|---|
| | **União Vopak** | **RPR** | **ConectCar** |
| Current assets | 2,762 | 160,789 | 38,852 |
| Non-current assets | 8,066 | 102,738 | 53,236 |
| Current liabilities | 908 | 101,083 | 41,143 |
| Non-current liabilities | - | 89,935 | - |
| Shareholders' equity | 9,920 | 72,509 | 50,945 |
| Net revenue from sales and services | 10,490 | 233,308 | 9,981 |
| Costs and operating expenses | (10,114) | (232,634) | (66,797) |
| Net financial income and income and social contribution taxes | (14) | (825) | 19,323 |
| Net income (loss) | 362 | (151) | (37,493) |
| | | | |
| Number of shares or units held | 29,995 | 5,078,888 | 57,500,000 |
| % of capital held | 50 | 33 | 50 |

The percentages in the table above are rounded.

***c. Associates (Consolidated)***

Subsidiary IPP holds an interest in Transportadora Sulbrasileira de Gás S.A., which is primarily engaged in natural gas transportation services.

Subsidiary Oxiteno S.A. holds an interest in Oxicap Indústria de Gases Ltda. ("Oxicap"), which is primarily engaged in the supply of nitrogen and oxygen for its shareholders in the Mauá petrochemical complex.

Subsidiary Oxiteno Nordeste S.A. Indústria e Comércio ("Oxiteno Nordeste") holds an interest in Química da Bahia Indústria e Comércio S.A., which is primarily engaged in manufacturing, marketing, and processing of chemicals. The operations of this associate are currently suspended.

Subsidiary Companhia Ultragaz S.A. ("Cia. Ultragaz") holds an interest in Metalúrgica Plus S.A., which is primarily engaged in the manufacture and trading of LPG containers. The operations of this associate are currently suspended.

Subsidiary IPP holds an interest in Plenogás Distribuidora de Gás S.A., which is primarily engaged in the marketing of LPG. The operations of this associate are currently suspended.

The investment of subsidiary Oxiteno S.A. in the associate Oxicap is accounted for under the equity method of accounting based on its financial information as of November 30, 2015, while the other associates are valued based on the financial statements in 2015.

Balances and changes in associates are as follows:

| | Movements in investments | | | | |
|---|---|---|---|---|---|
| | **Transportadora Sulbrasileira de Gás S.A.** | **Oxicap Indústria de Gases Ltda.** | **Química da Bahia Indústria e Comércio S.A.** | **Metalúrgica Plus S.A.** | **Total** |
| Balance in 2013 | 5,962 | 2,144 | 3,635 | - | 11,741 |
| Dividends received | (725) | - | - | - | (725) |
| Share of profit of associates | 975 | 946 | 41 | 165 | 2,127 |
| Balance in 2014 | 6,212 | 3,090 | 3,676 | 165 | 13,143 |
| Capital increase | - | 10,368 [(1)] | - | - | 10,368 |
| Dividends received | (1,924) | (3,453) | - | - | (5,377) |
| Share of profit (loss) of associates | 1,455 | 1,995 | 8 | (55) | 3,403 |
| Balance in 2015 | 5,743 | 12,000 | 3,684 | 110 | 21,537 |

[(1)] As mentioned in Note 8.a) – Consolidated, in the 1st quarter 2015, Oxiteno realized a capital increase in Oxicap. Thus the interest in the associate has been changed from 25% to 15% approximately.

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

| | 2015 | | | | |
|---|---|---|---|---|---|
| | **Transportadora Sulbrasileira de Gás S.A.** | **Oxicap Indústria de Gases Ltda.** | **Química da Bahia Indústria e Comércio S.A.** | **Metalúrgica Plus S.A.** | **Plenogás Distribuidora de Gás S.A.** |
| Current assets | 5,175 | 13,390 | 73 | 759 | 691 |
| Non-current assets | 18,773 | 79,203 | 10,403 | 1,681 | 2,830 |
| Current liabilities | 644 | 8,682 | - | 403 | 101 |
| Non-current liabilities | 332 | 4,371 | 3,109 | 1,708 | 1,777 |
| Shareholders' equity | 22,972 | 79,540 | 7,367 | 329 | 1,643 |
| Net revenue from sales and services | 10,628 | 42,799 | - | - | - |
| Costs, operating expenses, and income | (4,703) | (14,050) | (34) | (172) | 1,792 |
| Net financial income and income and social contribution taxes | (7) | (9,973) | 49 | 8 | 14 |
| Net income (loss) for the period | 5,918 | 18,776 | 15 | (164) | 1,806 |
| Number of shares or units held | 20,124,996 | 1,987 | 1,493,120 | 3,000 | 1,384,308 |
| % of capital held | 25 | 15 | 50 | 33 | 33 |

The percentages in the table above are rounded.

| | 2014 | | | | |
|---|---|---|---|---|---|
| | **Transportadora Sulbrasileira de Gás S.A.** | **Oxicap Indústria de Gases Ltda.** | **Química da Bahia Indústria e Comércio S.A.** | **Metalúrgica Plus S.A.** | **Plenogás Distribuidora de Gás S.A.** |
| Current assets | 5,832 | 12,434 | 103 | 923 | 231 |
| Non-current assets | 19,978 | 77,199 | 10,358 | 1,682 | 2,830 |
| Current liabilities | 632 | 2,771 | - | 403 | 80 |
| Non-current liabilities | 332 | 74,502 | 3,109 | 1,708 | 3,144 |
| Shareholders' equity | 24,846 | 12,360 | 7,352 | 494 | (163) |
| Net revenue from sales and services | 8,525 | 32,972 | - | - | - |
| Costs, operating expenses, and income | (4,543) | (27,174) | (45) | 344 | 442 |
| Net financial income and income and social contribution taxes | (84) | (2,013) | 127 | 990 | (13) |
| Net income for the period | 3,898 | 3,785 | 82 | 1,334 | 429 |
| Number of shares or units held | 20,124,996 | 156 | 1,493,120 | 3,000 | 1,384,308 |
| % of capital held | 25 | 25 | 50 | 33 | 33 |

The percentages in the table above are rounded.

## 12. Property, Plant, and Equipment (Consolidated)

Balances and changes in property, plant, and equipment are as follows:

| | Weighted average useful life (years) | Balance in 2014 | Additions | Depreciation | Transfer | Write-offs and disposals | Effect of foreign currency exchange rate variation | Balance in 2015 |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| Land | - | 476,107 | 45,843 | - | 3,077 | (4,947) | 4,079 | 524,159 |
| Buildings | 31 | 1,275,728 | 14,521 | - | 86,725 | (4,060) | 9,689 | 1,382,603 |
| Leasehold improvements | 11 | 631,342 | 17,825 | - | 55,615 | (3,599) | - | 701,183 |
| Machinery and equipment | 13 | 3,909,475 | 99,038 | - | 108,286 | (12,300) | (112,660) | 3,991,839 |
| Automotive fuel/lubricant distribution equipment and facilities | 14 | 2,096,563 | 121,746 | - | 81,386 | (17,233) | - | 2,282,462 |
| LPG tanks and bottles | 12 | 494,691 | 83,608 | - | 2,777 | (39,725) | - | 541,351 |
| Vehicles | 7 | 244,467 | 21,883 | - | 11,358 | (18,341) | (591) | 258,776 |
| Furniture and utensils | 9 | 156,115 | 14,198 | - | 4,888 | (440) | (4,066) | 170,695 |
| Construction in progress | - | 372,974 | 373,774 | - | (337,967) | (2,550) | 31,302 | 437,533 |
| Advances to suppliers | - | 19,527 | 10,685 | - | (18,095) | - | 8 | 12,125 |
| Imports in progress | - | 59 | 1,959 | - | (817) | - | - | 1,201 |
| IT equipment | 5 | 239,930 | 24,255 | - | 1,124 | (4,810) | 186 | 260,685 |
| | | 9,916,978 | 829,335 | - | (1,643) | (108,005) | (72,053) | 10,564,612 |
| Accumulated depreciation: | | | | | | | | |
| Buildings | | (565,308) | - | (40,766) | 15 | 1,919 | 12,309 | (591,831) |
| Leasehold improvements | | (313,647) | - | (48,132) | 1 | 2,661 | - | (359,117) |
| Machinery and equipment | | (2,158,390) | - | (234,792) | (240) | 9,005 | 143,173 | (2,241,244) |
| Automotive fuel/lubricant distribution equipment and facilities | | (1,164,074) | - | (116,010) | - | 9,287 | - | (1,270,797) |
| LPG tanks and bottles | | (231,001) | - | (34,392) | (136) | 16,295 | - | (249,234) |
| Vehicles | | (90,004) | - | (15,769) | 369 | 12,126 | 821 | (92,457) |
| Furniture and utensils | | (105,483) | - | (10,050) | - | 323 | 4,951 | (110,259) |
| IT equipment | | (189,859) | - | (16,872) | (7) | 3,667 | (722) | (203,793) |
| | | (4,817,766) | - | (516,783) | 2 | 55,283 | 160,532 | (5,118,732) |
| Provision for losses: | | | | | | | | |
| Advances to suppliers | | - | (83) | - | - | - | - | (83) |
| Land | | (197) | - | - | - | - | - | (197) |
| Leasehold improvements | | (462) | - | - | - | 2 | (199) | (659) |
| Machinery and equipment | | (5,895) | (1,137) | - | - | 2,964 | (671) | (4,739) |
| Automotive fuel/lubricant distribution equipment and facilities | | - | (1,342) | - | - | 36 | - | (1,306) |
| IT equipment | | (683) | - | - | - | 683 | - | - |
| Furniture and utensils | | (4) | (1) | - | - | 4 | - | (1) |
| | | (7,241) | (2,563) | - | - | 3,689 | (870) | (6,985) |
| Net amount | | 5,091,971 | 826,772 | (516,783) | (1,641) | (49,033) | 87,609 | 5,438,895 |

| | Weighted average useful life (years) | Balance in 2013 | Additions | Depreciation | Transfer | Write-offs and disposals | Opening balance of Extrafarma (1) | Effect of foreign currency exchange rate variation | Balance in 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| Land | - | 458,619 | 6,586 | - | 16,126 | (6,668) | - | 1,444 | 476,107 |
| Buildings | 30 | 1,219,746 | 8,781 | - | 53,395 | (11,189) | - | 4,995 | 1,275,728 |
| Leasehold improvements | 11 | 549,841 | 9,104 | - | 51,047 | (1,634) | 23,023 | (39) | 631,342 |
| Machinery and equipment | 13 | 3,745,901 | 81,454 | - | 77,810 | (6,957) | 6,365 | 4,902 | 3,909,475 |
| Automotive fuel/lubricant distribution equipment and facilities | 14 | 1,939,720 | 103,387 | - | 76,431 | (22,975) | - | - | 2,096,563 |
| LPG tanks and bottles | 12 | 460,596 | 85,958 | - | - | (51,863) | - | - | 494,691 |
| Vehicles | 8 | 213,635 | 25,207 | - | 18,642 | (18,668) | 5,554 | 97 | 244,467 |
| Furniture and utensils | 9 | 126,758 | 13,094 | - | 2,116 | (1,030) | 14,923 | 254 | 156,115 |
| Construction in progress | - | 302,076 | 328,034 | - | (266,699) | (1,150) | 6,752 | 3,961 | 372,974 |
| Advances to suppliers | - | 27,558 | 26,320 | - | (32,100) | (2,251) | - | - | 19,527 |
| Imports in progress | - | 130 | 1,723 | - | (1,690) | - | - | (104) | 59 |
| IT equipment | 5 | 206,286 | 25,830 | - | 714 | (1,556) | 8,683 | (27) | 239,930 |
| | | 9,250,866 | 715,478 | - | (4,208) | (125,941) | 65,300 | 15,483 | 9,916,978 |
| Accumulated depreciation: | | | | | | | | | |
| Buildings | | (533,776) | - | (37,671) | (26) | 6,171 | - | (6) | (565,308) |
| Leasehold improvements | | (269,598) | - | (40,367) | (280) | 1,146 | (4,585) | 37 | (313,647) |
| Machinery and equipment | | (1,939,238) | - | (226,811) | 312 | 5,875 | (1,756) | 3,228 | (2,158,390) |
| Automotive fuel/lubricant distribution equipment and facilities | | (1,066,425) | - | (115,095) | 2 | 17,444 | - | - | (1,164,074) |
| LPG tanks and bottles | | (221,321) | - | (29,653) | - | 19,973 | - | - | (231,001) |
| Vehicles | | (87,860) | - | (12,509) | - | 12,922 | (2,503) | (54) | (90,004) |
| Furniture and utensils | | (93,246) | - | (9,449) | (3) | 902 | (3,624) | (63) | (105,483) |
| IT equipment | | (173,942) | - | (13,206) | (37) | 1,417 | (3,994) | (97) | (189,859) |
| | | (4,385,406) | - | (484,761) | (32) | 65,850 | (16,462) | 3,045 | (4,817,766) |
| Provision for losses: | | | | | | | | | |
| Land | | (197) | - | - | - | - | - | - | (197) |
| Leasehold improvements | | - | (459) | - | - | - | - | (3) | (462) |
| Machinery and equipment | | (5,027) | (1,451) | - | - | 592 | - | (9) | (5,895) |
| IT equipment | | (6) | (677) | - | - | - | - | - | (683) |
| Furniture and utensils | | (5) | - | - | - | 1 | - | - | (4) |
| | | (5,235) | (2,587) | - | - | 593 | - | (12) | (7,241) |
| Net amount | | 4,860,225 | 712,891 | (484,761) | (4,240) | (59,498) | 48,838 | 18,516 | 5,091,971 |

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

Construction in progress relates substantially to expansions and renovations of industrial facilities and terminals and construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant, and equipment relate basically to manufacturing of equipment for expansion of plants, terminals and bases, modernization of service stations, and acquisition of real estate.

## 13. Intangible Assets (Consolidated)

Balances and changes in intangible assets are as follows:

| | Weighted average useful life (years) | Balance in 2014 | Additions | Amortization | Transfer | Write-offs and disposals | Effect of foreign currency exchange rate variation | Balance in 2015 |
|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | |
| Goodwill (i) | - | 1,456,179 | - | - | - | - | - | 1,456,179 |
| Software (ii) | 5 | 451,936 | 82,612 | - | 453 | (59) | 4,580 | 539,522 |
| Technology (iii) | 5 | 32,617 | - | - | - | - | - | 32,617 |
| Commercial property rights (iv) | 10 | 31,881 | 4,994 | - | - | (287) | - | 36,588 |
| Distribution rights (v) | 5 | 2,762,985 | 515,502 | - | - | - | - | 3,278,487 |
| Brands (vi) | - | 105,458 | - | - | 2 | - | 15,484 | 120,944 |
| Others (vii) | 4 | 38,606 | 6,492 | - | (79) | - | 1,932 | 46,951 |
| | | 4,879,662 | 609,600 | - | 376 | (346) | 21,996 | 5,511,288 |
| Accumulated amortization: | | | | | | | | |
| Software | | (303,780) | - | (44,346) | - | 59 | (2,693) | (350,760) |
| Technology | | (29,471) | - | (1,785) | - | - | - | (31,256) |
| Commercial property rights | | (14,545) | - | (2,643) | - | 209 | - | (16,979) |
| Distribution rights | | (1,366,128) | - | (433,869) | (2,992) | - | - | (1,802,989) |
| Others | | (7,625) | - | (7,821) | 96 | - | (19) | (15,369) |
| | | (1,721,549) | - | (490,464) | (2,896) | 268 | (2,712) | (2,217,353) |
| Net amount | | 3,158,113 | 609,600 | (490,464) | (2,520) | (78) | 19,284 | 3,293,935 |

| | Weighted average useful life (years) | Balance in 2013 | Additions | Amortization | Transfer | Write-offs and disposals | Opening balance of Extrafarma [1] | Effect of foreign currency exchange rate variation | Balance in 2014 |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| Goodwill (i) | - | 794,626 | - | - | - | - | 661,553 | - | 1,456,179 |
| Software (ii) | 5 | 353,637 | 73,994 | - | 16,379 | (456) | 7,817 | 565 | 451,936 |
| Technology (iii) | 5 | 32,436 | 181 | - | - | - | - | - | 32,617 |
| Commercial property rights (iv) | 11 | 16,334 | 1,838 | - | - | - | 13,709 | - | 31,881 |
| Distribution rights (v) | 4 | 2,213,573 | 532,461 | - | (190) | (205) | 17,346 | - | 2,762,985 |
| Brands (vi) | - | 29,048 | - | - | - | - | 72,523 | 3,887 | 105,458 |
| Others (vii) | 9 | 16,475 | 407 | - | (10,294) | - | 31,953 | 65 | 38,606 |
| | | 3,456,129 | 608,881 | - | 5,895 | (661) | 804,901 | 4,517 | 4,879,662 |
| Accumulated amortization: | | | | | | | | | |
| Software | | (261,693) | - | (36,780) | (3,922) | 455 | (1,416) | (424) | (303,780) |
| Technology | | (27,690) | - | (1,782) | - | - | - | 1 | (29,471) |
| Commercial property rights | | (5,515) | - | (2,742) | 8 | - | (6,296) | - | (14,545) |
| Distribution rights | | (992,022) | - | (367,681) | (6,536) | 111 | - | - | (1,366,128) |
| Others | | (454) | - | (7,164) | - | - | - | (7) | (7,625) |
| | | (1,287,374) | - | (416,149) | (10,450) | 566 | (7,712) | (430) | (1,721,549) |
| Net amount | | 2,168,755 | 608,881 | (416,149) | (4,555) | (95) | 797,189 | 4,087 | 3,158,113 |

[1] For further information about the Extrafarma acquisition, see Note 3.a).

**i)** Goodwill from acquisition of companies was amortized until December 31, 2008, when its amortization ceased. The net remaining balance is tested annually for impairment.

The Company has the following balances of goodwill:

| | Segment | 2015 | 2014 |
|---|---|---|---|
| Goodwill on the acquisition of: | | | |
| Extrafarma | Extrafarma | 661,553 | 661,553 |
| Ipiranga | Ipiranga | 276,724 | 276,724 |
| União Terminais | Ultracargo | 211,089 | 211,089 |
| Texaco | Ipiranga | 177,759 | 177,759 |
| Oxiteno Uruguay | Oxiteno | 44,856 | 44,856 |
| Temmar | Ultracargo | 43,781 | 43,781 |
| DNP | Ipiranga | 24,736 | 24,736 |
| Repsol | Ultragaz | 13,403 | 13,403 |
| Others | | 2,278 | 2,278 |
| | | 1,456,179 | 1,456,179 |

On December 31, 2015, the Company tested the balances of goodwill shown in the table above for impairment. The determination of value in use involves assumptions, judgments, and estimates of cash flows, such as growth rates of revenues, costs and expenses, estimates of investments and working capital, and discount rates. The assumptions about growth projections and future cash flows are based on the Company's business plan of its operating segments, as well as comparable market data, and represent management's best estimate of the economic conditions that will exist over the economic life of the various CGUs, to which goodwill is related.

The evaluation of the value in use is calculated for a period of five years (except the Extrafarma segment), after which we calculate the perpetuity, considering the possibility of carrying the business on indefinitely. For the Extrafarma segment, a period of 10 years was used due to its expansion plan and considering a three-years period to maturity of new stores.

On December 31, 2015, the discount and real growth rates used to extrapolate the projections ranged from 10.3% to 17.1% (except discount rate of Oxiteno Andina of 43.5%) and 0% to 1% p.a., respectively, depending on the CGU analyzed.

The goodwill impairment tests and net assets of the Company and its subsidiaries did not result in the recognition of losses for the year ended December 31, 2015. The Company assessed a sensitivity analysis of discount and growth rate of perpetuity, due to their significant impact on cash flows and value in use. An increase of 0.5 percentage points in the discount rate or a decrease of 0.5 percentage points in the growth rate of the perpetuity of the cash flow of each business segment would not result in the recognition of impairment.

**ii)** Software includes user licenses and costs for the implementation of the various systems used by the Company and its subsidiaries, such as: integrated management and control, financial management, foreign trade, industrial automation, operational and storage management, accounting information, and other systems.

**iii)** The subsidiaries Oxiteno S.A., Oxiteno Nordeste and Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. ("Oleoquímica") recognize as technology certain rights of use held by them. Such licenses include the production of ethylene oxide, ethylene glycols, ethanolamines, glycol ethers, ethoxylates, solvents, fatty acids from vegetable oils, fatty alcohols, and specialty chemicals, which are products that are supplied to various industries.

**iv)** Commercial property rights include those described below:

- Subsidiary Tequimar has an agreement with CODEBA – Companhia das Docas do Estado da Bahia, which allows it to explore the area in which the Aratu Terminal is located for 20 years, renewable for a similar period. The price paid by Tequimar was R$ 12,000, which is being amortized from August 2002 to July 2042.
- Subsidiary Tequimar has a lease contract for an area adjacent to the Port of Santos for 20 years from December 2002, renewable for a similar period, which allows the construction, operation, and use of a terminal for liquid bulk unloading, tank storage, handling, and distribution. The price paid by Tequimar was R$ 4,334, which is being amortized from August 2005 to December 2022.
- Subsidiary Extrafarma pays key money to obtain certain commercial establishments to open drugstores which is stated at the cost of acquisition, amortized using the straight line method, considering the lease contract terms. In the case of the closedown of stores, the residual amount is written off.

**v)** Distribution rights refer mainly to bonus disbursements as provided in Ipiranga's agreements with resellers and large customers. Bonus disbursements are recognized when paid and recognized as an expense in the income statement over the term of the agreement (typically 5 years), which is reviewed as per the changes occurred in the agreements.

**vi)** Brands are represented by the acquisition cost of the 'am/pm' brand in Brazil and of the Extrafarma brand.

**vii)** Other intangibles refer mainly to the loyalty program "Clube Extrafarma".

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

| | 2015 | 2014 |
|---|---|---|
| Inventories and cost of products and services sold | 11,522 | 8,916 |
| Selling and marketing | 436,253 | 370,828 |
| General and administrative | 42,689 | 36,405 |
| | 490,464 | 416,149 |

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

***a. Composition***

| Description | 2015 | 2014 | Index/Currency | Weighted average financial charges 2015 – % p.a. | Maturity |
|---|---|---|---|---|---|
| Foreign currency – denominated loans: | | | | | |
| Foreign loan (c.1) (*) | 1,111,721 | 603,002 | US$ + LIBOR (i) | +0.7 | 2017 to 2018 |
| Foreign loan (c.1) (*) | 576,645 | - | US$ | +2.1 | 2017 to 2018 |
| Foreign loan (c.2) (c.3) (c.4) | 397,586 | 158,039 | US$ + LIBOR (i) | +1.4 | 2017 to 2018 |
| Advances on foreign exchange contracts | 222,478 | 184,057 | US$ | +1.5 | < 351 days |
| Financial institutions (e) | 142,779 | 113,873 | US$ | +2.8 | 2016 to 2017 |
| Financial institutions (e) | 77,800 | 53,254 | US$ + LIBOR (i) | +2.0 | 2016 to 2017 |
| Foreign currency advances delivered | 50,132 | 25,409 | US$ | +1.3 | < 60 days |
| Financial institutions (e) | 27,110 | 32,343 | MX$ + TIIE (ii) | +1.0 | 2016 |
| BNDES (d) | 24,057 | 33,160 | US$ | +6.0 | 2016 to 2020 |
| Notes in the foreign market (b) | - | 664,078 | US$ | | |
| Subtotal | 2,630,308 | 1,867,215 | | | |
| Brazilian Reais – denominated loans: | | | | | |
| Banco do Brasil – floating rate (f) | 3,115,752 | 2,873,622 | CDI | 105.0 | 2016 to 2019 |
| Debentures - IPP (g.2 and g.3) | 1,413,101 | 1,409,540 | CDI | 107.9 | 2017 to 2018 |
| Debentures - 5th issuance (g.4) | 833,114 | - | CDI | 108.3 | 2018 |
| BNDES (d) | 409,339 | 530,983 | TJLP (iii) | +2.7 | 2016 to 2021 |
| Export Credit Note – floating rate (h) | 158,648 | - | CDI | 101.5 | 2018 |
| Banco do Nordeste do Brasil | 66,096 | 85,068 | R$ | +8.5 | 2016 to 2021 |
| FINEP | 61,724 | 74,774 | R$ | +4.0 | 2016 to 2021 |
| BNDES (d) | 49,681 | 62,581 | R$ | +4.6 | 2016 to 2022 |
| Finance leases (i) | 45,480 | 45,883 | IGP-M (iv) | +5.6 | 2016 to 2031 |
| BNDES (d) | 30,878 | - | SELIC (vi) | +2.2 | 2016 to 2021 |
| Export Credit Note (h) (*) | 27,039 | 25,744 | R$ | +8.0 | 2016 |
| FINEP | 11,174 | 9,078 | TJLP (iii) | -1.4 | 2016 to 2023 |
| Working capital loans Extrafarma – fixed rate (i) | 1,160 | 3,445 | R$ | +10.3 | 2016 |
| Floating finance leases (i) | 319 | 475 | CDI | +2.8 | 2016 to 2017 |
| FINAME | 255 | 484 | TJLP (iii) | +5.6 | 2016 to 2022 |
| Fixed finance leases (i) | 95 | 686 | R$ | +15.4 | 2016 to 2017 |
| Banco do Brasil – fixed rate (f) (*) | - | 503,898 | | | |
| Debentures - 4th issuance (g.1) | - | 874,312 | | | |
| Subtotal | 6,223,855 | 6,500,573 | | | |
| Currency and interest rate hedging instruments | 47,445 | 7,424 | | | |
| Total | 8,901,608 | 8,375,212 | | | |
| Current | 1,097,855 | 3,442,364 | | | |
| Non-current | 7,803,753 | 4,932,848 | | | |

(*) These transactions were designated for hedge accounting (see Note 30 – Hedge Accounting).

(i) LIBOR = London Interbank Offered Rate.

(ii) MX$ = Mexican Peso; TIIE = the Mexican interbank balance interest rate.

(iii) TJLP (Long-term Interest Rate) = set by the National Monetary Council, TJLP is the basic financing cost of Banco Nacional de Desenvolvimento Econômico e Social ("BNDES"), the Brazilian Development Bank. On December 31, 2015, TJLP was fixed at 7% p.a.

(iv) IGP-M = General Market Price Index is a measure of Brazilian inflation, calculated by the Getúlio Vargas Foundation.

(v) SELIC = basic interest rate set by the Brazilian Central Bank.

The long-term consolidated debt had the following principal maturity schedule:

| | 2015 | 2014 |
|---|---|---|
| From 1 to 2 years | 3,393,586 | 571,991 |
| From 2 to 3 years | 3,165,603 | 2,390,747 |
| From 3 to 4 years | 1,155,809 | 894,301 |
| From 4 to 5 years | 38,585 | 1,006,869 |
| More than 5 years | 50,170 | 68,940 |
| | 7,803,753 | 4,932,848 |

As provided in IAS 39 (CPC 8 (R1)), the transaction costs and issuance premiums associated with debt issuance by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 14.j).

The Company's management entered into hedging instruments against foreign exchange and interest rate variations for a portion of its debt obligations (see Note 30).

***b. Notes in the Foreign Market***

In December 2005, the subsidiary LPG International Inc. ("LPG Inc.") issued US$ 250 million in notes in the foreign market, maturing in December 2015, with interest rate of 7.3% p.a., paid semiannually. The notes were guaranteed by the Company and its subsidiary Oxiteno S.A.

The notes were settled by LPG Inc. on the maturity date.

***c. Foreign Loans***

1) The subsidiary IPP has foreign loans in the amount of US$ 440 million. IPP also contracted hedging instruments with floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loans charges, on average, to 102.1% of CDI (see Note 30). IPP designated these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss. The foreign loans are secured by the Company.

The foreign loans have the maturity distributed as follows:

| Maturity | US$ (million) | Cost in % of CDI |
|---|---|---|
| Mar/17 | 70.0 | 99.5 |
| Sep/17 | 150.0 | 103.7 |
| Jul/18 | 60.0 | 103.0 |
| Sep/18 | 80.0 | 101.5 |
| Nov/18 (*) | 80.0 | 101.4 |
| Total / average cost | 440.0 | 102.1 |

(*) The subsidiary IPP renegotiated foreign loans which would mature in November 2015, in the notional amount of US$ 80 million changing its maturity to November 2018.

2) The subsidiary Oxiteno Overseas Corp. ("Oxiteno Overseas") has a foreign loan in the amount of US$ 60 million with maturity in January 2017 and interest of LIBOR + 1.0% p.a., paid semiannually. The Company, through its subsidiary Cia. Ultragaz, contracted hedging instruments with floating interest rates in dollar and exchange rate variation, changing the foreign loan charge to 94.0% of CDI (see Note 30). The foreign loan is guaranteed by the Company and its subsidiary Oxiteno S.A.

3) The subsidiary LPG Inc. has a foreign loan in the amount of US$ 30 million with maturity in December 2018 and interest rate of LIBOR + 1.85% p.a, paid quarterly. The foreign loan is guaranteed by the Company and its subsidiary IPP.

4) The subsidiary Global Petroleum Products Trading Corporation has a foreign loan in the amount of US$ 12 million with maturity in December 2018 and interest rate of LIBOR + 1.85% p.a, paid quarterly. The foreign loan is guaranteed by the Company and its subsidiary IPP.

During these contracts, the Company shall maintain the following financial ratios, calculated based on its audited consolidated financial statements:

- Maintenance of a financial ratio, determined by the ratio between consolidated net debt and consolidated Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA), at less than or equal to 3.5.

- Maintenance of a financial ratio, determined by the ratio between consolidated EBITDA and consolidated net financial expenses, higher than or equal to 1.5.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

***d. BNDES***

The Company and its subsidiaries have financing from BNDES for some of their investments and for working capital.

During the term of these agreements, the Company must maintain the following capitalization and current liquidity levels, as determined in the annual consolidated audited balance sheet:

- Capitalization level: shareholders' equity / total assets equal to or above 0.3; and
- Current liquidity level: current assets / current liabilities equal to or above 1.3.

The Company is in compliance with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

***e. Financial Institutions***

The subsidiaries Oxiteno Mexico S.A. de C.V., Oxiteno USA LLC and Oxiteno Uruguay have loans to finance investments and working capital.

***f. Banco do Brasil***

The subsidiary IPP has floating interest rate loans with Banco do Brasil to finance the marketing, processing, or manufacturing of agricultural goods (ethanol).

The subsidiary IPP renegotiated loans with Banco do Brasil, which would mature in February 2015, in the notional amount of R$ 333 million, changing the maturities to July 2017 and January 2018, with floating interest rate of 106% of CDI.

The subsidiary IPP renegotiated loans with Banco do Brasil, which would mature in May 2015, in the notional amount of R$ 200 million, changing the maturities to November 2017 and April 2018, with floating interest rate of 107% of CDI.

These loans mature, as follows (including interest until December 31, 2015):

| **Maturity** | |
|---|---|
| Feb/16 | 226,016 |
| May/16 | 133,428 |
| Jan/17 | 1,146,711 |
| Jul/17 | 177,453 |
| Nov/17 | 101,565 |
| Jan/18 | 177,453 |
| Apr/18 | 101,566 |
| May/19 | 1,051,560 |
| Total | 3,115,752 |

***g. Debentures***

1) In March 2012, the Company made its fourth issuance of debentures, in a single series of 800 simple, nonconvertible into shares, unsecured debentures, and its main characteristics are as follows:

| | |
|---|---|
| Face value unit: | R$ 1,000,000.00 |
| Final maturity: | March 16, 2015 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 108.3% of CDI |
| Payment of interest: | Annually |
| Reprice: | Not applicable |

The debentures were settled by the Company on the maturity date.

2) In December 2012, the subsidiary IPP made its first issuance of public debentures in single series of 60,000 simple, nonconvertible into shares, unsecured, nominative and registered debentures, and its main characteristics are as follows:

| | |
|---|---|
| Face value unit: | R$ 10,000.00 |
| Final maturity: | November 16, 2017 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 107.9% of CDI |
| Payment of interest: | Semiannually |
| Reprice: | Not applicable |

3) In January 2014, the subsidiary IPP made its second issuance of public debentures in single series of 80,000 simple nonconvertible into shares, unsecured, nominative and registered debentures, which main characteristics are as follows:

| | |
|---|---|
| Face value unit: | R$ 10,000.00 |
| Final maturity: | December 20, 2018 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 107.9% of CDI |
| Payment of interest: | Semiannually |
| Reprice: | Not applicable |

4) In March 2015, the Company made its fifth issuance of debentures, in a single series of 80,000 simple, nonconvertible into shares, unsecured debentures, and its main characteristics are as follows:

| | |
|---|---|
| Face value unit: | R$ 10,000.00 |
| Final maturity: | March 16, 2018 |
| Payment of the face value: | Lump sum at final maturity |
| Interest: | 108.25% of CDI |
| Payment of interest: | Annually |
| Reprice: | Not applicable |

The resources of the issuance were used to manage liquidity of the issuer, in order to strengthen its cash and lengthen its debt profile, providing greater financial flexibility.

***h. Export Credit Note***

The subsidiary Oxiteno Nordeste has export credit note contracts in the amounts of R$ 17.5 million and R$ 10.0 million, with maturities in March and August 2016, respectively, and fixed interest rate of 8% p.a., paid quarterly. In May 2015, the subsidiary Oxiteno Nordeste contracted an export credit note in the amount of R$ 156.8 million, with maturity in May 2018 and floating interest rate of 101.5% of CDI, paid quarterly.

For the fixed interest rate contracts, the subsidiary Oxiteno Nordeste contracted interest hedging instruments, thus converting the fixed rates for these loans into 88.8% of CDI (see Note 30). Oxiteno Nordeste designated these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both measured at fair value from inception. Changes in fair value are recognized in profit or loss.

***i. Finance Leases***

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

Subsidiary Extrafarma has finance lease contracts related to IT equipment, software and vehicles, with terms between 24 to 60 months.

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

| | 2015 | | | | |
|---|---|---|---|---|---|
| | **LPG bottling facilities** | **IT equipment and software** | **Vehicles** | **Furniture, machinery and equipment** | **Total** |
| Equipment and intangible assets, net of depreciation and amortization | 19,890 | 438 | 95 | - | 20,423 |
| Financing (present value) | 45,480 | 396 | 18 | - | 45,894 |
| Current | 2,107 | 260 | 18 | - | 2,385 |
| Non-current | 43,373 | 136 | - | - | 43,509 |

| | 2014 | | | | |
|---|---|---|---|---|---|
| | **LPG bottling facilities** | **IT equipment and software** | **Vehicles** | **Furniture, machinery and equipment** | **Total** |
| Equipment and intangible assets, net of depreciation and amortization | 24,720 | 883 | 1,483 | 1,283 | 28,369 |
| Financing (present value) | 45,883 | 874 | 163 | 124 | 47,044 |
| Current | 1,950 | 515 | 145 | 124 | 2,734 |
| Non-current | 43,933 | 359 | 18 | - | 44,310 |

The future disbursements (installments) assumed under these contracts are presented below:

| | 2015 | | | |
|---|---|---|---|---|
| | **LPG bottling facilities** | **IT equipment and software** | **Vehicles** | **Total** |
| Up to 1 year | 4,371 | 287 | 18 | 4,676 |
| From 1 to 2 years | 4,371 | 155 | - | 4,526 |
| From 2 to 3 years | 4,371 | - | - | 4,371 |
| From 3 to 4 years | 4,371 | - | - | 4,371 |
| From 4 to 5 years | 4,371 | - | - | 4,371 |
| More than 5 years | 45,165 | - | - | 45,165 |
| Total | 67,020 | 442 | 18 | 67,480 |

| | 2014 | | | | |
|---|---|---|---|---|---|
| | **LPG bottling facilities** | **IT equipment and software** | **Vehicles** | **Furniture and utensils** | **Total** |
| Up to 1 year | 4,238 | 566 | 155 | 123 | 5,082 |
| From 1 to 2 years | 4,238 | 288 | 18 | - | 4,544 |
| From 2 to 3 years | 4,238 | 155 | - | - | 4,393 |
| From 3 to 4 years | 4,238 | - | - | - | 4,238 |
| From 4 to 5 years | 4,238 | - | - | - | 4,238 |
| More than 5 years | 48,024 | - | - | - | 48,024 |
| Total | 69,214 | 1,009 | 173 | 123 | 70,519 |

The above amounts include Services Tax (“ISS”) payable on the monthly installments, except for disbursements for the LPG bottling facilities.

***j. Transaction Costs***

Transaction costs incurred in issuing debt were deducted from the value of the related financial instruments and are recognized as an expense according to the effective interest rate method, as follows:

| | Effective rate of transaction costs (% p.a.) | Balance in 2014 | Incurred cost | Amortization | Balance in 2015 |
|---|---|---|---|---|---|
| Banco do Brasil (f) | 0.3 | 14,474 | 600 | (3,191) | 11,883 |
| Foreign Loans (c) | 0.3 | 3,016 | 3,151 | (1,518) | 4,649 |
| Debentures (g) | 0.0 | 2,157 | 958 | (1,314) | 1,801 |
| Notes in the foreign market (b) | 0.2 | 1,309 | - | (1,309) | - |
| Other | 0.5 | 318 | 367 | (140) | 545 |
| Total | | 21,274 | 5,076 | (7,472) | 18,878 |

| | Effective rate of transaction costs (% p.a.) | Balance in 2013 | Incurred cost | Amortization | Balance in 2014 |
|---|---|---|---|---|---|
| Banco do Brasil (f) | 0.4 | 19,797 | - | (5,323) | 14,474 |
| Foreign Loans (c) | 0.3 | 504 | 3,140 | (628) | 3,016 |
| Debentures (g) | 0.2 | 4,730 | 1,422 | (3,995) | 2,157 |
| Notes in the foreign market (b) | 0.2 | 2,309 | - | (1,000) | 1,309 |
| Other | 0.1 | 412 | 30 | (124) | 318 |
| Total | | 27,752 | 4,592 | (11,070) | 21,274 |

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

| | Up to 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| Banco do Brasil (f) | 2,894 | 3,473 | 3,881 | 1,635 | - | - | 11,883 |
| Foreign Loans (c) | 2,425 | 1,459 | 765 | - | - | - | 4,649 |
| Debentures (g) | 644 | 716 | 441 | - | - | - | 1,801 |
| Other | 190 | 222 | 71 | 45 | 16 | 1 | 545 |
| Total | 6,153 | 5,870 | 5,158 | 1,680 | 16 | 1 | 18,878 |

***k. Guarantees***

The financings are guaranteed by collateral in the amount of R$ 52,312 in 2015 (R$ 50,570 in 2014) and by guarantees and promissory notes in the amount of R$ 4,369,977 in 2015 (R$ 3,779,450 in 2014).

In addition, the Company and its subsidiaries offer collateral in the form of letters of credit for commercial and legal proceedings in the amount of R$ 187,551 in 2015 (R$ 173,644 in 2014) and guarantees related to raw materials imported by the subsidiary Ipiranga in the amount of R$ 133,154 in 2015.

Some subsidiaries of Oxiteno issue collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R$ 27,106 in 2015 (R$ 26,684 in 2014), with maturities of up to 213 days. As of December 31, 2015, the subsidiaries did not have losses in connection with these collaterals. The fair value of collaterals recognized in current liabilities as other payables is R$ 656 in 2015 (R$ 646 in 2014), which is recognized as profit or loss as customers settle their obligations with the financial institutions.

Some financing agreements of the Company and its subsidiaries have cross default clauses that require them to pay the debt assumed in case of default of other debts equal to or greater than US$ 15 million. As of December 31, 2015, there was no event of default of the debts of the Company and its subsidiaries.

## 15 Trade Payables (Consolidated)

| | 2015 | 2014 |
|---|---|---|
| Domestic suppliers | 1,390,204 | 1,196,876 |
| Foreign suppliers | 70,328 | 82,626 |
| | 1,460,532 | 1,279,502 |

The Company’s subsidiaries acquire oil based fuels and LPG from Petróleo Brasileiro S.A. - Petrobras and its subsidiaries and ethylene from Braskem S.A. These suppliers control almost all of the markets for these products in Brazil. The Company’s subsidiaries depend on the ability of those suppliers to deliver products in a timely manner and at acceptable prices and terms. The loss of any major supplier or a significant reduction in product availability from these suppliers could have a significant adverse effect on the Company and its subsidiaries. The Company and its subsidiaries believe that their relationship with suppliers is satisfactory.

## 16 Salaries and Related Charges (Consolidated)

| | 2015 | 2014 |
|---|---|---|
| Provisions on payroll | 149,818 | 128,181 |
| Profit sharing, bonus and premium | 201,579 | 108,632 |
| Social charges | 43,782 | 44,747 |
| Salaries and related payments | 6,993 | 10,904 |
| Benefits | 1,558 | 1,617 |
| Others | 583 | 498 |
| | 404,313 | 294,579 |

## 17 Taxes Payable (Consolidated)

| | 2015 | 2014 |
|---|---|---|
| ICMS | 111,107 | 93,761 |
| Value-Added Tax (IVA) of subsidiaries Oxiteno Mexico, Oxiteno USA, Oxiteno Andina and Oxiteno Uruguay | 26,342 | 14,822 |
| PIS and COFINS | 11,165 | 11,922 |
| ISS | 6,976 | 6,304 |
| IPI | 4,949 | 3,858 |
| National Institute of Social Security (INSS) | 3,309 | 2,991 |
| Income Tax Withholding (IRRF) | 2,418 | 2,267 |
| Others | 2,538 | 2,910 |
| | 168,804 | 138,835 |

## 18 Employee Benefits and Private Pension Plan (Consolidated)

### *a. ULTRAPREV- Associação de Previdência Complementar*

In February 2001, the Company's Board of Directors approved the adoption of a defined contribution pension plan to be sponsored by the Company and each of its subsidiaries. Participating employees have been contributing to this plan, managed by Ultraprev - Associação de Previdência Complementar ("Ultraprev"), since August 2001. Under the terms of the plan, every year each participating employee chooses his or her basic contribution to the plan. Each sponsoring company provides a matching contribution in an amount equivalent to each basic contribution, up to a limit of 11% of the employee's reference salary, according to the rules of the plan. As participating employees retire, they may choose to receive either (i) a monthly sum ranging between 0.5% and 1.0% of their respective accumulated fund in Ultraprev or (ii) a fixed monthly amount which will exhaust their respective accumulated fund over a period of 5 to 25 years. The sponsoring company does not guarantee the amounts or the duration of the benefits received by each employee that retires. In 2015, the Company and its subsidiaries contributed R$ 22,216 (R$ 19,784 in 2014) to Ultraprev, which is recognized as expense in the income statement. The total number of participating employees as of December 31, 2015 was 8,903 active participants and 169 retired participants. In addition, Ultraprev had 28 former employees receiving benefits under the rules of a previous plan whose reserves are fully constituted.

***b. Post-employment Benefits***

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

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary as of December 31, 2015 and are recognized in the financial statements in accordance with IAS 19 R2011 (CPC 33 R2).

| | 2015 | 2014 |
|---|---|---|
| Health and dental care plan | 24,869 | 28,521 |
| FGTS Penalty | 59,517 | 50,881 |
| Bonus | 28,835 | 25,288 |
| Life insurance | 13,374 | 15,101 |
| Total | 126,595 | 119,791 |
| Current | 13,747 | 11,419 |
| Non-current | 112,848 | 108,372 |

Changes in the present value of the provision for post-employment benefits are as follows:

| | 2015 | 2014 |
|---|---|---|
| Opening balance | 119,791 | 111,296 |
| Current service cost | 6,395 | 2,594 |
| Interest cost | 13,681 | 12,718 |
| Actuarial (gains) losses from changes in actuarial assumptions | (6,288) | (455) |
| Benefits paid directly by Company and its subsidiaries | (6,984) | (6,362) |
| Ending balance | 126,595 | 119,791 |

The expense of the year is presented below:

| | 2015 | 2014 |
|---|---|---|
| Health and dental care plan | 3,291 | 3,699 |
| FGTS Penalty | 10,445 | 6,740 |
| Bonus | 4,352 | 3,159 |
| Life insurance | 1,683 | 1,714 |
| Total | 19,771 | 15,312 |

Significant actuarial assumptions adopted include:

Economic factors

| | 2015 | 2014 |
|---|---|---|
| | % p.a. | % p.a. |
| Discount rate for the actuarial obligation at present value | 12.71 | 11.82 |
| Average projected salary growth rate | 8.98 | 8.38 |
| Inflation rate (long term) | 5.0 | 5.2 |
| Growth rate of medical services | 9.20 | 9.41 |

Demographic factors

- Mortality Table for the life insurance benefit – CSO-80
- Mortality Table for other benefits - AT 2000 Basic decreased by 10%
- Disabled Mortality Table - RRB 1983
- Disability Table - RRB 1944 modified

Sensitivity analysis

The significant actuarial assumptions to determine the provision for post-employment benefits are: discount rate, wage and medical costs increases. The following sensitivity analyses on December 31, 2015 were determined based on reasonably possible changes of assumptions occurring at the reporting date of the financial statements, keeping all other assumptions constant.

| Assumption | Change in assumptions | Increase in liability | Change in assumptions | Decrease in liability |
|---|---|---|---|---|
| Discount rate | increase by 1.0 p.p | 6,794 | decrease by 1.0 p.p | 7,742 |
| Wage growth rate | increase by 1.0 p.p | 578 | decrease by 1.0 p.p | 534 |
| Medical services growth rate | increase by 1.0 p.p | 2,759 | decrease by 1.0 p.p | 2,342 |

The sensitivity analysis presented may not represent the real change in the post-employment benefits obligation, since it is unlikely that changes occur in just one assumption alone, considering that some of these assumptions may be correlated.

Inherent risks related to post-employment benefits

Interest rate risk: a long-term interest rate is used to calculate the present value of post-employment liabilities. A reduction in this interest rate will increase the corresponding liability.

Growth wage risk: the present value of the liability is calculated using as reference the wages of the plan participants, projected with the average nominal wage growth rate. An increase in the real wages of plan participants will increase the corresponding liability.

Medical costs growth risk: the present value of the liability is calculated using as reference the medical cost by age based on actual healthcare costs, projected based on the growth rate of medical services costs. An increase in the real medical costs will increase the corresponding liability.

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

The provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain use period (see Note 2.m).

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

| | 2015 | 2014 |
|---|---|---|
| Initial balance | 70,802 | 69,661 |
| Additions (new tanks) | 625 | 709 |
| Expense with tanks removed | (3,949) | (4,026) |
| Accretion expense | 7,238 | 4,458 |
| Final balance | 74,716 | 70,802 |
| | | |
| Current | 5,232 | 4,598 |
| Non-current | 69,484 | 66,204 |

## 20 Provisions, Contingencies and Commitments (Consolidated)

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

The Company and its subsidiaries are parties in tax, civil, environmental, regulatory, and labor disputes at the administrative and judiciary levels, which, when applicable, are backed by escrow deposits. Provisions for losses are estimated and updated by Management based on the opinion of the Company's legal department and its external legal advisors.

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

| Provisions | Balance in 2014 | Additions | Write-offs | Monetary restatement | Balance in 2015 |
|---|---|---|---|---|---|
| IRPJ and CSLL (a.1.1) | 406,478 | - | - | 33,445 | 439,923 |
| PIS and COFINS (a.1.2) | 119,237 | - | - | 16,581 | 135,818 |
| ICMS | 20,829 | - | (3,503) | (726) | 16,600 |
| Social security | 10,483 | 317 | (212) | 867 | 11,455 |
| Civil, environmental and regulatory claims (a.2.1) | 58,336 | 6,689 | (4,860) | 128 | 60,293 |
| Labor litigation (a.3.1) | 71,516 | 6,335 | (13,653) | 1,190 | 65,388 |
| Other | 562 | 7 | (88) | 24 | 505 |
| | | | | | |
| Total | 687,441 | 13,348 | (22,316) | 51,509 | 729,982 |
| | | | | | |
| Current | 64,169 | | | | 45,322 |
| Non-current | 623,272 | | | | 684,660 |

Some of the tax provisions above involve, in whole or in part, escrow deposits in the amount of R$ 548,150 in 2015 (R$ 505,650 in 2014).

***a.1 Provisions for Tax Matters and Social Security***

a.1.1) On October 7, 2005, the subsidiaries Cia. Ultragaz and Bahiana Distribuidora de Gás Ltda. ("Bahiana") filed for and obtained a preliminary injunction to recognize and offset PIS and COFINS credits on LPG purchases, against other taxes levied by the Brazilian Federal Revenue Service, notably IRPJ and CSLL. The decision was confirmed by a trial court on May 16, 2008. Under the preliminary injunction, the subsidiaries made escrow deposits for these debits which amounted to R$ 422,678 in 2015 (R$ 388,675 in 2014). On July 18, 2014, a second instance unfavorable decision was published and the subsidiaries suspended the escrow deposits, and started to pay income taxes from that date. To revert the court decision, the subsidiaries presented a writ of prevention which was dismissed on December 30, 2014, and the Company appealed this decision on February 3, 2015. Appeals were also presented to the respective higher courts (STJ and STF) whose trials are pending.

a.1.2) The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Tequimar, Tropical Transportes Ipiranga Ltda., Empresa Carioca de Produtos Químicos S.A. ("EMCA"), IPP and Extrafarma filed for a preliminary injunction seeking the deduction of ICMS from their PIS and COFINS tax bases. Oxiteno Nordeste and IPP paid the amounts into escrow deposits, and recognized a corresponding provision in the amount of R$ 99,874 in 2015 (R$ 92,457 in 2014).

. ***a.2) Provisions for Civil, Environmental and Regulatory Claims***

a.2.1) The Company and its subsidiaries maintained provisions for lawsuits and administrative proceedings, mainly derived from contracts entered into with customers and former services providers, as well as proceedings related to environmental and regulatory issues in the amount of R$ 60,293 in 2015 (R$ 58,336 in 2014).

***a.3) Provisions for Labor Matters***

a.3.1) The Company and its subsidiaries maintained provisions of R$ 65,388 in 2015 (R$ 71,516 in 2014) for labor litigation filed by former employees and by employees of our service providers mainly contesting the non-payment of labor rights.

***b.*** **Contingent Liabilities (Possible)**

The Company and its subsidiaries have other pending administrative and legal proceedings of tax, civil, environmental, regulatory, and labor nature, which are individually less relevant, and were estimated by their legal counsel as having possible and/or remote risks (proceedings whose chance of loss is 50% or less). A such, the related potential losses were not provided for by the Company and its subsidiaries based on these opinions. The Company and its subsidiaries are also litigating for recovery of taxes and contributions, which were not recognized in the financial statements due to their contingent nature. The estimated amount of this contingency is R$ 2,069,516 in 2015.

**b.1) Contingent Liabilities for Tax Matters and Social Security**

The Company and its subsidiaries have contingent liabilities for tax matters and social security in the amount of R$ 1,261,396 in 2015, mainly represented by:

b.1.1) The subsidiary IPP and its subsidiaries have assessments invalidating the offset of excise tax ("IPI") credits in connection with the purchase of raw materials used in the manufacturing of products which sales are not subject to IPI under the protection of tax immunity. The amount of this contingency is R$ 154,821 in 2015.

b.1.2) The subsidiary IPP and its subsidiaries have legal proceedings related to ICMS. The total amount involved in 2015 in these proceedings, was R$ 509,604. Such proceedings arise mostly of the disregard of ICMS credits amounting to R$ 294,454, of which R$ 119,663 refer to proportional reversal requirement of ICMS credits related to the acquisition of hydrated alcohol; of alleged non-payment in the amount of R$ 105,070; inventory differences in the amount of R$ 103,428 related to the leftovers or faults due to temperature changes or product handling, and noncompliance of ancillary obligations in the amount of R$ 6,652.

b.1.3) The Company and its subsidiaries are parties to administrative and judicial suits involving Income Tax, Social Security Contribution, PIS and COFINS, substantially about denials of offset claims and credits disallowance which total amount is R$ 308,377 in 2015.

**b.2) Contingent Liabilities for Civil, Environmental and Regulatory Claims**

The Company and its subsidiaries have contingent liabilities for civil, environmental and regulatory claims in the amount of R$ 582,960 in 2015, mainly represented by:

b.2.1) The subsidiary Cia. Ultragaz is party to an administrative proceeding before CADE (Brazilian antitrust authority) based on alleged anti-competitive practices in the State of Minas Gerais in 2001. The CADE entered a decision against Cia. Ultragaz and imposed a penalty of R$ 23,104. The imposition of such administrative decision was suspended by a court order and its merit is being judicially reviewed.

b.2.2) As a result of the fire on April 2nd, 2015 at the Santos Terminal of the subsidiary Tequimar, CETESB - Environmental Company of the State of São Paulo charged a fine of R$ 22,500, due to the environmental and urban impacts allegedly caused by the incident. Tequimar filed before such Environmental Agency its refutation under the first administrative jurisdiction, in which, among other things, it claimed the inapplicability of federal legislation due to the existence of state legislation that not only regulate the issue but also may cause the fine reduction. It also denied the unlawful conduct by Tequimar. For more information see Note 32.

**b.3) Contingent Liabilities for Labor Matters**

The Company and its subsidiaries have contingent liabilities for labor matters in the amount of R$ 225,160 in 2015, mainly represented by:

b.3.1) In 1990, the Petrochemical Industry Labor Union (Sindiquímica), of which the employees of Oxiteno Nordeste and EMCA, companies located in the Camaçari Petrochemical Complex, are members, filed separate lawsuits against the subsidiaries demanding the compliance with the fourth section of the collective labor agreement, which provided for a salary adjustment in lieu of the salary policies practiced. In the same year, a collective labor dispute was also filed by the Union of Employers (SINPEQ) against Sindiquímica, requiring the recognition of the loss of effectiveness of such fourth section. The decisions rendered on the individual claims which were favorable to the subsidiaries Oxiteno Nordeste and EMCA are final and unappealable. The collective labor dispute remains pending trial by STF. In 2010, some companies in the Camaçari Petrochemical Complex signed an agreement with Sindiquímica and reported the fact in the collective labor dispute. In October 2015, Sindiquímica filed enforcement lawsuits against all Camaçari Petrochemical Complex companies that have not yet made settlements, including Oxiteno Nordeste and EMCA.

## 21 Deferred Revenue (Consolidated)

The Company's subsidiaries have recognized the following deferred revenue:

| | 2015 | 2014 |
|---|---|---|
| 'am/pm' and Jet Oil franchising upfront fee | 16,988 | 14,785 |
| Loyalty program "Km de Vantagens" | 10,569 | 10,025 |
| Loyalty program "Clube Extrafarma" | 7,899 | 6,349 |
| | 35,456 | 31,159 |
| Current | 24,420 | 23,450 |
| Non-current | 11,036 | 7,709 |

**Loyalty Programs**

Subsidiary Ipiranga has a loyalty program called Km de Vantagens (www.kmdevantagens.com.br) under which registered customers are rewarded with points when they buy products at Ipiranga service stations or at its partners. The customers may exchange these points, during the period of one year, for discounts on products and services offered by Ipiranga and its partners. Points received by Ipiranga's customers that may be used with the partner Multiplus Fidelidade and for discounts of fuel in Ipiranga's website (www.postoipiranganaweb.com.br) and are considered part of sales revenue.

Subsidiary Extrafarma has a loyalty program called Clube Extrafarma (www.clubeextrafarma.com.br) under which registered customers are rewarded with points when they buy products at its drugstore chain. The customers may exchange these points, during the period of one year, for prizes offered by its partners. Points received by Extrafarma's customers may be used with the partner Multiplus Fidelidade and as recharge credit on a mobile phone are considered part of sales revenue.

Deferred revenue is estimated based on the fair value of the points granted, considering the value of the prizes and the expected redemption of points. Deferred revenue is recognized in profit or loss when the points are redeemed, on which occasion the costs incurred are also recognized. Deferred revenue of unredeemed points is also recognized in profit or loss when the points expire.

**Franchising Upfront Fee**

am/pm is the convenience stores chain of the Ipiranga service stations. Ipiranga ended in 2015 with 1,909 stores (1,708 stores in 2014). Jet Oil is Ipiranga's lubricant-changing and automotive service specialized network. Ipiranga ended in 2015 with 1,466 stores (1,337 stores in 2014). The franchising upfront fee received by Ipiranga is deferred and recognized in profit or loss on the straight-line accrual basis throughout the terms of the agreements with the franchisees.

## 22 Shareholders' Equity

### *a. Share Capital*

The Company is a publicly traded company listed on BM&FBOVESPA in the Novo Mercado listing segment under the ticker "UGPA3" and on the New York Stock Exchange (NYSE) in the form of level III American Depositary Receipts ("ADRs") under the ticker "UGP". As of December 31, 2015, the subscribed and paid-in capital stock consists of 556,405,096 common shares with no par value and the issuance of preferred shares and participation certificates is prohibited. Each common share entitles its holder to one vote at Shareholders' Meetings.

The price of the shares issued by the Company as of December 31, 2015, on BM&FBOVESPA was R$ 60.45.

On January 31, 2014, the Extraordinary Shareholders' Meetings of Ultrapar and Extrafarma approved the issuance of 12,021,100 new ordinary, nominative, book-entry shares with no par value of the Company, increasing its capital stock by R$ 141,913, resulting in a total capital stock of R$ 3,838,686 represented by 556,405,096 shares. For further information, see Note 3.a).

As of December 31, 2015, the Company is authorized to increase capital up to the limit of 800,000,000 common shares, without amendment to the Bylaws, by resolution of the Board of Directors.

As of December 31, 2015, there were 29,385,497 common shares outstanding abroad in the form of ADRs (31,714,297 shares as of December 31, 2014).

### *b. Treasury Shares*

The Company acquired its own shares at market prices, without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with CVM Instructions 10, of February 14, 1980 and 268, of November 13, 1997.

On December 10, 2014, the Board of Directors approved Ultrapar's Shares Repurchase Program ("Share Repurchase Program 2014/15"), with maximum period for the acquisition of 365 days, from December 12, 2014 and maximum acquisition number of 6,500,000 common shares. The Company acquired in the Share Repurchase Program 2014/15, 6,143,200 common shares at an average cost of R$ 63.07 per share.

As of December 31, 2015, 13,321,356 common shares (7,148,156 in 2014) were held in the Company's treasury, acquired at an average cost of R$ 36.85 per share (R$ 14.42 in 2014).

### *c. Capital Reserve*

The capital reserve reflects the gain on the transfer of shares at market price to be held in treasury by the Company's subsidiaries, at an average price of R$ 26.09 per share. Such shares were used in the Deferred Stock Plan granted to executives of these subsidiaries, as mentioned in Note 8.c).

As a result of the issuance of 12,021,100 new shares occurred on January 31, 2014, the Company recognized an increase in the capital reserves in the amount of R$ 498,812, due to the difference between the value attributable to share capital and the market value of the Ultrapar shares on the date of issue. For further information, see Note 3.a). In addition, the Company incurred costs directly attributable to issuing new shares in the amount of R$ 2,260, reducing the capital reserve amount.

***d. Revaluation Reserve***

The revaluation reserve reflects the revaluation of assets of subsidiaries and is based on depreciation, write-off, or disposal of the revalued assets of the subsidiaries, as well as the tax effects recognized by these subsidiaries.

***e. Profit Reserves***

Legal Reserve

Under Brazilian Corporate Law, the Company is required to appropriate 5% of net annual earnings to a legal reserve, until the balance reaches 20% of capital stock. This reserve may be used to increase capital or absorb losses, but may not be distributed as dividends.

Retention of Profits

Reserve recognized in previous fiscal years and used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments, in accordance with Article 196 of Brazilian Corporate Law.

Investments Reserve

In compliance with Article 194 of the Brazilian Corporate Law and Article 55.c) of the Bylaws this reserve is aimed to protect the integrity of the Company's assets and to supplement its capital stock, in order to allow new investments to be made. As provided in its Bylaws, the Company may allocate up to 45% of net income to the investments reserve, up to the limit of 100% of the share capital.

The amounts of retention of profits and investments reserve are free of distribution restrictions and totaled R$ 3,329,649 in 2015 (R$ 2,772,527 in 2014).

### *f. Other Comprehensive Income*

Valuation Adjustments

The differences between the fair value and amortized cost of financial investments classified as available for sale are recognized directly in equity as valuation adjustments. The gains and losses recognized in the shareholders' equity are reclassified to profit or loss in case the financial instruments are prepaid.

Actuarial gains and losses relating to post-employment benefits, calculated based on a valuation conducted by an independent actuary, are recognized in shareholders' equity under the title "valuation adjustments". Actuarial gains and losses recorded in equity are not reclassified to profit or loss in subsequent periods.

Gains and losses on the hedging instruments of firm commitment of exchange rate designated as cash flows hedges are recorded in shareholders' equity as "valuation adjustments". Gains and losses are reclassified to initial cost of non-financial assets.

Cumulative Translation Adjustments

The change in exchange rates on assets, liabilities, and income of foreign subsidiaries that have (i) functional currency other than the presentation currency of the Company and (ii) an independent administration, is directly recognized in the shareholders' equity. This accumulated effect is reflected in profit or loss as a gain or loss only in case of disposal or write-off of the investment.

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

| | Valuation adjustments | | | | |
|---|---|---|---|---|---|
| | **Fair value of cash flow hedging instruments** | **Fair value of financial instruments classified as available for sale** | **Actuarial gains of post-employment benefits** | **Total** | **Cumulative translation adjustment** |
| Balance in 2013 | - | 5 | 5,423 | 5,428 | 38,076 |
| Translation of foreign subsidiaries, including the exchange rate effect of hedge of investments | - | - | - | - | 5,116 |
| Changes in fair value | - | 46 | - | 46 | - |
| Actuarial gain of post-employment benefits | - | - | 2,538 | 2,538 | - |
| Income and social contribution taxes on actuarial gains | - | - | (863) | (863) | - |
| Balance in 2014 | - | 51 | 7,098 | 7,149 | 43,192 |
| Translation of foreign subsidiaries, including the exchange rate effect of hedge of investments | - | - | - | - | 23,733 |
| Changes in fair value | 6,261 | 1,472 | - | 7,733 | - |
| Actuarial gain of post-employment benefits | - | - | 6,321 | 6,321 | - |
| Income and social contribution taxes on actuarial gains | - | - | (2,250) | (2,250) | - |
| Balance in 2015 | 6,261 | 1,523 | 11,169 | 18,953 | 66,925 |

***g. Dividends***

The shareholders are entitled, under the Bylaws, to a minimum annual dividend of 50% of adjusted net income calculated in accordance with Brazilian Corporate Law. The dividends and interest on equity in excess of the obligation established in the Bylaws are recognized in shareholders' equity until they are approved by the Shareholders. The proposed dividends payable as of December 31, 2014 in the amount of R$ 389,164 (R$ 0.71 – seventy one cents of Brazilian Real per share), were approved by the Board of Directors on February 25, 2015, and paid as of March 13, 2015, having been ratified in the Annual General Shareholders' Meeting on April 15, 2015. On August 5, 2015, the Board of Directors approved the anticipation of 2015 dividends, in the amount of R$ 436,842 (R$ 0.80– eighty cents of Brazilian Real per share), paid as from August 21, 2015. The proposed dividends payable as of December 31, 2015 in the amount of R$ 434,467 (R$ 0.80 – eighty cents of Brazilian Real per share), were approved by the Board of Directors on February 17, 2016, and will be paid as from March 4, 2016.

The proposed dividends reflected in the financial statements of the Company, subject to approval of shareholders at a General Meeting, are as follows:

| | **2015** |
|---|---|
| Net income for the year attributable to shareholders of Ultrapar | 1,503,466 |
| Legal reserve | (75,173) |
| Net income for the year after legal reserve | 1,428,293 |
| | |
| Minimum mandatory dividends | 714,147 |
| Interim dividends paid (R$ 0.80 per share) | (436,842) |
| | |
| Mandatory dividends payable – Current liabilities | 277,305 |
| Additional dividends to the minimum mandatory dividends – shareholders' equity | 157,162 |
| | |
| Dividends payable (R$ 0.80 per share) | 434,467 |
| | |
| Statutory investments reserve | 556,984 |

## 23 Revenue from Sale and Services (Consolidated)

| | 2015 | 2014 |
|---|---|---|
| Gross revenue from sale | 77,463,652 | 69,088,648 |
| Gross revenue from services | 568,556 | 578,205 |
| Sales taxes | (2,011,860) | (1,628,483) |
| Discounts and sales returns | (360,777) | (302,915) |
| Deferred revenue (see Note 21) | (4,297) | 843 |
| Net revenue from sales and services | 75,655,274 | 67,736,298 |

## 24 Expenses by Nature (Consolidated)

The Company presents its expenses by function in the consolidated income statement and presents below its expenses by nature:

| | 2015 | 2014 |
|---|---|---|
| Raw materials and materials for use and consumption | 67,763,793 | 61,308,509 |
| Personnel expenses | 1,950,776 | 1,619,830 |
| Freight and storage | 1,134,388 | 1,003,462 |
| Depreciation and amortization | 1,002,647 | 887,827 |
| Advertising and marketing | 177,336 | 182,674 |
| Services provided by third parties | 255,750 | 223,632 |
| Lease of real estate and equipment | 143,677 | 122,130 |
| Other expenses | 343,237 | 245,529 |
| Total | 72,771,604 | 65,593,593 |
| Classified as: | | |
| Cost of products and services sold | 68,933,702 | 62,304,631 |
| Selling and marketing | 2,516,561 | 2,158,659 |
| General and administrative | 1,321,341 | 1,130,303 |
| Total | 72,771,604 | 65,593,593 |

Research and development expenses are recognized in the income statements and amounted to R$ 41,368 in 2015 (R$ 36,956 in 2014).

## 25 Gain on Disposal of Property, Plant and Equipment and Intangibles (Consolidated)

The gain is determined as the difference between the selling price and residual book value of the investment, property, plant, and equipment, or intangible asset disposed of. In 2015, the gain was R$ 27,276 (gain of R$ 36,978 in 2014), represented primarily from disposal of property, plant, and equipment.

## 26 Other Operating Income, Net (Consolidated)

| | 2015 | 2014 |
|---|---|---|
| Commercial partnerships [1] | 21,646 | 46,140 |
| Merchandising [2] | 58,275 | 37,177 |
| Loyalty program [3] | 22,455 | 13,305 |
| Adjustment of working capital and net debt – Extrafarma acquisition (see Note 3.a) | 13,784 | - |
| Ultracargo – fire accident in Santos (see Note 32) | (92,192) | - |
| Compensation of undue use of Ultratecno brand | 16,000 | - |
| Others | 10,616 | 10,292 |
| Other operating income, net | 50,584 | 106,914 |

[1] Refers to contracts with service providers and suppliers which establish trade agreements for convenience stores and gas stations.

[2] Refers to contracts with suppliers of convenience stores, which establish, among other agreements, promotional campaigns.

[3] Refers to sales of “Km de Vantagens” to partners of the loyalty program. Revenue is recognized at the time that the partners transfer the points to their customers.

## 27 Financial Income (Expense)

| | Parent | | Consolidated | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Financial income: | | | | |
| Interest on financial investments | 175,391 | 131,852 | 341,739 | 298,977 |
| Interest from customers | - | - | 81,374 | 63,090 |
| Other financial income | 7 | 37 | 3,316 | 3,942 |
| | 175,398 | 131,889 | 426,429 | 366,009 |
| Financial expenses: | | | | |
| Interest on loans | - | - | (666,791) | (526,707) |
| Interest on debentures | (113,562) | (97,540) | (308,290) | (255,419) |
| Interest on finance leases | - | - | (4,023) | (5,883) |
| Bank charges, financial transactions tax, and other charges | (829) | 3,411 | (46,966) | (20,512) |
| Exchange variation, net of gains and losses with derivative instruments | - | - | (71,384) | (1,365) |
| Changes in subscription warranty - indemnification (see Note 3.a) | (21,154) | (649) | (21,154) | (649) |
| Monetary restatement of provisions, net, and other financial expenses | (24) | (17) | (11,159) | (881) |
| | (135,569) | (94,795) | (1,129,767) | (811,416) |
| Financial income (expense) | 39,829 | 37,094 | (703,338) | (445,407) |

## 28 Earnings per Share (Parent and Consolidated)

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

| **Basic Earnings per Share** | **2015** | **2014** |
|---|---|---|
| Net income for the period of the Company | 1,503,466 | 1,241,563 |
| Weighted average shares outstanding (in thousands) | 543,775 | 545,679 |
| Basic earnings per share –R$ | 2.7649 | 2.2753 |

| **Diluted Earnings per Share** | **2015** | **2014** |
|---|---|---|
| Net income for the period of the Company | 1,503,466 | 1,241,563 |
| Weighted average shares outstanding (in thousands), including deferred stock plan and subscription warrants - indemnification | 548,054 | 549,552 |
| Diluted earnings per share –R$ | 2.7433 | 2.2592 |

| **Weighted Average Shares Outstanding (in thousands)** | **2015** | **2014** |
|---|---|---|
| Weighted average shares outstanding for basic per share calculation: | 543,775 | 545,679 |
| Dilution effect | | |
| Subscription warrants - indemnification | 2,161 | 1,832 |
| Deferred Stock Plan | 2,118 | 2,041 |
| Weighted average shares outstanding for diluted per share calculation: | 548,054 | 549,552 |

## 29 Segment Information

The Company operates five main business segments: gas distribution, fuel distribution, chemicals, storage and, as from January 31, 2014, drugstores. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution and marketing of gasoline, ethanol, diesel, fuel oil, kerosene, natural gas for vehicles, and lubricants and related activities throughout all the Brazilian territory. The chemicals segment (Oxiteno) produces ethylene oxide and its main derivatives and fatty alcohols, which are raw materials used in the home and personal care, agrochemical, paints, varnishes, and other industries. The storage segment (Ultracargo) operates liquid bulk terminals, especially in the Southeast and Northeast regions of Brazil. The drugstores segment (Extrafarma) trades pharmaceutical, hygiene, and beauty products through its own drugstore chain in the states of Amapá, Ceará, Maranhão, Pará, Paraiba, Pernambuco, Piauí, Rio Grande do Norte, and São Paulo. The segments shown in the financial statements are strategic business units supplying different products and services. Intersegment sales are at prices similar to those that would be charged to third parties.

The main financial information of each of the Company's segments are stated as follows:

| | 2015 | 2014 |
|---|---|---|
| Net revenue from sales and services: | | |
| Ultragaz | 4,621,242 | 4,091,273 |
| Ipiranga | 65,349,812 | 58,830,055 |
| Oxiteno | 4,082,479 | 3,413,620 |
| Ultracargo | 315,510 | 346,477 |
| Extrafarma | 1,336,255 | 1,101,310[(1)] |
| Others [(2)] | 45,244 | 40,005 |
| Intersegment sales | (95,268) | (86,442) |
| Total | 75,655,274 | 67,736,298 |
| | | |
| Intersegment sales: | | |
| Ultragaz | 3,027 | 3,222 |
| Ipiranga | - | - |
| Oxiteno | 2,576 | 1,459 |
| Ultracargo | 44,395 | 41,998 |
| Extrafarma | - | - |
| Others [(2)] | 45,270 | 39,763 |
| Total | 95,268 | 86,442 |
| | | |
| Net revenue from sales and services, excluding intersegment sales: | | |
| Ultragaz | 4,618,215 | 4,088,051 |
| Ipiranga | 65,349,786 | 58,830,055 |
| Oxiteno | 4,079,903 | 3,412,161 |
| Ultracargo | 271,115 | 304,479 |
| Extrafarma | 1,336,255 | 1,101,310[(1)] |
| Others [(2)] | - | 242 |
| Total | 75,655,274 | 67,736,298 |

| | 2015 | 2014 |
|---|---|---|
| Operating income: | | |
| Ultragaz | 213,895 | 168,964 |
| Ipiranga | 2,154,606 | 1,700,879 |
| Oxiteno | 579,541 | 264,246 |
| Ultracargo | (16,058) | 117,339 |
| Extrafarma | 4,985 | 16,946[(1)] |
| Others [(2)] | 24,561 | 18,223 |
| Total | 2,961,530 | 2,286,597 |
| | | |
| Share of profit of joint-ventures and associates: | | |
| Ultragaz | (55) | 165 |
| Ipiranga | (21,779) | (17,772) |
| Oxiteno | 2,003 | 987 |
| Ultracargo | 699 | 181 |
| Others [(2)] | 8,248 | (50) |
| Total | (10,884) | (16,489) |
| | | |
| Financial income | 426,429 | 366,009 |
| Financial expenses | (1,129,767) | (811,416) |
| Income before income and social contribution taxes | 2,247,308 | 1,824,701 |
| | | |
| Additions to property, plant, and equipment and intangible assets: | | |
| Ultragaz | 251,463 | 214,305 |
| Ipiranga | 921,634 | 880,502 |
| Oxiteno | 136,314 | 115,986 |
| Ultracargo | 24,463 | 28,565 |
| Extrafarma | 80,813 | 57,188[(1)] |
| Others [(2)] | 24,248 | 27,813 |
| Total additions to property, plant, and equipment and intangible assets (see Notes 12 and 13) | 1,438,935 | 1,324,359 |
| Asset retirement obligation – fuel tanks (see Note 19) | (625) | (709) |
| Capitalized borrowing costs | (25,207) | (8,833) |
| Total investments in property, plant, and equipment and intangible assets (cash flow) | 1,413,103 | 1,314,817 |
| | | |
| Depreciation and amortization charges: | | |
| Ultragaz | 143,207 | 136,413 |
| Ipiranga | 612,727 | 528,987 |
| Oxiteno | 158,261 | 138,501 |
| Ultracargo | 41,668 | 49,372 |
| Extrafarma | 23,744 | 12,843[(1)] |
| Others [(2)] | 23,040 | 21,711 |
| Total | 1,002,647 | 887,827 |

| | 2015 | 2014 |
|---|---|---|
| Total assets (excluding intersegment account balances): | | |
| Ultragaz | 2,195,314 | 2,701,673 |
| Ipiranga | 11,292,350 | 9,138,758 |
| Oxiteno | 4,148,716 | 4,229,501 |
| Ultracargo | 1,283,613 | 1,382,969 |
| Extrafarma | 1,570,024 | 602,409 |
| Others [2] | 476,033 | 1,425,072 |
| Total | 20,966,049 | 19,480,382 |

[1] Information of the period from February 1st to December 31, 2014.

[2] Composed of the parent company Ultrapar (including goodwill of certain acquisitions) and subsidiaries Serma - Associação dos Usuários de Equipamentos de Processamento de Dados e Serviços Correlatos ("Serma") and Imaven Imóveis Ltda.

**Geographic Area Information**

The fixed and intangible assets of the Company and its subsidiaries are located in Brazil, except those related to Oxiteno' plants abroad, as shown below:

| | 2015 | 2014 |
|---|---|---|
| United States of America [1] | 201,286 | 137,470 |
| Mexico [1] | 140,759 | 107,554 |
| Uruguay [1] | 79,408 | 55,855 |
| Venezuela | 4,364 | 18,763 |

[1] The increase in fixed and intangible assets in 2015 is substantially due to the devaluation of the Real against the functional currencies of the foreign subsidiaries used in the translation of information.

The Company generates revenue from operations in Brazil, Mexico, United Stated of America, Uruguay and Venezuela, as well as from exports of products to foreign customers, as disclosed below:

| | 2015 | 2014 |
|---|---|---|
| Net revenue: | | |
| Brazil | 74,337,803 | 66,798,903 |
| Mexico | 215,141 | 138,651 |
| Venezuela | 158,020 | 73,390 |
| Uruguay | 37,938 | 32,293 |
| Other Latin American countries | 392,748 | 324,612 |
| United States of America and Canada | 166,277 | 152,384 |
| Far East | 190,160 | 58,684 |
| Europe | 101,931 | 89,370 |
| Others | 55,256 | 68,011 |
| Total | 75,655,274 | 67,736,298 |

## 30 Risks and Financial Instruments (Consolidated)

**Risk Management and Financial Instruments - Governance**

The main risks to which the Company and its subsidiaries are exposed reflect strategic/operational and economic/financial aspects. Operational/strategic risks (including, but not limited to, demand behavior, competition, technological innovation, and material changes in the industry structure) are addressed by the Company's management model. Economic/financial risks primarily reflect default of customers, behavior of macroeconomic variables, such as exchange and interest rates, as well as the characteristics of the financial instruments used by the Company and its subsidiaries and their counterparties. These risks are managed through control policies, specific strategies, and the establishment of limits.

The Company has a conservative policy for the management of resources, financial instruments, and risks approved by its Board of Directors ("Policy"). In accordance with the Policy, the main objectives of financial management are to preserve the value and liquidity of financial assets and ensure financial resources for the development of the business, including expansions. The main financial risks considered in the Policy are risks associated with currencies, interest rates, credit, and selection of financial instruments. Governance of the management of financial risks and financial instruments follows the segregation of duties below:

- Implementation of the management of financial assets, instruments, and risks is the responsibility of the financial area, through its treasury department, with the assistance of the tax and accounting departments.
- Supervision and monitoring of compliance with the principles, guidelines, and standards of the Policy is the responsibility of the Risk and Investment Committee, which is composed of members of the Company's Executive Board ("Committee"). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fundraising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.
- Changes in the Policy or revisions of its standards are subject to the approval of the Board of Directors of Ultrapar.
- Continuous improvement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the financial area.
- The internal audit department audits the compliance with the requirements of the Policy.

**Currency Risk**

Most transactions of the Company and its subsidiaries are located in Brazil and, therefore, the reference currency for risk management is the Brazilian Real. Currency risk management is guided by neutrality of currency exposures and considers the transactional, accounting, and operational risks of the Company and its subsidiaries and their exposure to changes in exchange rates. The Company considers as its main currency exposures the assets and liabilities in foreign currency and the short-term flow of net sales in foreign currency of Oxiteno.

The Company and its subsidiaries use exchange rate hedging instruments (especially between the Brazilian Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts, and disbursements in foreign currency and net investments in foreign operations. Hedge is used in order to reduce the effects of changes in exchange rates on the Company´s income and cash flows in Brazilian Reais within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts, and disbursements in foreign currencies to which they are related. Assets and liabilities in foreign currencies are stated below, translated into Brazilian Reais in 2015 and 2014:

**Assets and Liabilities in Foreign Currencies**

| In millions of Brazilian Reais | 2015 | 2014 |
|---|---|---|
| Assets in foreign currency | | |
| Cash, cash equivalents and financial investments in foreign currency (except hedging instruments) | 147.8 | 594.9 |
| Foreign trade receivables, net of allowance for doubtful accounts | 188.8 | 190.3 |
| Net investments in foreign subsidiaries (except cash, cash equivalents, financial investments, trade receivables, financing, and payables) | 611.4 | 507.3 |
| | 948.0 | 1,292.5 |
| Liabilities in foreign currency | | |
| Financing in foreign currency | (2,630.3) | (1,867.2) |
| Payables arising from imports, net of advances to foreign suppliers | (64.4) | (70.6) |
| | (2,694.7) | (1,937.8) |
| Foreign currency hedging instruments | 2,667.2 | 783.3 |
| Net asset position – Total | 920.5 | 138.0 |

**Sensitivity Analysis of Assets and Liabilities in Foreign Currency**

The table below shows the effect of exchange rate changes in different scenarios, based on the net asset position of R$ 920.5 million in foreign currency:

| In millions of Brazilian Reais | Risk | Scenario I | Scenario II | Scenario III |
|---|---|---|---|---|
| | | 10% | 25% | 50% |
| (1) Income statement effect | Real devaluation | (7.7) | (19.4) | (38.7) |
| (2) Shareholders' equity effect | | 99.8 | 249.5 | 499.0 |
| **(1) + (2)** | **Net effect** | **92.1** | **230.1** | **460.3** |
| | | | | |
| (3) Income statement effect | Real appreciation | 7.7 | 19.4 | 38.7 |
| (4) Shareholders' equity effect | | (99.8) | (249.5) | (499.0) |
| **(3) + (4)** | **Net effect** | **(92.1)** | **(230.1)** | **(460.3)** |

Gains (losses) directly recognized in equity in cumulative translation adjustments are due to changes in the exchange rate on equity of foreign subsidiaries (see Notes 2.r and 22.f - Cumulative Translation Adjustments).

**Interest Rate Risk**

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

The Company does not actively manage risks associated with changes in the level of interest rates and attempts to maintain its financial interest assets and liabilities at floating rates. As of December 31, 2015, the Company and its subsidiaries had interest rate derivative financial instruments linked to domestic loans, in which the Company swapped the fixed interest rate of certain debts to floating interest rates (CDI).

The table below shows the financial assets and liabilities exposed to floating interest rates in 2015 and 2014:

In millions of Brazilian Reais

| | Note | 2015 | 2014 |
|---|---|---|---|
| **CDI** | | | |
| Cash equivalents | 4 | 2,497.9 | 2,690.6 |
| Financial investments | 4 | 801.6 | 902.7 |
| Asset position of foreign exchange hedging instruments - CDI | 30 | 30.6 | 114.2 |
| Loans and debentures | 14 | (5,520.9) | (5,157.9) |
| Liability position of foreign exchange hedging instruments - CDI | 30 | (2,225.1) | (749.6) |
| Liability position of hedging instruments from pre-fixed interest to CDI | 30 | (27.8) | (486.1) |
| **Net liability position in CDI** | | (4,443.7) | **(2,686.1)** |
| **TJLP** | | | |
| Loans –TJLP | 14 | (420.8) | (540.5) |
| **Net liability position in TJLP** | | (420.8) | **(540.5)** |
| **LIBOR** | | | |
| Asset position of foreign exchange hedging instruments - LIBOR | 30 | 1,364.4 | 761.8 |
| Loans - LIBOR | 14 | (1,587.1) | (814.3) |
| **Net liability position in LIBOR** | | (222.7) | **(52.5)** |
| **TIIE** | | | |
| Loans - TIIE | 14 | (27.1) | (32.3) |
| **Net liability position in TIIE** | | (27.1) | **(32.3)** |
| **SELIC** | | | |
| Loans – SELIC | 14 | (30.9) | - |
| **Net liability position in SELIC** | | (30.9) | **-** |
| **Total net liability position exposed to floating interest** | | (5,145.2) | **(3,311.4)** |

**Sensitivity Analysis of Floating Interest Rate Risk**

The table below shows the incremental expenses and income that would be recognized in financial income in 2015, due to the effect of floating interest rate changes in different scenarios:

In millions of Brazilian Reais

| | Risk | Scenario I | Scenario II | Scenario III |
|---|---|---|---|---|
| | | 10% | 25% | 50% |
| **Exposure of interest rate risk** | | | | |
| Interest effect on cash equivalents and financial investments | Increase in CDI | 33.6 | 84.0 | 168.1 |
| Foreign exchange hedging instruments (assets in CDI) effect | Increase in CDI | 2.1 | 5.2 | 10.4 |
| Interest effect on debt in CDI | Increase in CDI | (71.1) | (177.7) | (355.4) |
| Interest rate hedging instruments (liabilities in CDI) effect | Increase in CDI | (20.1) | (50.1) | (100.1) |
| **Incremental expenses** | | **(55.5)** | **(138.6)** | **(277.0)** |
| Interest effect on debt in TJLP | Increase in TJLP | (3.0) | (7.4) | (14.8) |
| **Incremental expenses** | | **(3.0)** | **(7.4)** | **(14.8)** |
| Foreign exchange hedging instruments (assets in LIBOR) effect | Increase in LIBOR | 0.3 | 0.7 | 1.5 |
| Interest effect on debt in LIBOR | Increase in LIBOR | (0.4) | (0.9) | (1.9) |
| **Incremental expenses** | | **(0.1)** | **(0.2)** | **(0.4)** |
| Interest effect on debt in TIIE | Increase in TIIE | (0.1) | (0.3) | (0.7) |
| **Incremental expenses** | | **(0.1)** | **(0.3)** | **(0.7)** |
| Interest effect on debt in SELIC | Increase in SELIC | (0.2) | (0.4) | (0.8) |
| **Incremental expenses** | | **(0.2)** | **(0.4)** | **(0.8)** |

**Credit Risks**

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

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

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

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

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

| | 2015 | 2014 |
|---|---|---|
| Ipiranga | 151,921 | 136,104 |
| Ultragaz | 28,136 | 24,140 |
| Oxiteno | 12,412 | 4,522 |
| Extrafarma | 5,376 | 11,067 |
| Ultracargo | 2,971 | 2,611 |
| Total | 200,816 | 178,444 |

**Liquidity Risk**

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

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

The Company and its subsidiaries believe to have enough working capital to satisfy their current needs. The gross indebtedness due over the next twelve months totals R$ 1,515.7 million, including estimated interests on loans. Furthermore, the investment plan for 2016 totals R$ 1,809 million. As of December 31, 2015, the Company and its subsidiaries had R$ 3,506.2 million in cash, cash equivalents, and short-term financial investments (for quantitative information, see Notes 4 and 14).

The table below presents a summary of financial liabilities as of December 31, 2015 to be settled by the Company and its subsidiaries, listed by maturity. The amounts disclosed in this table are the contractual undiscounted cash outflows, and, therefore, these amounts may be different from the amounts disclosed on the balance sheet as of December 31, 2015.

In millions of Brazilian Reais

| Financial liabilities | Total | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | More than 5 years |
|---|---|---|---|---|---|
| Loans including future contractual interest [1] [2] | 11,111.8 | 1,515.7 | 7,578.1 | 1,949.1 | 68.9 |
| Currency and interest rate hedging instruments [3] | 369.7 | 184.6 | 185.1 | - | - |
| Trade payables | 1,460.5 | 1,460.5 | - | - | - |

[1] To calculate the estimated interest on loans some macroeconomic assumptions were used, including averaging for the period the following: (i) CDI of 16.4% p.a., (ii) exchange rate of the Real against the U.S. dollar of R$ 4.18 in 2016, R$ 4.67 in 2017, R$ 5.25 in 2018, R$ 5.90 in 2019 and R$ 6.64 in 2020, (iii) TJLP of 7.0% p.a. and (iv) IGP-M of 7.3% in 2016, 6.5% in 2017, 6.3% in 2018, 6.3% in 2019 and 6.3% in 2020 (source: BM&FBOVESPA, Bulletin Focus and financial institutions).

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

[3] The currency and interest rate hedging instruments were estimated based on projected U.S dollar futures contracts and the futures curve of DI x Pre contract quoted on BM&FBOVESPA on December 30, 2015 and on the futures curve of LIBOR (ICE - IntercontinentalExchange) on December 31, 2015. In the table above, only the hedging instruments with negative results at the time of settlement were considered.

**Capital Management**

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

**Selection and Use of Financial Instruments**

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

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

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

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

| Hedging instruments | Counterparty | Maturity | Notional amount[1] | | Fair value | | Amounts receivable | Amounts payable |
|---|---|---|---|---|---|---|---|---|
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | |
| | | | | | R$ million | R$ million | R$ million | R$ million |
| **a –Exchange rate swaps receivable in U.S. dollars** | | | | | | | | |
| Receivables in U.S. dollars (LIBOR) | Bradesco, BTMU, Itaú, JP Morgan, Santander, Scotiabank | Jan 2016 to Nov 2018 | US$ 350.0 | US$ 290.0 | 1,364.4 | 761.8 | 1,364.4 | - |
| Receivables in U.S. dollars (Fixed) | | | US$ 334.5 | US$ 50.6 | 1,335.1 | 136.6 | 1,335.1 | - |
| Payables in CDI interest rate | | | US$ (684.5) | US$ (340.6) | (2,225.1) | (749.1) | - | 2,225.1 |
| Total result | | | - | - | 474.4 | 149.3 | 2,699.5 | 2,225.1 |
| **b.1 and b.2 – Exchange rate swaps payable in U.S. dollars + COUPON** | | | | | | | | |
| Receivables in CDI interest rates | Bradesco, Citibank, Itaú, Santander | Jan 2016 to Mar 2016 | US$ 7.9 | US$ 42.9 | 30.6 | 114.2 | 30.6 | - |
| Payables in U.S. dollars (Fixed) | | | US$ (7.9) | US$ (42.9) | (32.3) | (115.6) | - | 32.3 |
| Total result | | | - | - | (1.7) | (1.4) | 30.6 | 32.3 |
| **c – Interest rate swaps in R$** | | | | | | | | |
| Receivables in fixed interest rate | Itaú | Mar 2016 to Aug 2016 | R$ 27.5 | R$ 327.5 | 27.4 | 532.0 | 27.4 | - |
| Payables in CDI interest rate | | | R$ (27.5) | R$ (327.5) | (27.8) | (486.1) | - | 27.8 |
| Total result | | | - | - | (0.4) | 45.9 | 27.4 | 27.8 |
| **d – Exchange rate swaps receivable in Euros** | | | | | | | | |
| Receivables in Euros (Fixed) | - | - | - | € 0.2 | - | 0.5 | - | - |
| Payables in CDI interest rate | | | - | € (0.2) | - | (0.5) | - | - |
| Total result | | | - | - | - | - | - | - |
| **Total gross result** | | | | | 472.3 | 193.8 | 2,757.5 | 2,285.2 |
| Income tax | | | | | (86.0) | (36.7) | (86.0) | - |
| **Total net result** | | | | | 386.3 | 157.1 | 2,671.5 | 2,285.2 |
| Positive result (see Note 4) | | | | | 433.7 | 164.5 | | |
| Negative result (see Note 14) | | | | | (47.4) | (7.4) | | |

(1) In million. Currency as indicated.

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

Hedging instruments existing as of December 31, 2015 are described below, according to their category, risk, and hedging strategy:

a - Hedging against foreign exchange exposure of liabilities in foreign currency - The purpose of these contracts is (i) to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Brazilian Reais linked to CDI, (ii) firm commitments in U.S. dollars, changing them into debts or firm commitments in Reais indexed to the CDI and (iii) change a financial investment linked to the CDI and given as a guarantee to a loan in the U.S. dollar into a financial investment linked to the U.S. dollar. As of December 31, 2015, the Company and its subsidiaries had outstanding swap contracts totaling US$ 684.5 million in notional amount with a liability position, on average of 95.7% of CDI, of which US$ 334.5 million, on average, had an asset position at US$ + 1.31% p.a. and US$ 350.0 million had an asset position at US$ + LIBOR + 0.85% p.a. This amount includes US$ 440.0 million related to the fair value of hedging instruments of Ipiranga' debt (see Notes 14.c and "hedge accounting" below) and US$ 151.4 million related to hedging instruments of cash flow of firm commitment (see "hedge accounting" below).

b.1 - Hedging against foreign exchange exposure of operations - The purpose of these contracts is to make the exchange rate of the revenues of subsidiaries Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials during their operating cycles. As of December 31, 2015, these swap contracts totaled US$ 7.9 million and, on average, had an asset position at 75.7% of CDI and a liability position at US$ + 0.0% p.a.

b.2 - Hedging against foreign exchange exposure of net investments in foreign operations - The purpose of these contracts is to minimize the effect of exchange variation of investments in foreign subsidiaries with functional currencies different from the functional currency of the Company, turning them into investments in Brazilian Reais. As of December 31, 2015, the Company and its subsidiaries had no swap contracts.

c - Hedging against the interest rate fixed in local financing - The purpose of these contracts is to convert the interest rate on financing contracted in Brazilian Reais from fixed into floating. As of December 31, 2015 these swap contracts totaled R$ 27.5 million of notional amount corresponding to principal amount of related debt, and on average had an asset position at 8.0% p.a. and a liability position at 88.8% of CDI.

d – Hedging against the foreign currency exchange exposure of liabilities - The purpose of these contracts is offset the effect of exchange variation of debts or firm commitments in euro, turning them into debts or firm commitments in Reais indexed to the CDI. As of December 31, 2015, the Company and its subsidiaries had no swap contracts.

**Hedge Accounting**

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

On December 31, 2015, the notional amount of foreign exchange hedging instruments designated as fair value hedge totaled US$ 440.0 million. In 2015, a gain of R$ 285.3 million related to the result of hedging instruments, a loss of R$ 4.6 million related to the fair value adjustment of debt, and a loss of R$ 403.2 million related to the financial expense of the debt were recognized in the income statements, transforming the average effective cost of the operation into 102.5% of CDI (see Note 14.c.1).

On December 31, 2015, the notional amount of exchange rate hedging instruments of firm commitments designated as cash flow hedges totaled US$ 151.4 million, and a gain of R$ 120.2 million was recognized through the income statement. On December 31, 2015, the balance of “Other comprehensive income” is R$ 6.3 million.

On December 31, 2015, the notional amount of exchange rate hedging instruments designated as hedges of net investment in a foreign operation relating to the portion of investments in entities which have functional currency different from the Real was zero. In 2015, a loss of R$ 31.3 million was recorded. The exchange rate on investment and the hedging instrument effects were offset in equity.

On December 31, 2015, the notional amount of interest rate hedging instruments totaled R$ 27.5 million, referring to the principal of the pre-fixed loans in Brazilian Reais. In 2015, a gain of R$ 2.0 million related to the result of hedging instruments, a loss of R$ 0.9 million related to the fair value adjustment of debt, and a loss of R$ 25.0 million related to the accrued interest rate of the debt were recognized in the income statement, transforming the average effective cost of the operations into 88.8% of CDI.

**Gains (losses) on Hedging Instruments**

The following tables summarize the value of gains (losses) recognized, which affected the shareholders' equity in 2015 and 2014 of the Company and its subsidiaries:

| | R$ million | |
|---|---|---|
| | 2015 | |
| | **Profit or loss** | **Equity** |
| a – Exchange rate swaps receivable in U.S. dollars (i) (ii) | (143.1) | 6.3 |
| b – Exchange rate swaps payable in U.S. dollars (ii) | (2.2) | (31.3) |
| c – Interest rate swaps in R$ (iii) | 1.1 | - |
| **Total** | (144.2) | (25.0) |

| | R$ million | |
|---|---|---|
| | 2014 | |
| | **Profit or loss** | **Equity** |
| a – Exchange rate swaps receivable in U.S. dollars (i) (ii) | (51.2) | - |
| b – Exchange rate swaps payable in U.S. dollars (ii) | 6.6 | (7.3) |
| c – Interest rate swaps in R$ (iii) | 13.3 | - |
| **Total** | (31.3) | (7.3) |

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

## Fair Value of Financial Instruments

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, in 2015 and 2014, are stated below:

| | | | 2015 | | 2014 | |
|---|---|---|---|---|---|---|
| | **Category** | **Note** | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| Financial assets: | | | | | | |
| Cash and cash equivalents | | | | | | |
| Cash and bank deposits | Loans and receivables | 4 | 192,016 | 192,016 | 133,296 | 133,296 |
| Financial investments in local currency | Measured at fair value through profit or loss | 4 | 2,497,903 | 2,497,903 | 2,690,638 | 2,690,638 |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 4 | 12,974 | 12,974 | 3,435 | 3,435 |
| Financial investments | | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 4 | 790,969 | 790,969 | 892,065 | 892,065 |
| Fixed-income securities and funds in local currency | Held to maturity | 4 | 10,618 | 10,618 | 10,618 | 10,618 |
| Fixed-income securities and funds in foreign currency | Available for sale | 4 | 35,013 | 35,013 | 505,574 | 505,574 |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 4 | 433,669 | 433,669 | 164,496 | 164,496 |
| **Total** | | | **3,973,162** | **3,973,162** | **4,400,122** | **4,400,122** |
| Financial liabilities: | | | | | | |
| Financing | Measured at fair value through profit or loss | 14 | 1,715,405 | 1,715,405 | 1,132,644 | 1,132,644 |
| Financing | Measured at amortized cost | 14 | 4,846,649 | 4,686,178 | 4,904,248 | 4,878,005 |
| Debentures | Measured at amortized cost | 14 | 2,246,215 | 2,233,313 | 2,283,852 | 2,281,353 |
| Finance leases | Measured at amortized cost | 14 | 45,894 | 45,894 | 47,044 | 47,044 |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 14 | 47,445 | 47,445 | 7,424 | 7,424 |
| Subscription warrants – indemnification | Measured at fair value through profit or loss | 3.a | 112,233 | 112,233 | 92,072 | 92,072 |
| **Total** | | | **9,013,841** | **8,840,468** | **8,467,284** | **8,438,542** |

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

- The fair value of cash and bank deposit balances are identical to their carrying values.
- Financial investments in investment funds are valued at the value of the fund unit as of the date of the reporting period, which corresponds to their fair value.
- Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase at the "yield curve" and, therefore, the Company believes their fair value corresponds to their carrying value.
- The fair value calculation of LPG Inc.'s notes in the foreign market in 2014 was based on the quoted prices in an active market. In 2015 the notes were settled by LPG Inc. on the maturity date (see Note 14.b).
- The subscription warrants – indemnification were measured based on the share price of Ultrapar (UGPA3) at the reporting date and are adjusted to the Company's dividend yield, since the exercise is only possible starting in 2020 onwards and they are not entitled to dividends until then. The number of shares of subscription warrants – indemnification is also adjusted according to the changes in the amounts of provision for tax, civil, and labor risks and contingent liabilities related to the period prior to January 31, 2014. Due to the final adverse decision of some of these lawsuits, on December 31, 2015, the maximum number of shares that could be issued related to the subscription warrants – indemnification was up to 3,070,106 shares. For further information of the Extrafarma acquisition, see Note 3.a).

The fair value of other financial investments and financing was determined using calculation methodologies commonly used for mark-to-market reporting, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of December 31, 2015 and 2014. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries can use quotes provided by the transaction counterparties.

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

Financial instruments were classified as loans and receivables or financial liabilities measured at amortized cost, except (i) all exchange rate and interest rate hedging instruments, which are measured at fair value through profit or loss, (ii) financial investments classified as measured at fair value through profit or loss, (iii) financial investments that are classified as available for sale, which are measured at fair value through other comprehensive income (see Note 4), (iv) loans and financing measured at fair value through profit or loss (see Note 14), (v) guarantees to customers that have vendor arrangements (see Note 14.k), which are measured at fair value through profit or loss, and (vi) subscription warrants – indemnification, which are measured at fair value through profit or loss (see Note 3.a). The financial investments classified as held-to-maturity are measured at amortized cost. Cash, banks, and trade receivables are classified as loans and receivables. Trade payables and other payables are classified as financial liabilities measured at amortized cost.

**Fair Value Hierarchy of Financial Instruments**

The financial instruments are classified in the following categories:

(a) Level 1 - prices negotiated (without adjustment) in active markets for identical assets or liabilities;

(b) Level 2 - inputs other than prices negotiated in active markets included in Level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(c) Level 3 - inputs for the asset or liability which are not based on observable market variables (unobservable inputs).

The table below shows a summary of the financial assets and financial liabilities measured at fair value in the Company's and its subsidiaries in 2015 and 2014:

| | Category | Note | 2015 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| Financial assets: | | | | | | |
| Cash equivalents | | | | | | |
| Cash and banks | Loans and receivables | 4 | 192,016 | 192,016 | - | - |
| Financial investments in local currency | Measured at fair value through profit or loss | 4 | 2,497,903 | 2,497,903 | - | - |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 4 | 12,974 | 12,974 | - | - |
| Financial investments | | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 4 | 790,969 | 790,969 | - | - |
| Fixed-income securities and funds in local currency | Held to maturity | 4 | 10,618 | 10,618 | - | - |
| Fixed-income securities and funds in foreign currency | Available for sale | 4 | 35,013 | 25,615 | 9,398 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 4 | 433,669 | - | 433,669 | - |
| **Total** | | | 3,973,162 | 3,530,095 | 443,067 | - |
| Financial liabilities: | | | | | | |
| Financing | Measured at fair value through profit or loss | 14 | 1,715,405 | - | 1,715,405 | - |
| Financing | Measured at amortized cost | 14 | 4,686,178 | | 4,686,178 | - |
| Debentures | Measured at amortized cost | 14 | 2,233,313 | - | 2,233,313 | - |
| Finance leases | Measured at amortized cost | 14 | 45,894 | - | 45,894 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 14 | 47,445 | - | 47,445 | - |
| Subscription warrants – indemnification [(1)] | Measured at fair value through profit or loss | 3.a | 112,233 | - | 112,233 | - |
| **Total** | | | 8,840,468 | - | 8,840,468 | - |

| | Category | Note | 2014 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| Financial assets: | | | | | | |
| Cash equivalents | | | | | | |
| Cash and banks | Loans and receivables | 4 | 133,296 | 133,296 | - | - |
| Financial investments in local currency | Measured at fair value through profit or loss | 4 | 2,690,638 | 2,690,638 | - | - |
| Financial investments in foreign currency | Measured at fair value through profit or loss | 4 | 3,435 | 3,435 | - | - |
| Financial investments | | | | | | |
| Fixed-income securities and funds in local currency | Available for sale | 4 | 892,065 | 892,065 | - | - |
| Fixed-income securities and funds in local currency | Held to maturity | 4 | 10,618 | 10,618 | - | - |
| Fixed-income securities and funds in foreign currency | Available for sale | 4 | 505,574 | 146,782 | 358,792 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 4 | 164,496 | - | 164,496 | - |
| **Total** | | | **4,400,122** | **3,876,834** | **523,288** | **-** |
| Financial liabilities: | | | | | | |
| Financing | Measured at fair value through profit or loss | 14 | 1,132,644 | - | 1,132,644 | - |
| Financing | Measured at amortized cost | 14 | 4,878,005 | 707,281 | 4,170,724 | - |
| Debentures | Measured at amortized cost | 14 | 2,281,353 | - | 2,281,353 | - |
| Finance leases | Measured at amortized cost | 14 | 47,044 | - | 47,044 | - |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 14 | 7,424 | - | 7,424 | - |
| Subscription warrants – indemnification [(1)] | Measured at fair value through profit or loss | 3.a | 92,072 | - | 92,072 | - |
| **Total** | | | **8,438,542** | **707,281** | **7,731,261** | **-** |

[(1)] Refers to subscription warrants issued by the Company in the Extrafarma acquisition. For further information of the Extrafarma acquisition, see Note 3.a).

**Sensitivity Analysis**

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

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on BM&FBOVESPA as of December 31, 2015. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R$ 5.49 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional appreciation or depreciation of the Brazilian Real against the likely scenario, according to the risk to which the hedged item is exposed.

Based on the balances of the hedging instruments and hedged items as of December 31, 2015, the exchange rates were replaced, and the changes between the new balance in Brazilian Reais and the original balance in Brazilian Reais as of December 31, 2015 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

| | Risk | Scenario I (likely) | Scenario II | Scenario III |
|---|---|---|---|---|
| **Currency swaps receivable in U.S. dollars** | | | | |
| (1) U.S. Dollar / Real swaps | Dollar | 578,420 | 1,392,762 | 2,207,105 |
| (2) Debts/firm commitments in dollars | appreciation | (578,426) | (1,392,789) | (2,207,152) |
| **(1)+(2)** | **Net effect** | (6) | (27) | (47) |
| | | | | |
| **Currency swaps payable in U.S. dollars** | | | | |
| (3) Real / U.S. Dollar swaps | Dollar | (728) | 7,189 | 15,107 |
| (4) Gross margin of Oxiteno | devaluation | 728 | (7,189) | (15,107) |
| **(3)+(4)** | **Net effect** | - | - | - |

For sensitivity analysis of hedging instruments for interest rates in Brazilian Reais, the Company used the futures curve of the DI x Pre contract on BM&FBOVESPA as of December 30, 2015 for each of the swap and debt (hedged item) maturities, to determine the likely scenarios. Scenarios II and III were estimated based on a 25% and 50% deterioration, respectively, of the likely scenario pre-fixed interest rate.

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

| | Risk | Scenario I (likely) | Scenario II | Scenario III |
|---|---|---|---|---|
| | | | | |
| **Interest rate swap (in R$)** | | | | |
| (1) Fixed rate swap - CDI | Decrease in | - | 250 | 553 |
| (2) Fixed rate financing | Pre-fixed rate | - | (250) | (553) |
| **(1)+(2)** | **Net effect** | - | - | - |

## 31 Commitments (Consolidated)

### *a. Contracts*

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

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

If the annual movement is less than the minimum contractual movement, the subsidiary is liable to pay the difference between the effective movement and the minimum contractual movement, based on the port tariff rates in effect on the date established for payment. As of December 31, 2015, these rates were R$ 6.99 per ton for Aratu and R$ 2.90 per ton for Suape. The subsidiary has met the minimum cargo movement required since the beginning of the contractual agreements.

Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. which establishes a minimum annually consumption level of ethylene, calculated quarterly, and conditions for the supply of ethylene until 2021. The minimum purchase commitment clause provided for a minimum annual consumption of 190 thousand tons and a maximum of 205 thousand tons in 2015. The minimum purchase commitment and the actual demand accumulated to December 31, 2015 and 2014, expressed in tons of ethylene, are shown below. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 40% of the current ethylene price for the quantity not purchased. The minimum purchase commitment for the 4th quarter of 2015 was revised to adapt the interests of Braskem S.A. and of Oxiteno Nordeste, with no pending issues.

| | Minimum purchase commitment (*) | | Accumulated demand (actual) | |
|---|---|---|---|---|
| In tons of ethylene | **2015** | **2014** | **2015** | **2014** |
| 1st quarter | 37,743 | 52,048 | 44,352 | 52,196 |
| 2nd quarter | 46,596 | 48,450 | 51,112 | 48,450 |
| 3rd quarter | 47,890 | 51,225 | 48,507 | 51,225 |
| 4th quarter | 47,890 | 53,353 | 41,950 | 53,353 |
| Total | 180,119 | 205,076 | 185,921 | 205,224 |

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

Subsidiary Oxiteno S.A. has a supply agreement with Braskem S.A., valid until 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 22,050 tons of ethylene semiannually. The minimum purchase commitment and the actual demand accumulated to December 31, 2015 and 2014, expressed in tons of ethylene, are shown below. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine of 30% of the current ethylene price for the quantity not purchased. In agreement with Braskem S.A., in the fisrt semester of 2015 the ethylene volume acquired jointly by Oxiteno S.A and Oxiteno Nordeste was considered for minimum purchase commitment purposes. Thus, the subsidiary met the minimum purchase required in the agreement.

| | **Minimum purchase commitment (*)** | | **Accumulated demand (actual)** | |
|---|---|---|---|---|
| In tons of ethylene | **2015** | **2014** | **2015** | **2014** |
| 1st semester | 20,101 | 22,050 | 17,669 | 22,085 |
| 2nd semester | 17,376 | 17,017 | 19,482 | 17,169 |
| Total | 37,477 | 39,067 | 37,151 | 39,254 |

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

***b. Insurance Coverage in Subsidiaries***

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

| | **Maximum compensation value (*)** |
|---|---|
| Oxiteno | US$ 1,062 |
| Ipiranga | R$ 769 |
| Ultracargo | R$ 550 |
| Ultragaz | R$ 300 |
| Extrafarma | R$ 125 |

(*) In millions. In accordance with policy conditions.

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

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

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

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

***c. Operating Lease Contracts***

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

| | Up to 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|
| 2015 | 19,212 | 29,319 | - | 48,531 |

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

| | | Up to 1 year | Between 1 and 5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| 2015 | payable | 95,476 | 271,286 | 140,179 | 506,941 |
| | receivable | (48,913) | (150,594) | (73,221) | (272,728) |

The expense recognized in 2015 for operating leases was R$ 100,522 (R$ 72,969 in 2014), net of sublease income.

**32 Ultracargo – Fire accident in Santos**

On April 2, 2015, part of the storage facilities operated by Ultracargo in Santos, in the State of São Paulo, endured a nine-day fire accident surrounding six ethanol and gasoline tanks. The six tanks represented 4% of Ultracargo's overall capacity in Brazil as of December 31, 2014. There were no casualties and the cause of such accident and its impacts are still being investigated, including the extent of operational losses, damage to assets, potential environmental damages (see Note 20.b.2.2) and other liabilities and reputational harm. The Company maintains insurance policies to cover certain risks to which the subsidiaries are exposed (see Note 31).

On April 9, 2015, the Santos municipal government suspended Ultracargo's activities in that city. Ultracargo's operations in Santos comprise two separate areas. On April 27, 2015, the municipal government granted Ultracargo the authorization to resume its operations in the area not affected by the accident as published in the Santos Official Gazette (Diário Oficial de Santos). The operations corresponding to 185 thousand cubic meters capacity, or 22.5% of Ultracargo's overall capacity in Brazil, are still suspended.

Ultracargo completed the decommissioning plan, which is the removal of equipment and structures of the terminal affected by the fire, and submitted it to the approval of the competent authorities. This process will allow the experts of the Criminalistics Institute finalize the research to determine the causes of the incident.

**MANAGEMENT REPORT 2015**

Dear Shareholders,

The Management of ULTRAPAR PARTICIPAÇÕES S.A. (Ultrapar) hereby submits for your appreciation the Management Report and Financial Statements for the fiscal year 2015. This information is accompanied by an independent auditors report with an unqualified opinion, which was discussed and reviewed by the Management.

**COMPANY PROFILE**

Ultrapar is a multibusiness company with a leading position in five different business segments. It operates with a widespread presence and throughout the Brazilian territory in the specialized distribution and retail through Ipiranga, in the fuel sector, Ultragaz, in Liquefied Petroleum Gas - LPG sector, and Extrafarma, in retail pharmacy business. It also operates in the segment of specialty chemicals through Oxiteno, which has a leading position in Latin America, and storage of liquid bulk through Ultracargo, present in six ports in Brazil.

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

**MESSAGE FROM THE MANAGEMENT 2015 – GOVERNANCE, STRATEGY AND VALUE CREATION**

During a year marked by the worsening of the economy and a political crisis that had a significant influence on the business community's willingness to invest, Ultrapar benefited from its strategic option for resilient businesses, with a significant scale of operations and scope for differentiation. The company was confident in executing its investment plan, increasing the amounts invested every year, and maintained its solid and stable financial position, a characteristic of its business culture. The results continue to increase reflecting decisions taken and investments made from previous years, even facing a more challenging economic condition. In 2015, Ultrapar reported a consolidated EBITDA of R$ 4.0 billion, an amount 25% higher than that in 2014. In the same comparison basis, net income increased by 21%, reaching R$ 1.5 billion.

As another important step taken to the constant evolution of our corporate governance and to become a more diversified and solid company we had the renewal of part of the Board of Directors, now composed by professionals with new experiences and skills to strengthen the company's decision making process. There were also changes in the executive committee, with the transfer of André Covre, after eight years as Chief Financial and Investor Relations Officer, to assume the position of Chief Executive Officer of Extrafarma, and the arrival of André Pires to assume the position of Chief Financial and Investor Relations Officer.

In order to continue the development of our multibusiness culture, Ultrapar took new steps in 2015 in an effort to deepen the preparation of its leadership to deal with future challenges, with a demand for new skills and business opportunities. For this reason, a robust development program was launched with the purpose of supplying the company with skilled leaders, endowed with flexibility and adaptability in all Ultra's businesses.

Taking advantage of the differentiated position achieved in each of its business and the deep knowledge in its business markets, Ultrapar continued innovating in products and services and improved the cross-fertilization value creation, such as the strategy of opening Extrafarma's drugstores in Ipiranga's service stations. Drugstores add value to points of sale, increasing convenience and differentiation, strengthening the customer flow and boosting profitability. Simultaneously, this strategy offers Extrafarma a growth accelerator.

In 2015, Ipiranga maintained its expansion strategy of its service stations network, mainly based on the conversion of unbranded service stations and the opening of new gas stations. This strategy encompasses the whole country, mainly focused on the Midwest, Northeast and North regions of Brazil, which offer a combination of attractive factors: at the same time these are areas in which there are more unbranded service stations that can be converted, such areas also have higher growth rates of consumption of fuels in Brazil. In 2015, Ipiranga's service stations network increased by 2%, totaling 7,230 points of sale.

Besides, in the aspect of differentiation through diversification and innovation in products, services and convenience, Ipiranga expanded its am/pm network, the largest convenience store chain in Brazil, by 12% in 2015, reaching 1,909 units in total. Ipiranga presented in São Paulo new configurations of the "am/pm store concept, the "am/pm Super Store", which increases the offer of convenience in urban service stations by offering fresh products – fruits, vegetables, meats – and a broader range of fast foods. It was also launched in Sao Paulo a flagship store of the "am/pm Estação", a model developed for highway service stations, with a broader offer of convenience and personal care for long distances drivers and travelers.

Upon implementing the strategy of seeking leadership on surfactants in the Americas, in November Oxiteno approved the building of an alkoxylation plant in Pasadena, State of Texas (USA), with expected investments of US$ 113 million

until 2017. With this plant, Oxiteno will significantly expand its presence and competitiveness in the largest surfactant market in the world, the United States, and will strengthen its position in NAFTA trading bloc, where it will take advantage of more competitive raw materials and efficient logistics.

Ultragaz continued to use the resilience of its market and the solid competitive differential of its brand and the reseller network. Following its focus in a more differentiated performance and the tradition of creating new niche markets and sales channels, in 2015 Ultragaz accelerated the implementation of "UltraPronto", a modality of hiring of services in bulk segment, launched in 2014, which allows the installation through a turnkey concept, reducing the execution time of the customer's project by 30%. Other examples of increasing the convenience to customers and expansion of the potential of Ultra's cross-business benefits: Ultragaz is now selling "vale-gás" voucher in am/pm and Extrafarma stores and offering Ipiranga's "Km de Vantagens" loyalty program to its customers.

In April 2015, Ultracargo suffered a high impact incident which required an unprecedented mobilization of resources to be overcome: a fire occurred in six tanks in Santos. This event required efforts from Ultrapar and its businesses to, first of all, cooperate with the authorities to fight fire and avoid as far as possible its potential impacts to third parties. After this incident, the company made efforts to deal with its consequences and promote the repair and recovery of the site. Due to the incident, the activities of part of Santos (SP) terminal remained suspended until the end of 2015, which affected Ultracargo's pace of business.

In parallel, Ultracargo continued to seek and analyze opportunities to strengthen its position as port operator, taking advantage of its geographic location, with presence in the most important ports for handling of bulk liquids in Brazil.

Extrafarma focused throughout this transition year on raising its management standards in the retail pharmacy business, preparing itself to a stronger growth. The unit improved the quality standards of the stores, which allows a better purchase experience, with team qualification, better visual communication and focus on the consumer. For this reason, we made investments in researches, team training and in a program with all managers of the stores with the purpose of implementing an entrepreneurship culture and owner's mindset.

As a whole, Ultrapar and its businesses starts 2016 stronger and prepared to assess opportunities for market gains occasionally offered by the Brazilian economic situation for companies managed with the right balance between prudence and ambition. In its strategic choices so far, the company has taken important measures to maintain itself as an institution, always pursuing value creation and growth. This is the commitment of Ultrapar.

**Social and environmental philosophy, innovation and operational excellence**

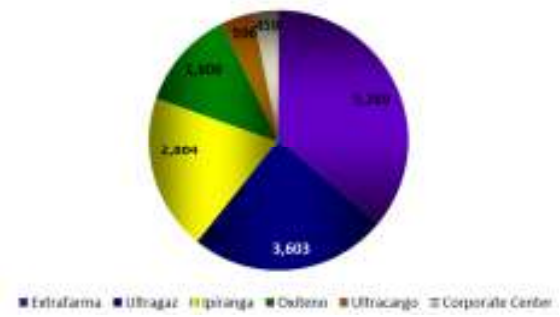
Ultrapar seeks to maintain the values of ethics in business, of culture of citizenship and excellence in health, safety and environment standards, cultivating a history of almost 80 years with its stakeholders.

Ultra's Sustainability Model includes five pillars – Safety, Environment, People, Products and Services, and Value Chain – that unfold in 28 management and performance indicators and are in line with sustainability corporate directives. Due to the characteristics of each market where we operate, our businesses maintain individual policies related to the social and environmental, health and safety activities based on those directives.

**People**

Human capital is the central element in Ultrapar's long growth trajectory. The people management model adopted by the company favors the development of leaderships and encourages the movement of employees across different areas, allowing the exchange of professional experiences and dissemination of best practices. Besides the program for leadership development, the company maintains a solid basic program for interns and trainees. In 2015, approximately 300 young people participated in internship and trainee programs at the Corporate Center and our business units. Additionally, around one thousand employees were moved internally between areas of the same business unit or moved to other business units of the company, expanding the scope of practice of the professionals and promoting the exchange of best practices. About 300 thousand hours of training were also provided to Ultrapar's employees.

**Direct Employees**
**(Total number of employees on 12/31/2015: 14,597)**




**Customers, resellers and suppliers**

The pursuit of excellence is also present in customer relationship. The passion for the customer moves the company to make efforts to know deeply its customer's needs, bringing innovative and sustainable products and services to the market.

In the aspect of differentiation based on the innovation of products, services and convenience, "Km de Vantagens" loyalty program remains the main platform of customer relationship developed by Ipiranga and maintained its position as the largest loyalty program in the Brazilian market, in 2015, with more than 20 million members. On the path of constant innovation, Ipiranga launched, in late 2015, "Abastece aí", a smartphone application that integrates Conectcar, "Km de Vantagens" and service stations platforms, offering added convenience and benefits to its customers. "Abastece Aí" provides an experience quick, safe and practical method of payment.

Oxiteno has expanded its international presence and the proximity to our customers, which includes efforts through the co-creation of products that increasingly meet the specific needs of each customer, strengthening its strategy of innovation through differentiation.

Ultragaz has an important strategy of finding new customers among small and medium-sized enterprises, in residential buildings and agribusiness. One of the strengths of this strategy in this segment is the diversification of solutions for different uses of LPG, for instance, the development and launch in 2015 of an agricultural implement for removing weeds without using agrochemicals. Developed based on models imported from USA and France, and adapted to the tropical climate, the agricultural implement keeps more heat and spends less energy, representing greater versatility and economic gains.

Ultracargo facing its greatest challenge in its 49 year of history, the support of partner companies and customers, in different and crucial ways, was essential during the efforts to control and fight the fire which reached a part of Ultracargo's terminal in Santos.

Extrafarma counts with "Clube Extrafarma", a relationship program offered to clients on the network that already has more than 3 million customers registered in its base. This initiative has as purpose to recognize the loyalty of its customers, offering products and services value-added and allowing Extrafarma to better understand the consumption habits of its audience.

**Capital market**

In 2015, Ultrapar's shares traded on the BM&FBOVESPA appreciated by 17%. The following comparative table presents the performance and liquidity of the Ultrapar's shares:

| | 2015 | 2014 | Δ (%) 2015v2014 |
|---|---|---|---|
| Market Value[1] – R$ million | 35,693 | 28,913 | 23% |
| Closing price – UGPA3 (R$/share) | 60.45 | 51.45 | 17% |
| Closing price – Ibovespa (points) | 43,350 | 50,007 | -13% |
| Closing price - UGP (US$/ADRs) | 15.33 | 19.32 | -21% |
| Closing price - Dow Jones (points) | 17,604 | 17,983 | -2% |
| Average volume/day[2] (shares) | 2,130,523 | 1,710,745 | 25% |
| Average financial volume/day[2] (R$ 000) | 136,671 | 88,896 | 54% |

[1] Calculated based on the weighted average price for the period.

[2] Included data from BM&FBOVESPA e NYSE

For the year 2015, Ultrapar declared dividends of R$ 871 million, an increase of 12% compared to the previous year. This amount represents a dividend yield of 2.5% on the average share price in 2015. Additionally, 6.1 million Ultrapar's shares were repurchased, representing 1.1% of total outstanding shares.

**Relationship with Independent Auditors**

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

In the year ended Thursday, December 31, 2015, Ultrapar and its subsidiaries did not hire from their independent auditors jobs not directly related to the auditing of the financial statements. The total amount of fees to the independent auditors concerning audit services related to the financial statements of 2015 was R$ 5.9 million.

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

**ANALYSIS OF FINANCIAL PERFORMANCE IN 2015**

***Standards and criteria applied in the preparation of the information***

Ultrapar's individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and in accordance with accounting practices adopted in Brazil. The accounting practices adopted in Brazil comprise the Brazilian Corporate Law and the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM"). The presentation currency of the Ultrapar's individual and consolidated financial statements is the Brazilian Real ("R$"), which is the company's functional currency. The accounting policies described below were applied by the Company and its subsidiaries in a consistent manner for all years presented in the individual and consolidated financial statements. The financial information of Ultrapar corresponds to the company's consolidated information. The information of Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated information of Ultrapar. In addition, the financial and operational information presented in this document is subject to rounding off and, consequently, the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them.

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

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

| R$ million | 2015 | 2014 | Δ (%) 2015v2014 |
|---|---|---|---|
| **Net income for the year** | **1,513** | **1,251** | **21%** |
| (+) Income and social contribution taxes | 734 | 573 | |
| (+) Net financial expense | 703 | 445 | |
| (+) Depreciation and Amortization | 1,003 | 888 | |
| **EBITDA** | **3,953** | **3,158** | **25%** |

*The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) presented in this document represents the net income before (i) income and social contribution taxes, (ii) net financial expense (income) and (iii) depreciation and amortization, presented in accordance with ICVM 527/12. The purpose of including EBITDA information is to provide a measure used by the management for internal assessment of our operating results, besides being a directly or indirectly related measure to a portion of our employee profit sharing plan. It is also a financial indicator widely used by investors and analysts to measure our ability to generate cash from operations and our operating performance. We also calculate EBITDA in connection with covenants related to some of our financing, as described in note 14 to the financial statements. We believe EBITDA allows a better understanding not only of our financial performance but also of our capacity of meeting the payment of interest and principal from our debt and of obtaining resources for our investments and working capital. Our definition of EBITDA may differ from, and, therefore, may not be comparable with similarly titled measures used by other companies, thereby limiting its usefulness as a comparative measure. Because EBITDA excludes net financial expense (income), income tax and social contribution, depreciation and amortization, it provides an indicator of general economic performance that is not affected by debt restructurings, fluctuations in interest rates or changes in income tax and social contribution, depreciation and amortization. EBITDA is not a measure of financial performance under accounting practices adopted in Brazil or IFRS. EBITDA should not be considered in isolation, or as a substitute for net income, as a measure of operating performance, as a substitute for cash flows from operations or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes and depreciation and amortization.*

**Comparative performance 2015-2014**
(R$ million)

| | Ultrapar | | |
|---|---|---|---|
| | 2015 | 2014 | Δ (%) 2015v2014 |
| Net revenue from sales and services | **75.655** | **67.736** | 12% |
| Cost of products and services sold | **(68.934)** | **(62.305)** | 11% |
| Gross profit | **6.722** | **5.432** | 24% |
| Selling, marketing, general and administrative exper | **(3.838)** | **(3.289)** | 17% |
| Other operating income, net | **51** | **107** | |
| Income from disposal of assets | **27** | **37** | -26% |
| Operating income | **2.962** | **2.287** | 30% |
| **EBITDA** | **3.953** | **3.158** | 25% |
| Depreciation and amortization | **1.003** | **888** | 13% |
| Share of profit of subsidiaries and associates | **(11)** | **(16)** | |

**Economic and operational environment**
Business environment remained challenging in 2015, with the combination of economic slowdown, higher unemployment levels, inflation above target, rising interest rates and depreciation of the Real. Political instability created hurdles to approve tax adjustments necessary to Brazil, resulting in the downgrade of Brazil's credit rating by credit rating agencies. With the purpose of restraining the growing inflation rates found over the year, Central Bank raised the basic interest rate, from 11.75% at the end of 2014 to 14.25% at the end of 2015. GDP growth expectations in 2015, published by the Focus Bulletin of the Central Bank of Brazil, began the year with a perspective of growth of 0.5% and ended with an expected drop of almost 4%. The average exchange rate of dollar against Real in 2015 was of R$ 3.33/US$ as compared to R$ 2.35/US$ in 2014, an increase of 42%. The number of light vehicles licensed totaled 2.5 million, allowing the fleet to a 3% estimated growth in 2015. The deceleration in global economy and the decisions of production of the OPEC member countries had influence on the international oil price, which started the year with a price of US$ 56/barrel (Brent), remained stable in the first semester and ended 2015 with a price of US$ 36/barrel. The drop in the oil prices and the increases in derivatives price by Brazilian refineries maintained average domestic prices above international prices. In the petrochemical market, ABIQUIM data issued a drop of 7% in 2015 in the National Apparent Consumption. Sales in the retail pharmacy sector, according to data from members of Abrafarma, grew 12% in 2015, continuing in nominal growth but lower than those growth rates seen in recent years.

**Operational performance**

| | | 2015 | 2014 | Δ (%) 2015v2014 |
|---|---|---|---|---|
| **Ipiranga** | **Total volume (000 m³)** | **25,725** | **25,614** | **0%** |
| | Diesel | 13,096 | 13,309 | -2% |
| | Gasoline, ethanol and NGV | 12,249 | 11,952 | 2% |
| | Others[1] | 380 | 353 | 8% |
| [1] Fuel oils, arla 32, kerosene, lubricants and greases | | | | |
| **Oxiteno** | **Total volume (000 tons)** | **725** | **780** | **-7%** |
| | Product mix | | | |
| | Specialty chemicals | 618 | 673 | -8% |
| | Glycols | 107 | 107 | 0% |
| | Geographical mix | | | |
| | Sales in Brazil | 522 | 557 | -6% |
| | Sales outside Brazil | 203 | 222 | -9% |
| **Ultragaz** | **Total volume (000 tons)** | **1,697** | **1,711** | **-1%** |
| | Bottled | 1,168 | 1,155 | 1% |
| | Bulk | 529 | 556 | -5% |
| **Ultracargo** | Effective storage[2] (000 m³) | **655** | **715** | **-8%** |
| [2] Monthly average | | | | |
| **Extrafarma** | Number of drugstores | **254** | **223** | **14%** |

At Ipiranga, the volume sold in 2015 slightly increased by 0.4% over 2014. In 2015, sales volume of gasoline, ethanol and natural gas for vehicles (Otto cycle) increased by 2% compared to 2014, as a result of an estimated 3% growth of the light vehicles fleet and investments made in new service stations and conversion of unbranded service stations, partially offset by the effects of higher unemployment rates over the year and the consequent impact on household consumption. The total volume of diesel decreased by 2% due to the weak performance of the economy. At Oxiteno, specialty chemicals sales had an 8% decrease compared to the previous year, mainly due to the effects of the Brazilian economy slowdown, resulting in a 7% decrease in total volume compared to 2014. Ultragaz's sales volume had a 1% decrease compared to 2014, mainly due to the economy slowdown in bulk segment, partially offset by the capture of new customers in the residential and small and medium-sized companies segments and condominiums and the 1% growth in bottled segment. Ultracargo's average storage had an 8% reduction over 2014, mainly as a result of the partial stoppage of the Santos terminal due to the fire occurred in the beginning of April, partially offset by the increased demand of fuels in Suape and Aratu. Extrafarma ended the year with 14% growth over 2014 in the average number of stores, compared to a growth of 8% Abrafarma, gaining two positions when compared to December 2014 in the Abrafarma ranking, ending the year in 6$^{th}$ position.

**Net revenue from sales and services**

Ultrapar's net revenue from sales and services amounted to R$ 75,655 million in 2015, a 12% growth over 2014. In the same comparison, Ipiranga's net sales and services increased by 11% mainly due to the rise in diesel and gasoline costs in refineries in November 2014 and September 2015, besides the increase of CIDE, PIS and Cofins taxes on gasoline and diesel as from February 2015, impacting ethanol costs. Oxiteno reported a growth of 20% in net sales and services, primarily due to the 42% weaker Real and its strategic focus on specialty chemicals, partially offset by the lower sales volume and the decrease in the prices of main raw materials. Ultragaz's net sales and services was R$ 4,621 million in 2015, 13% higher than 2014, mainly due to the increase in the cost of LPG in refineries for use in the bulk segment in December 2014, September 2015 and December 2015, and in the bottled segment in September 2015. Ultracargo's net sales and services totaled R$ 316 million, a 9% decrease compared to 2014, mainly due to the partial stoppage of the Santos terminal as a result of the fire accident. Extrafarma's net sales and services grew by 21% due to the higher average number of stores and the 11% increase in same store sales excluding mobile phones (sales in stores with more than 12 months).

**Cost of products and services sold**

The cost of products sold and services provided by Ultrapar was R$ 68,934 million in 2015, an increase of 11% compared to 2014. The cost of goods sold by Ipiranga was 11% higher than 2014, mainly due to the increases in diesel and gasoline costs by Petrobras and the increase of CIDE tax on such costs and higher sales volume. Oxiteno's cost of products sold had a 7% increase over 2014, mainly due to the 42% weaker Real, partially offset by a 22% reduction in unit variable costs in dollar and a decrease in sales volume. Ultragaz's cost of goods sold was 12% higher compared to 2014, due to the increase in the cost of LPG for use in the bottled and bulk segments by Petrobras and the effects of inflation on personnel expenses. The cost of the services provided by Ultracargo increased by 7% compared to 2014, due to the effects of inflation, mainly on personnel expenses. The cost of products sold by Extrafarma increased by 20%, due to increased sales volume and the annual adjustment in the prices of medicines, set by the Chamber for the Regulation of the Medical Pharmaceuticals Market (CMED).

**Gross profit**

Ultrapar reported a gross profit of R$ 6,722 million in 2015, a growth of 24% compared to 2014, due to the increase in gross profits in all business units, except Ultracargo, which reported a decrease due to the fire occurred in Santos.

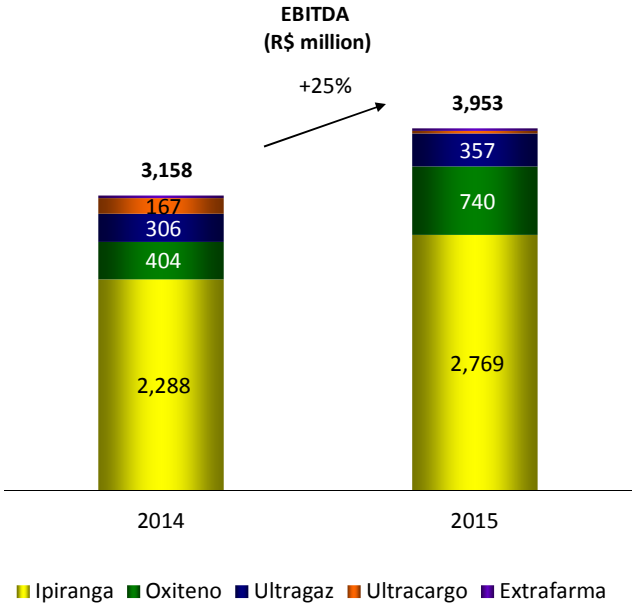
**Selling, marketing, general and administrative expenses**

Ultrapar's selling, marketing, general and administrative expenses amounted to R$ 3,838 million in 2015, a 17% growth compared to 2014, due to the effects of inflation on expenses and particular effects on each business. Ipiranga's selling, marketing, general and administrative expenses increased by 12% compared to 2014 due to (i) the expansion of the distribution network, (ii) higher freight expenses mainly due to the rise in diesel costs and (iii) higher expenses with variable compensation, in line with the earnings progression. Oxiteno's selling, marketing, general and administrative expenses increased by 32% compared to 2014 due to (i) higher expenses with variable compensation, in line with the earnings progression, (ii) the effects of the weaker Real on expenses with logistics and international units, and (iii) the effects of inflation. Ultragaz's selling, marketing, general and administrative expenses increased by 18% compared to 2014 mainly due to (i) higher expenses with variable compensation, in line with the earnings progression, (ii) the effects of inflation on expenses, and (iii) higher expenses with advertising and marketing in the relaunch campaign of the Ultragaz brand, highlighting the attributes of its current strategy focused on convenience and services for consumers. Ultracargo's selling, marketing, general and administrative expenses increased by 7%, excluding expenses related to the fire highlighted below under "Other operating results". Extrafarma's sales, general, administrative and commercial expenses increased by 29% due to (i) the 14% increase in the average number of stores, (ii) the inclusion of expenses for the structuring for a more accelerated growth during 2014, (iii) the beginning of the operation of the new distribution center of Ceará at the end of 2014, and (iv) due to the effects of inflation on expenses, partially offset by lower integration expenses.

**Other operating results**
In 2015, Ultrapar reported a net revenue under other operating results of R$ 51 million, R$ 59 million less than the revenue reported in 2014, due (i) to the revenues related to the strategy of constant innovation in services and convenience in Ipiranga's service stations, (ii) the non-recurring gains of R$ 14 million related to the adjustment of working capital and net indebtedness due to the Extrafarma acquisition, and $ 16 million related to a lawsuit for the use of trademark decided favorably to Ultrapar, partially offset by expenses related to the fire in the terminal Ultracargo in Santos, with an impact of R $ 92 million.

**Income from sale of assets**
Ultrapar recorded in 2015 a net revenue from the sale of assets of R$ 27 million, R$ 10 million less than the revenue recorded in 2014.

**EBITDA**
Ultrapar's consolidated EBITDA amounted to R$ 3,953 million in 2015, up 25% compared to 2014. Ipiranga reported EBITDA of R$ 2,769 million in 2015, a growth of 21% compared to 2014, primarily due to (i) the strategy of constant innovation in services and convenience in service stations, generating greater customer satisfaction and loyalty, (ii) increased sales volume in Otto cycle, and (iii) effects of import and inventory gains resulting from the economic adjustments in the Brazilian fuels market. Oxiteno reported EBITDA of R$ 740 million, an 83% increase over 2014, mainly due to the effect of a weaker Real against US dollar and its strategic focus on specialty chemicals, partially offset by lower sales volume. Ultragaz's EBITDA totaled R$ 357 million, 17% higher than 2014, mainly due to the company's commercial initiatives, specially in capturing residential and small and medium-sized companies and condominiums, as well as the expansion of its resellers. Ultracargo's EBITDA totaled R$ 26 million in 2015, an 84% decrease mainly due to the lower handling, due to the partial stoppage of the Santos terminal and its fire related expenses. Excluding Santos operations, other Ultracargo's terminals reported an EBITDA of R$ 93 million, a 5% decrease mainly due to the effects of economy slowdown on handling of chemicals. Extrafarma reported EBITDA of R$ 29 million, a 4% decrease as compared to 2014, due to the initiatives for a more accelerated growth, including the beginning of the operation of the new distribution center of Ceará and the increased of new drugstores openings, the benefits of which shall be generated in the next years, partially offset by the increased in same store sales.




**Depreciation and amortization**
Total costs and expenses with depreciation and amortization in 2015 was R$ 1,003 million, R$ 115 million or 13% higher compared to 2014, due to the investments made over the period.

**Operating income**
Ultrapar reported an operating profit of R$ 2,962 million in 2015, a growth of 30% compared to 2014, due to the higher operating income obtained in Ipiranga, Oxiteno and Ultragaz.

**Financial results**
Ultrapar's financial results reported net expenses of R$ 703 million in 2015, a R$ 258 million increase compared to 2014, mainly due to (i) higher CDI during the period, (ii) the higher net debt, in line with the growth of the company, (iii) the exchange rate fluctuations in the period and (iv) PIS/COFINS contributions on financial revenue as from July.

**Net income for the year**
Ultrapar's consolidated net earnings for 2015 reached R$ 1,513 million, 21% above the net income reported in 2014, mainly due to the EBITDA growth between the periods, partially offset by the increase in financial expenses and higher expenses and costs with depreciation and amortization costs, as a result of investments made over the period.

**Indebtedness**
Ultrapar ended the fiscal year 2015 with a gross debt of R$ 8,902 million and gross cash inflows of R$ 3,973 million, resulting in a net debt of R$ 4,928 million, an increase of R$ 953 million compared to 2014, in line with the growth of the company. Ultrapar's net debt at the end of 2015 corresponds to 1.2 x the EBITDA or the last 12 months, stable compared to the ratio at the end of 2014.

**Investments and outlook**
In 2015, Ultrapar continued with an investment strategy focused on the continuing growth of scale economy and competitiveness, better serving an increasing number of customers. Investments, net of disposals, totaled R$ 1,352 million in organic investments.

At Ipiranga, R$ 872 million were invested, of which (i) R$ 374 million in the expansion of its service station network (through the conversion of unbranded service stations, the opening of new gas stations and new customers) and am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, (ii) R$ 115 million in expanding its logistics infrastructure to support the growing demand, through the construction and expansion of logistics facilities, (iii) R$ 86 million in modernization, mainly in logistics facilities and (iv) R$ 297 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$ 854 million were related to property, plant, equipment and intangible assets and R$ 18 million were related to the financing to clients, net of repayments.

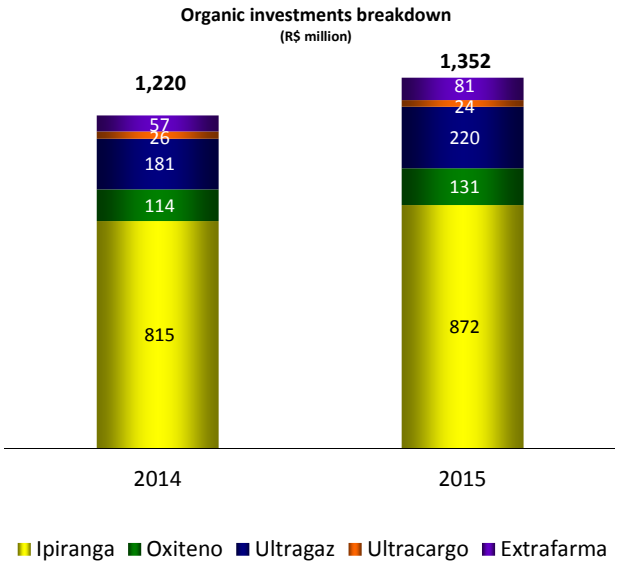
At Oxiteno, the total investments in 2015 amounted to R$ 131 million, mainly due to the maintenance of its production units and completion of the expansion of its production capacity in Coatzacoalcos, Mexico.

At Ultragaz, R$ 220 million were invested mainly in new clients in the bulk segment, replacement of bottles and maintenance of its bottling facilities.

In 2015, Ultracargo invested R$ 24 million, mainly directed towards modernization and maintenance of its terminals.

Extrafarma invested R$ 81 million, mainly directed towards the opening of new drugstores, maintenance of the existing drugstores and IT retail-facing projects.

Ultrapar's investment plan for 2016 amounts to R$ 1,809 million, which demonstrates the continuity of good opportunities to grow through increased scale and productivity gains, as well as modernization of existing operations. At Ipiranga, the plan includes investments of (i) R$ 354 million to maintain the pace of expansion of its distribution network (through the conversion of unbranded service stations and the opening of new gas stations) and of am/pm and Jet Oil franchises, focused on the Midwest, Northeast and North regions of Brazil, and in new distribution centers to serve convenience stores, (ii) R$ 112 million in the expansion of its logistics infrastructure to support its growth, mainly through the construction and expansion of operating facilities, and (iii) R$ 421 million in the maintenance and modernization of its operations, mainly in the renewal of contracts of its distribution network, renovation of service stations, and information systems to support its operations. The investment approved for Oxiteno amounts to R$ 460 million in 2016. Such amount includes US$ 65 million to build a new ethoxylation unit in its site in Texas (EUA), as announced in November 2015, which shall be completed by the end of 2017. This new unit will have a production capacity of 170 thousand tons per year in its final stage. The remaining amount will be directed towards modernization and maintenance of its units aiming at greater productivity, and information systems. At Ultragaz, the investments of R$ 208 million will be focused mainly (i) on capturing new customers in bottled and bulk segments, (ii) on the replacement and purchase of bottles, (iii) on the expansion and maintenance of bottling bases, and (iv) IT with focus on systems to support its operations. Ultracargo will invest R$ 118 million mainly (i) in the modernization of terminal safety systems, (ii) in the expansion of the Itaqui terminal, which shall start operating in 2017, and (iii) in the adjustment and maintenance of the infrastructure of its existing terminals. At Extrafarma, we will invest R$ 124 million, mainly in the opening of new drugstores and in the maintenance of its activities.




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

In this context, we shall continue obtaining the benefits of investments made in the recent period and planned for 2016, while maintaining the growth and prominence achieved in the business segments in which we operate.

We would like to thank our shareholders, customers, employees, suppliers, service providers and the public in general for another year of growth.