ULTRAPAR HOLDINGS INC
Form 6-K
May 03, 2018
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Form 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report Of Foreign Private Issuer

Pursuant To Rule 13a-16 Or 15d-16 Of

The Securities Exchange Act Of 1934

For the month of May, 2018

Commission File Number: 001-14950

ULTRAPAR HOLDINGS INC.

(Translation of Registrant s Name into English)

Avenida Brigadeiro Luis Antonio, 1343, 9º Andar

São Paulo, SP, Brazil 01317-910

(Address of Principal Executive Offices)

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

Form 20-F ______X______ Form 40-F ____________

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

Yes ____________ No ______X______

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

Yes ______________ No ______X______

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(Convenience Translation into English from

the Original Previously Issued in Portuguese)

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Ultrapar Participações S.A. and Subsidiaries

Individual and Consolidated

Interim Financial Information

for the Three-Month Period Ended March 31, 2018

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

Report on the review of quarterly information ITR

To the Shareholders, Directors and Management of

Ultrapar Participações S.A.

São Paulo, SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Ultrapar Participações S.A. (Company), comprised in the Quarterly Financial Information ITR Form for the quarter ended March 31, 2018, which comprise the balance sheet as of March 31, 2018 and related statements of income, comprehensive income, changes in shareholders equity and cash flows for the three-month period then ended, including the explanatory notes.

The Company s Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21 (R1) Interim Financial Information and with International Standard IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board IASB, such as for the presentation of these information in a manner consistent with the standards issued by the Brazilian Securities Commission, applicable to the preparation of the Quarterly Financial Information ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the review

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

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Financial Information ITR and presented in accordance with the standards issued by the Brazilian Securities Commission CVM.

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Other matters

Interim statements of value added

The individual and consolidated statements of value added for the three-month period ended March 31, 2018, prepared under the responsibility of the Company s management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company s interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 2, 2018

KPMG Auditores Independentes

CRC 2SP014428/O-6

Original report in Portuguese signed by

Wagner Bottino

Accountant CRC 1SP196907/O-7

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Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of March 31, 2018 and December 31, 2017

(In thousands of Brazilian Reais)

		Parent		Consolidated	
Assets	**Note**	**03/31/2018**	**12/31/2017 Restated**	**03/31/2018**	**12/31/2017 Restated**
Current assets					
Cash and cash equivalents	4	681,401	93,174	4,667,629	5,002,004
Financial investments and hedging instruments	4	301,172	21,657	1,482,010	1,283,498
Trade receivables and reseller financing, net	5			4,351,254	4,147,894
Inventories, net	6			3,338,115	3,513,577
Recoverable taxes, net	7	35,273	33,070	899,053	881,584
Dividends receivable		10,860	27,930	11,240	11,137
Other receivables		2,217	2,404	84,727	44,025
Prepaid expenses, net	10	1,569	1,597	146,576	150,046
Contractual assets with customers exclusive rights, net	11			456,811	456,213
Total current assets		1,032,492	179,832	15,437,415	15,489,978
Non-current assets					
Financial investments and hedging instruments	4			89,623	84,426
Trade receivables and reseller financing, net	5			347,575	329,991
Related parties	8.a	774,850	762,562	490	490
Deferred income and social contribution taxes	9.a	29,481	29,158	710,850	614,061
Recoverable taxes, net	7	48,685	48,685	325,493	313,242
Escrow deposits	21.a		148	830,317	822,660
Indemnity asset business combination	21.c			202,352	202,352
Other receivables				2,350	7,918
Prepaid expenses, net	10	38		376,995	346,886
Contractual assets with customers exclusive rights, net	11			1,037,115	1,046,147
Total long term assets		853,054	840,553	3,923,160	3,768,173
Investments					
In subsidiaries	12.a	8,861,788	9,268,261		
In joint-ventures	12.a; 12.b	55,951	54,739	127,228	122,061
In associates	12.c			25,534	25,341

Other				2,792	2,792
Property, plant, and equipment, net	13			6,813,700	6,634,528
Intangible assets, net	14	246,163	246,163	2,218,877	2,162,638
		9,163,902	9,569,163	9,188,131	8,947,360
Total non-current assets		10,016,956	10,409,716	13,111,291	12,715,533
Total assets		11,049,448	10,589,548	28,548,706	28,205,511

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

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Ultrapar Participações S.A. and Subsidiaries

Balance Sheets

as of March 31, 2018 and December 31, 2017

(In thousands of Brazilian Reais)

		Parent		Consolidated	
Liabilities	**Note**	**03/31/2018**	**12/31/2017 Restated**	**03/31/2018**	**12/31/2017 Restated**
Current liabilities					
Loans and hedging instruments	15			1,942,656	1,819,766
Debentures	15.g	5,879	817,654	944,959	1,681,199
Finance leases	15.i			2,743	2,710
Trade payables	16	111	461	1,859,790	2,155,498
Salaries and related charges	17	244	244	304,477	388,118
Taxes payable	18	469	343	221,697	221,529
Dividends payable	25.h	13,099	335,930	14,472	338,845
Income and social contribution taxes payable				58,504	86,836
Post-employment benefits	19.b			30,059	30,059
Provision for asset retirement obligation	20			4,439	4,799
Provision for tax, civil, and labor risks	21.a			57,437	64,550
Trade payables customers and third parties indemnification	22			48,393	72,216
Other payables			7,439	126,770	125,150
Deferred revenue	23			18,779	18,413
Total current liabilities		19,802	1,162,071	5,635,175	7,009,688
Non-current liabilities					
Loans and hedging instruments	15			6,186,624	6,113,545
Debentures	15.g	1,722,258		5,658,179	3,927,569
Finance leases	15.i			45,150	45,805
Related parties	8.a	5,757	4,003	4,176	4,185
Deferred income and social contribution taxes	9.a			37,826	38,524
Post-employment benefits	19.b			213,705	207,464
Provision for asset retirement obligation	20			56,944	59,975
Provision for tax, civil, and labor risks	21.a; 21.c	989	982	865,967	861,246
Deferred revenue	23			13,370	12,896
Subscription warrants indemnification	24	169,865	171,459	169,865	171,459
Other payables				196,266	162,834

Total non-current liabilities		1,898,869	176,444	13,448,072	11,605,502
Shareholders equity					
Share capital	25.a; 25.f	5,171,752	5,171,752	5,171,752	5,171,752
Equity instrument granted	25.b	1,149	536	1,149	536
Capital reserve	25.d	549,778	549,778	549,778	549,778
Treasury shares	25.c	(482,260)	(482,260)	(482,260)	(482,260)
Revaluation reserve on subsidiaries	25.e	4,868	4,930	4,868	4,930
Profit reserves	25.f	3,629,851	3,629,851	3,629,851	3,629,851
Retained earnings		73,916		73,916	
Valuation adjustments	25.g	148,058	159,643	148,058	159,643
Cumulative translation adjustments	25.g	33,665	53,061	33,665	53,061
Additional dividends to the minimum mandatory dividends	25.h		163,742		163,742
Shareholders equity attributable to:					
Shareholders of the Company		9,130,777	9,251,033	9,130,777	9,251,033
Non-controlling interests in subsidiaries				334,682	339,288
Total shareholders equity		9,130,777	9,251,033	9,465,459	9,590,321
Total liabilities and shareholders equity		11,049,448	10,589,548	28,548,706	28,205,511

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

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Ultrapar Participações S.A. and Subsidiaries

Income Statements

For the three-month period ended March 31, 2018 and 2017

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

		Parent		Consolidated	
	Note	03/31/2018	03/31/2017 Restated	03/31/2018	03/31/2017 Restated
Net revenue from sales and services	26			20,751,122	18,544,570
Cost of products and services sold	27			(19,229,825)	(16,987,475)
Gross profit				1,521,297	1,557,095
Operating income (expenses)					
Selling and marketing	27			(671,447)	(597,150)
General and administrative	27			(372,568)	(362,578)
Gain (loss) on disposal of property, plant and equipment and intangibles	28			(2,230)	(6,353)
Other operating income, net	29	32	1	(262,723)	56,335
Operating income before financial income (expenses) and share of profit of subsidiaries, joint ventures and associates		32	1	212,329	647,349
Financial income	30	19,613	30,754	112,444	164,361
Financial expenses	30	(20,513)	(36,965)	(219,409)	(285,536)
Financial result, net		(900)	(6,211)	(106,965)	(121,175)
Share of profit of subsidiaries, joint ventures and associates	12	74,490	356,681	(2,981)	6,428
Income before income and social contribution taxes		73,622	350,471	102,383	532,602
Income and social contribution taxes					
Current	9.b; 9c	(89)	(1,121)	(122,063)	(190,190)
Deferred	9.b	322	3,212	92,531	12,294
		233	2,091	(29,532)	(177,896)
Net income for the period		73,855	352,562	72,851	354,706
Net income for the period attributable to:					
Shareholders of the Company		73,855	352,562	73,855	352,562

Non-controlling interests in subsidiaries				(1,004)	2,144
Earnings per share (based on weighted average number of shares outstanding) R$					
Basic	31	0.1363	0.6508	0.1363	0.6508
Diluted	31	0.1353	0.6461	0.1353	0.6461

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Comprehensive Income

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	**03/31/2018**	**03/31/2017 Restated**	**03/31/2018**	**03/31/2017 Restated**
Net income for the period attributable to shareholders of the Company		73,855	352,562	73,855	352,562
Net income for the period attributable to non-controlling interests in subsidiaries				(1,004)	2,144
Net income for the period		73,855	352,562	72,851	354,706
Items that are subsequently reclassified to profit or loss:					
Fair value adjustments of financial instruments of subsidiaries, net	25.g	(11,972)	48,362	(11,972)	48,362
Fair value adjustments of financial instruments of joint ventures, net	25.g	686	594	686	594
Cumulative translation adjustments, net of hedge of net investments in foreign operations and income and social contribution taxes	25.g	(19,396)	1,322	(19,396)	1,322
Items that are not subsequently reclassified to profit or loss:					
Losses of post-employment benefits of subsidiaries, net	25.g	(299)	(24)	(299)	(24)
Total comprehensive income for the period		42,874	402,816	41,870	404,960
Total comprehensive income for the period attributable to shareholders of the Company		42,874	402,816	42,874	402,816
Total comprehensive income for the period attributable to non-controlling interest in subsidiaries				(1,004)	2,144

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Changes in Shareholders Equity

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais)

					Profit reserve						Sharehol attribu
Share capital	**Equity instrument granted**	**Capital reserve**	**Treasury shares**	**Revaluation reserve on subsidiaries**	**Legal reserve**	**Investments statutory reserve**	**Valuation adjustments**	**Cumulative translation adjustments**	**Retained earnings**	**Additional dividends to the minimum mandatory dividends**	**Shareholde of the Company**
5,171,752	**536**	**549,778**	**(482,260)**	**4,930**	**629,144**	**3,130,935**	**159,643**	**53,061**		**163,742**	**9,381,26**
						(130,228)					(130,22
5,171,752	**536**	**549,778**	**(482,260)**	**4,930**	**629,144**	**3,000,707**	**159,643**	**53,061**		**163,742**	**9,251,03**
									73,855		73,85
							(11,286)				(11,28
							(299)				(29
								(19,396)			(19,39

							(11,585)	(19,396)	73,855		42,87
	613										61
				(62)					62		
									(1)		(
										(163,742)	(163,74
5,171,752	**1,149**	**549,778**	**(482,260)**	**4,868**	**629,144**	**3,000,707**	**148,058**	**33,665**	**73,916**		**9,130,77**

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Changes in Shareholders Equity

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais)

					Profit reserve							Shar att
hare capital	Equity instrument granted	Capital reserve	Treasury shares	Revaluation reserve on subsidiaries	Legal reserve	Investments statutory reserve	Retention of profits	Valuation adjustments	Cumulative translation adjustments	Retained earnings	Additional dividends to the minimum mandatory dividends	Sharel of Com
38,686		**552,038**	**(483,879)**	**5,339**	**550,428**	**2,582,898**	**1,333,066**	**(23,987)**	**7,519**		**165,515**	**8,52**
						(82.427)						(8
38,686		**552,038**	**(483,879)**	**5,339**	**550,428**	**2,500,471**	**1,333,066**	**(23,987)**	**7,519**		**165,515**	**8,44**
										352,562		35
								48,956				4
								(24)				
									1,322			

							48,932	1,322	352,562		40
	3,114	3,685									
			(62)						62		
									(10)		
										(165,515)	(16
38,686	**555,152**	**(480,194)**	**5,277**	**550,428**	**2,500,471**	**1,333,066**	**24,945**	**8,841**	**352,614**		**8,68**

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows Indirect Method

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais)

		Parent		Consolidated	
	Note	**03/31/2018**	**03/31/2017 Restated**	**03/31/2018**	**03/31/2017 Restated**
Cash flows from operating activities					
Net income for the period		73,855	352,562	72,851	354,706
Adjustments to reconcile net income to cash provided by operating activities					
Share of loss (profit) of subsidiaries, joint ventures and associates	12	(74,490)	(356,681)	2,981	(6,428)
Amortization of contractual assets with customers exclusive rights	11			104,513	128,218
Depreciation and amortization	13;14			194,243	165,044
PIS and COFINS credits on depreciation	13;14			4,338	3,233
Interest, monetary, and foreign exchange rate variations		14,814	35,324	223,191	169,046
Deferred income and social contribution taxes	9.b	(322)	(3,212)	(92,531)	(12,294)
(Gain) loss on disposal of property, plant and equipment and intangibles	28			2,230	6,353
Estimated losses on doubtful accounts				27,507	15,109
Provision for losses in inventories				(117)	2,533
Provision for post-employment benefits				5,680	2,703
Other provisions and adjustments				(1,258)	279
		13,857	27,993	543,628	828,502
(Increase) decrease in current assets					
Trade receivables and reseller financing	5			(230,867)	(12,600)
Inventories	6			175,579	153,874
Recoverable taxes	7	(2,203)	14,001	(13,640)	(20,633)
Dividends received from subsidiaries and joint-ventures		468,743	451,445		
Insurance and other receivables		187	1,570	(25,177)	305,073
Prepaid expenses	10	28	(603)	3,470	(29,167)
Contractual assets with customers exclusive rights	11			(598)	(4,527)
Increase (decrease) in current liabilities					
Trade payables	16	(352)	(121)	(295,708)	(514,315)
Salaries and related charges	17		1	(83,641)	(75,826)
Taxes payable	18	126	(182)	168	15,606
Income and social contribution taxes				6,016	169,422

Post-employment benefits	19.b				(1,295)
Provision for tax, civil, and labor risks	21.a			(7,113)	(1,153)
Insurance and other payables		(7,439)		(32,599)	63,855
Deferred revenue	23			366	(124)
(Increase) decrease in non-current assets					
Trade receivables and reseller financing	5			(17,584)	(15,715)
Recoverable taxes	7		(17,064)	(12,251)	(30,571)
Escrow deposits		148		(7,657)	(10,084)
Other receivables				5,568	1,629
Prepaid expenses	10	(38)		(30,109)	(47,544)
Contractual assets with customers exclusive rights	11			385	5,853
Increase (decrease) in non-current liabilities					
Post-employment benefits	19.b			263	652
Provision for tax, civil, and labor risks	21.a	7	(589)	4,721	(89,432)
Other payables				33,432	(6,289)
Deferred revenue	23			474	272
Payments of contractual assets with customers exclusive rights				(95,866)	(146,038)
Income and social contribution taxes paid				(34,348)	(285,017)
Net cash provided by (used in) operating activities		473,064	476,451	(113,088)	254,408

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Cash Flows Indirect Method

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais)

	Note	Parent		Consolidated	
		03/31/2018	03/31/2017 Restated	03/31/2018	03/31/2017 Restated
Cash flows from investing activities					
Financial investments, net of redemptions		(279,515)	(50,664)	(203,458)	246,196
Cash and cash equivalents of subsidiary acquired	3.c			3,662	
Acquisition of property, plant, and equipment	13			(284,453)	(241,845)
Acquisition of intangible assets	14			(70,909)	(32,902)
Acquisiton of companies	3.c			(100,000)	
Capital increase in joint ventures	12.b			(8,000)	
Proceeds from disposal of property, plant and equipment and intangibles	28			4,901	5,464
Net cash used in investing activities		(279,515)	(50,664)	(658,257)	(23,087)
Cash flows from financing activities					
Loans and debentures					
Proceeds	15	1,721,596		2,081,068	283,262
Repayments	15	(800,000)		(1,074,003)	(606,091)
Interest paid	15	(29,811)	(55,576)	(84,273)	(153,281)
Payments of financial lease	15.i			(1,278)	(1,297)
Dividends paid		(486,573)	(470,728)	(488,115)	(470,752)
Sale of treasury shares	25.c		6,799		
Related parties	8.a	(10,534)	17,261	(9)	
Net cash provided by (used in) financing activities		394,678	(502,244)	433,390	(948,159)
Effect of exchange rate changes on cash and cash equivalents in foreign currency				3,580	15,356
Increase (decrease) in cash and cash equivalents		588,227	(76,457)	(334,375)	(701,482)
Cash and cash equivalents at the beginning of the period	4	93,174	127,944	5,002,004	4,274,158
Cash and cash equivalents at the end of the period	4	681,401	51,487	4,667,629	3,572,676

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

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Ultrapar Participações S.A. and Subsidiaries

Statements of Value Added

For the three-month period ended March 31, 2018 and 2017

(In thousands of Brazilian Reais, except percentages)

		Parent				Consolidated			
	Note	03/31/2018	%	03/31/2017 Restated	%	03/31/2018	%	03/31/2017 Restated	%
Revenue									
Gross revenue from sales and services, except rents and royalties	26					21,478,209		19,214,305	
Rebates, discounts, and returns	26					(214,094)		(222,375)	
Estimated losses on doubtful accounts allowance						(29,796)		(40,545)	
Gain (loss) on disposal of property, plant and equipment and intangibles and other operating income, net	28;29					(264,953)		49,982	
						20,969,366		19,001,367	
Materials purchased from third parties									
Raw materials used						(1,533,242)		(1,206,038)	
Cost of goods, products, and services sold						(17,664,330)		(15,704,100)	
Third-party materials, energy, services, and others		1,955		1,679		(282,012)		(567,976)	
Losses of assets						(5,806)		(4,145)	
		1,955		1,679		(19,485,390)		(17,482,259)	
Gross value added		1,955		1,679		1,483,976		1,519,108	
Deductions									
Depreciation and amortization	13;14					(194,243)		(165,044)	
	13;14					(4,338)		(3,233)	

PIS and COFINS credits on depreciation									
						(198,581)		(168,277)	
Net value added by the Company		1,955		1,679		1,285,395		1,350,831	
Value added received in transfer									
Share of profit (loss) of subsidiaries, joint-ventures, and associates	12	74,490		356,681		(2,981)		6,428	
Rents and royalties	26					37,079		36,352	
Financial income	30	19,613		30,754		112,444		164,361	
		94,103		387,435		146,542		207,141	
Total value added available for distribution		96,058		389,114		1,431,937		1,557,972	
Distribution of value added									
Labor and benefits		1,604	2	1,409		526,352	37	458,180	29
Taxes, fees, and contributions		569		(2,001)	(1)	560,963	39	382,876	25
Financial expenses and rents		20,030	21	37,144	10	271,771	19	362,210	23
Retained earnings		73,855	77	352,562	91	72,851	5	354,706	23
Value added distributed		96,058	100	389,114	100	1,431,937	100	1,557,972	100

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

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(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 retail distribution of pharmaceutical, hygiene, beauty, and skincare products, through Imifarma Produtos Farmacêuticos e Cosméticos S.A. (Extrafarma). For further information about segments see Note 32.

2. Presentation of Interim Financial Information and Summary of Significant Accounting Policies

The Company s individual and consolidated interim financial information were prepared in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and in accordance with the pronouncement CPC 21 (R1) issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM).

All relevant specific information of the interim financial information, and only this information, is being presented and correspond to that used by the Company s and its subsidiaries Management.

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

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

a. Recognition of Income

Revenue of sales and services rendered is measured at the value of the consideration that the Company s subsidiaries expect to be entitled to, net of sales returns, discounts, amortization of contractual assets with customers and other deductions, if applicable, being recognized as the entity fulfills its performance obligation.

At Ipiranga, the revenue from sales of fuels and lubricants is recognized when the products are delivered to gas stations and to large consumers. At Ultragaz, 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. At Extrafarma, the 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. At Oxiteno, the revenue from sales of chemical products is recognized when the products are delivered to ndustrial customers, depending of the freight mode of delivery. At Ultracargo, the revenue provided from storage services is recognized as services are performed. The breakdown of revenue from sales and services is shown in Note 26.

Amortization of contractual assets with customers (see Notes 2.f and 11) for the exclusive rights in Ipiranga s reseller service stations and the bonuses paid in performance obligation sales are recognized as a deduction of the sales revenue in the income statement according to the conditions established in the agreements which is reviewed as per the changes occurred in the agreements.

Deferred revenue from loyalty program is recognized in the income statement when the points are redeemed, on which occasion the costs incurred are also recognized in profit or loss. Deferred revenue of unredeemed points is also recognized in profit or loss when points expire. For more information, see Note 23 - Loyalty program.

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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

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

The Company and its subsidiaries evaluated the classification and measurement of financial assets based on its business model of financial assets as follows:

Amortized cost: financial assets held in order to collect contractual cash flows, solely principal and interest. 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. Financial investments in guarantee of loans are classified as amortized cost.

Measured at fair value through other comprehensive income: financial assets that are acquired or originated for the purpose of collecting contractual cash flows or selling financial assets. 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 initial amount of financial investments 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 at the time of their settlement. Substantially the financial investments in Bank Certificates of Deposit (CDB) and repurchase agreements are classified as measured at fair value through other comprehensive income.

Measured at fair value through profit or loss: financial assets not classified as amortized cost or measured at fair value through other comprehensive income. The balances are stated at fair value and both the interest earned and the exchange variations and changes in fair value are recognized in the income statement. Investment funds and derivatives are classified as measured at fair value through profit or loss.

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

Hedge accounting fair value hedge: 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: 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 or firm commitment 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

Hedge accounting hedge of net investments in foreign operation: 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 Note 33.

d. Trade Receivables

Trade receivables are recognized at the amount invoiced of the counterparty that the Company subsidiaries are entitled. An allowance for estimated losses on 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. The estimated losses take into account, at the initial recognition of the contract, the expected losses for the next 12 months and for the useful life of the contract when the deterioration or improvement of the customers credit quality (see Notes 5 and 33 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 and indirectly 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 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. Contractual assets with customers exclusive rights

Exclusive rights disbursements as provided in Ipiranga s agreements with reseller service stations and major consumers are recognized as contractual assets when paid and amortized according to the conditions established in the agreements (see Note 2.a and 11).

g. Investments

Investments in subsidiaries are accounted for under the equity method of accounting in the individual interim financial information of the parent company (see Notes 3.b and 12). 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 interim financial information (see Note 12). 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.

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

h. 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.n and 20), less accumulated depreciation and, when applicable, less provision for losses (see Note 13).

Depreciation is calculated using the straight-line method, over the periods mentioned in Note 13, 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.

i. Leases

Finance Leases

Certain lease contracts transfer substantially all the risks and benefits associated with the ownership of an asset to the 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 13 and 14. 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 15.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 34.c).

j. Intangible Assets

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the criteria below (see Note 14):

Goodwill 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. Goodwill 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 (see Note 14.i).

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 14, 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 14 items i and v).

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

k. 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.

l. 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 net of amortization and transaction costs. 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 15.j).

m. 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 interim financial information. 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.

For purposes of disclosure, deferred tax assets were offset against the deferred tax liability, income tax and social contribution, in the same taxable entity and the same taxation authority.

n. 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 20). 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 statements when they become known.

o. 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 21).

p. 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 and reviewed by management, using the projected unit credit method (see Note 19.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.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

q. 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.

r. 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 date 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.

s. Basis for Translation of Interim Financial Information 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 historical 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 on March 31, 2018 was a gain of R$ 33,665 (gain of R$ 53,061 on December 31, 2017) see Note 25.g Cumulative Translation Adjustments.

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 Uruguay S.A.(i)	U.S. Dollar	Uruguay
Oxiteno Andina, C.A.(ii)	Bolivar	Venezuela

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

(ii) According the definition and general guidance of IAS 29, the characteristics of the economic environment of Venezuela indicate that this country is 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 January 26, 2018, the Venezuelan Central Bank issued Foreign Exchange Regulation No. 39, altering the Venezuelan foreign exchange markets and regulating the DICOM Tipo de Cambio Complementario Flotante de Mercado Supplemental (Floating Market Exchange) as the legally recognized type of exchange rate, being the Bolivar traded at the variable exchange rate of 49,477.50 VEF/US$ for sale and 49,353.81 VEF/US$ for purchase as of March 31, 2018. The DICOM is applied to all unforeseen currency settlement transactions not expressly set forth in the Foreign Exchange Regulation, which transactions are processed through alternative currency markets.

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 loss recognized in income for the three-month period ended March 31, 2018 amounted to R$ 334 (R$ 2,620 gain for the three-month period ended March 31, 2017).

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

t. Use of Estimates, Assumptions and Judgments

The preparation of the interim financial information 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 interim financial information, as well as the experience of past and current events, also considering assumptions regarding future events. The interim financial information therefore include estimates, assumptions, and judgments related mainly to determining the fair value of financial instruments (Notes 2.c, 2.l, 4, 15 and 33), the determination of the estimated losses on doubtful accounts (Notes 2.d, 5 and 33), the determination of provisions for losses of inventories (Notes 2.e and 6), the determination of deferred income taxes amounts (Notes 2.m and 9), the determination of control in subsidiaries (Notes 2.f, 2.s, 3 and 12.a), the determination of joint control in joint venture (Notes 2.f, 12.a and 12.b), the determination of significant influence in associates (Notes 2.f and 12.c), the determination of exchange rate used to translation of Oxiteno Andina information (Note 2.s), the useful lives of property, plant, and equipment (Notes 2.h and 13), the useful lives of intangible assets, and the determination of the recoverable amount of goodwill (Notes 2.j and 14), provisions for assets retirement obligations (Notes 2.n and 20), provisions for tax, civil, and labor risks (Notes 2.o and 21), estimates for the preparation of actuarial reports (Notes 2.p and 19.b) and the determination of fair value of subscription warrants indemnification (Notes 24 and 33). The actual result of the transactions and information may differ from their estimates.

u. Impairment of Assets

The Company and its subsidiaries review, every report period, the existence of any indication that an asset may be impaired and annually test intangible assets with undefined useful life. 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 present period (see Note 14.i).

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

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 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 interim financial information as applicable to publicly-traded companies, and as supplemental information for the International Financial Reporting Standards (IFRS), which does not require the presentation of DVA.

x. Statements of Cash Flows Indirect Method

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. The Company and its subsidiaries present financial investments on a net basis of income and redemptions in the investment activities.

y. Adoption of the Pronouncements Issued by CPC and IASB

The following standards, amendments, and interpretations to IFRS were issued by the IASB which are effective as of January 1, 2018:

	Equivalent CPC	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.	48	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.	47	2018

The Company and its subsidiaries disclosed the information to the impacts on the adoption of IFRS 9 (CPC 48) and 15 (CPC 47), in accordance with the new accounting practices introduced by the IASB and immaterial reclassifications and adjustments to the better presentation of the interim financial information: i) the sales revenue previously recognized at the issuance of the invoice, was adjusted to the time of the delivery of the products and ii) segregation of sales and purchase taxes between the sales revenue and the cost of products.

(1) IFRS 9 adoption (CPC 48) Financial instruments

a) Classification and measurement of financial instruments:

The Company and its subsidiaries evaluated the classification and measurement of financial instruments and, based on its business model, concluded that the target is achieved, receiving contractual cash flows and selling financial assets (hold for collect and sell). Accordingly, most part of the financial investments are classified as measured at fair value through other comprehensive income, except for funds that are classified as measured at fair value through profit or loss and financial investments given as collateral for loans that are classified as amortized cost (see Note 2.c).

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

	12/31/2017				
	Classification as previously reported according to IAS 39 / CPC 38		New classification according to IFRS 9 / CPC 48		
	Category	Carrying value	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Measured at amortized cost
Financial assets:					
Cash and cash equivalents					
Cash and bank deposits	Loans and receivables	147,926			147,926
Financial investments in local currency	Measured at fair value through profit or loss	4,821,605		4,821,605	
Financial investments in foreign currency	Measured at fair value through profit or loss	32,473	32,473		
Financial investments:					
Fixed-income securities and funds in local currency	Available for sale	68,742		2,720	66,022
Fixed-income securities and funds in local currency	Measured at fair value through profit or loss	1,076,849	1,076,849		
Fixed-income securities and funds in local currency	Held to maturity	7,449			7,449
Fixed-income securities and funds in foreign currency	Available for sale	129,131		129,131	
Currency and interest rate hedging instruments	Measured at fair value through profit or loss	85,753	85,753		
Total		6,396,928	1,195,075	4,953,456	221,397

b) Estimated losses on doubtful accounts

The Company and its subsidiaries assessed the estimated credit losses on doubtful accounts on trade receivables, taking into account, at the initial recognition of the contract, the expected losses for the next 12 months and for the useful life of the contract when the deterioration or improvement of customers credit quality (see Note 2.d).

c) Derivative financial instruments

The Company and its subsidiaries have not identified impacts arising from this change keeping the permanence of the application of IAS 39.

(2) IFRS 15 adoption (CPC 47) Revenue recognition from contracts with customers

The Company and its subsidiaries evaluated all the stages for the recognition of their revenues from contracts with customers and based on their diagnosis did not identify material measurement impacts resulting from the adoption of this standard (see Note 2.a).

In relation to the presentation in the income statement, the Company and its subsidiaries evaluated that certain expenses, allocated as selling and marketing until December 31, 2017, shall be better presented as a reduction of revenue, substantially in relation to the amortization expenses of exclusive contracts to operate Ipiranga service station.

The Company and its subsidiaries adopted retrospectively the impacts of the IFRS 9 and 15.

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Ultrapar Participações S.A. and Subsidiaries

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(In thousands of Brazilian Reais, unless otherwise stated)

The table below summarizes the effects of the IFRS 9 (CPC 48) and 15 (CPC 47) adoption, reclassifications and immaterial adjustments:

Assets	**As previously reported**	**IFRS 9 adoption(1)**	**IFRS 15 adoption(2)**	**Reclassification and adjustments**	**After adoption IFRS 9 and 15**
Current assets					
Cash and cash equivalents	5,002,004				5,002,004
Financial investments and hedging instruments	1,283,498				1,283,498
Trade receivables and reseller financing, net	4,337,118	(157,198)		(32,026)	4,147,894
Inventories, net	3,491,879			21,698	3,513,577
Recoverable taxes, net	881,584				881,584
Dividends receivable	11,137				11,137
Other receivables	44,025				44,025
Prepaid expenses, net	150,046				150,046
Contractual assets with customers exclusive rights, net			456,213		456,213
Total current assets	15,201,291	(157,198)	456,213	(10,328)	15,489,978
Non-current assets					
Financial investments and hedging instruments	84,426				84,426
Trade receivables and reseller financing, net	329,991				329,991
Related parties	490				490
Deferred income and social contribution taxes	545,611	53,447	12,150	2,853	614,061
Recoverable taxes, net	313,242				313,242
Escrow deposits	822,660				822,660
Indemnity asset business combination	202,352				202,352
Other receivables	7,918				7,918
Prepaid expenses, net	346,886				346,886

Contractual assets with customers exclusive rights, net			1,046,147		1,046,147
Total long term assets	2,653,576	53,447	1,058,297	2,853	3,768,173
Investments					
In joint-ventures	122,061				122,061
In associates	25,341				25,341
Other	2,792				2,792
Property, plant, and equipment, net	6,607,788			26,740	6,634,528
Intangible assets, net	3,727,473		(1,538,095)	(26,740)	2,162,638
	10,485,455		(1,538,095)		8,947,360
Total non-current assets	13,139,031	53,447	(479,798)	2,853	12,715,533
Total assets	28,340,322	(103,751)	(23,585)	(7,475)	28,205,511

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

Liabilities	**As previously reported**	**IFRS 9 adoption [1]**	**IFRS 15 adoption [2]**	**Reclassification and adjustments**	**After adoption IFRS 9 and 15**
Current liabilities					
Loans and hedging instruments	1,819,766				1,819,766
Debentures	1,681,199				1,681,199
Finance leases	2,710				2,710
Trade payables	2,155,498				2,155,498
Salaries and related charges	388,118				388,118
Taxes payable	225,829			(4,300)	221,529
Dividends payable	338,845				338,845
Income and social contribution taxes payable	86,836				86,836
Post-employment benefits	30,059				30,059
Provision for asset retirement obligation	4,799				4,799
Provision for tax, civil, and labor risks	64,550				64,550
Trade payables customers and third parties indemnification	72,216				72,216
Other payables	125,150				125,150
Deferred revenue	18,413				18,413
Total current liabilities	7,013,988			(4,300)	7,009,688
Non-current liabilities					
Loans and hedging instruments	6,113,545				6,113,545
Debentures	3,927,569				3,927,569
Finance leases	45,805				45,805
Related parties	4,185				4,185
Deferred income and social contribution taxes	38,524				38,524
Post-employment benefits	207,464				207,464
Provision for asset retirement obligation	59,975				59,975
Provision for tax, civil, and labor risks	861,246				861,246
Deferred revenue	12,896				12,896
Subscription warrants indemnification	171,459				171,459

Other payables	162,834				162,834
Total non-current liabilities	11,605,502				11,605,502
Shareholders equity					
Share capital	5,171,752				5,171,752
Equity instrument granted	536				536
Capital reserve	549,778				549,778
Treasury shares	(482,260)				(482,260)
Revaluation reserve on subsidiaries	4,930				4,930
Profit reserves	3,760,079	(103,468)	(23,585)	(3,175)	3,629,851
Valuation adjustments	159,643				159,643
Cumulative translation adjustments	53,061				53,061
Additional dividends to the minimum mandatory dividends	163,742				163,742
Shareholders equity attributable to:					
Shareholders of the Company	9,381,261	(103,468)	(23,585)	(3,175)	9,251,033
Non-controlling interests in subsidiaries	339,571	(283)			339,288
Total shareholders equity	9,720,832	(103,751)	(23,585)	(3,175)	9,590,321
Total liabilities and shareholders equity	28,340,322	(103,751)	(23,585)	(7,475)	28,205,511

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

	As previously reported	IFRS 9 adoption[1]	IFRS 15 adoption[2]	Reclassification and adjustments	After adoption IFRS 9 and 15
Net revenue from sales and services	18,727,888		(129,942)	(53,376)	18,544,570
Cost of products and services sold	(17,040,851)			53,376	(16,987,475)
Gross profit	1,687,037		(129,942)		1,557,095
Operating income (expenses)					
Selling and marketing	(703,339)	(24,347)	130,536		(597,150)
General and administrative	(362,578)				(362,578)
Gain (loss) on disposal of property, plant and equipment and intangibles	(6,353)				(6,353)
Other operating income, net	56,335				56,335
Operating income before financial income (expenses) and share of profit of joint ventures and associates	671,102	(24,347)	594		647,349
Financial income	164,361				164,361
Financial expenses	(285,536)				(285,536)
Financial result, net	(121,175)				(121,175)
Share of profit of joint ventures and associates	6,428				6,428
Income before income and social contribution taxes	556,355	(24,347)	594		532,602
Income and social contribution taxes					
Current	(190,190)				(190,190)
Deferred	4,173	8,278	(157)		12,294
	(186,017)	8,278	(157)		(177,896)
Net income for the period	370,338	(16,069)	437		354,706

Net income for the period attributable to:				
Shareholders of the Company	368,170	(16,069)	461	352,562
Non-controlling interests in subsidiaries	2,168		(24)	2,144
Earnings per share (based on weighted average number of shares outstanding) R$				
Basic	0.6796			0.6508
Diluted	0.6747			0.6461

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

	As previously reported	IFRS 9 adoption[1]	IFRS 15 adoption[2]	Reclassification and adjustments	After adoption IFRS 9 and 15
Cash flows from operating activities					
Net income for the period	370,338	(16,069)	437		354,706
Adjustments to reconcile net income to cash provided by operating activities					
Share of loss (profit) of joint ventures and associates	(6,428)				(6,428)
Amortization of contractual assets with customers exclusive rights			128,218		128,218
Depreciation and amortization	295,581		(130,537)		165,044
PIS and COFINS credits on depreciation	3,233				3,233
Asset retirement obligation	(525)			525	
Interest, monetary, and foreign exchange rate variations	169,046				169,046
Deferred income and social contribution taxes	(4,173)	(8,278)	157		(12,294)
(Gain) loss on disposal of property, plant and equipment and intangibles	6,353				6,353
Estimated losses on doubtful accounts				15,109	15,109
Provision for losses in inventories				2,533	2,533
Provision for post-employment benefits				2,703	2,703
Other provisions and adjustments	279				279
	833,704	(24,347)	(1,725)	20,870	828,502
(Increase) decrease in current assets					
Trade receivables and reseller financing	(20,512)	24,347	(1,326)	(15,109)	(12,600)
Inventories	156,047			(2,533)	153,874
Contractual assets with customers exclusive rights			(4,527)		(4,527)
Other current asset items	255,273				255,273
Increase (decrease) in current liabilities					
Insurance and other payables	64,380			(525)	63,855

Other current liabilities items	(407,685)			(407,685)
(Increase) decrease in non-current assets				
Contractual assets with customers exclusive rights		5,853		5,853
Other non-current asset items	(102,285)			(102,285)
Increase (decrease) in non-current liabilities				
Post-employment benefits	3,355		(2,703)	652
Other non-current liabilities items	(95,449)			(95,449)
Payments of contractual assets with customers exclusive rights		(146,038)		(146,038)
Income and social contribution taxes paid	(285,017)			(285,017)
Net cash provided by operating activities	402,171	(147,763)		254,408
Cash flows from investing activities				
Acquisition of intangible assets	(180,665)	147,763		(32,902)
Other investing activities items	9,815			9,815
Net cash used in investing activities	(170,850)	147,763		(23,087)
Net cash used in financing activities	(948,159)			(948,159)
Effect of exchange rate changes on cash and cash equivalents in foreign currency	15,356			15,356
Decrease in cash and cash equivalents	(701,482)			(701,482)
Cash and cash equivalents at the beginning of the period	4,274,158			4,274,158
Cash and cash equivalents at the end of the period	3,572,676			3,572,676

Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

The following standards, amendments, and interpretations to IFRS were issued by the IASB are not effective as of March 31, 2018:

	Equivalent CPC	Effective date
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.	06 (R2)	2019

The Company and its subsidiaries are quantifying the potential effects of this pronouncement, and it is expected to have a relevant impact on the recognition of the right of use and debt related to lease contracts of the land and building of service stations, drugstores and stores due to the number of operating lease contracts of the subsidiaries (see Note 34.c).

z. Authorization for Issuance of the Interim Financial Information

These interim financial information were authorized for issue by the Board of Directors on May 2, 2018.

3. Principles of Consolidation, Investments in Subsidiaries and Acquisition

a) Principles of Consolidation

In the preparation of the consolidated interim financial information the investments of one company in another, balances of asset and liability accounts, revenues transactions, costs 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 interim financial information of subsidiaries to bring their accounting policies into line with the Company s accounting policies.

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Ultrapar Participações S.A. and Subsidiaries

Notes to the Individual and Consolidated Interim Financial Information

(In thousands of Brazilian Reais, unless otherwise stated)

b) Investments in Subsidiaries

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

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