ULTRAPAR HOLDINGS INC
Form 6-K
November 12, 2010

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 November, 2010

Commission File Number: 001-14950

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

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

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

Form 20-F X   Form 40-F

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

Yes   No X

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

Yes   No X

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

Yes   No X

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

ULTRAPAR HOLDINGS INC.

TABLE OF CONTENTS

Item 1

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

Ultrapar Participações S.A. and Subsidiaries

Interim financial information
March 31, 2010

Ultrapar Participações S.A. and Subsidiaries

Interim financial statements

as of March 31, 2010 and 2009

Table of contents

Independent auditors' review report

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

1. We have reviewed the Quarterly Financial Information of Ultrapar Participações S.A. (the Company) and the consolidated Quarterly Financial Information of the Company and its subsidiaries for the quarter ended March 31, 2010, comprising the balance sheet, the statements of income, comprehensive income, cash flows, changes in shareholders' equity, explanatory notes and management report, which are the responsibility of its management.

2. Our review was conducted in accordance with the specific rules set forth by the IBRACON - The Brazilian Institute of Independent Auditors, in conjunction with the Federal Accounting Council - CFC and consisted mainly of the following: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) reviewing information and subsequent events that have or may have relevant effects on the financial position and operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any material modifications that should be made in the accounting information included in the Quarterly Financial Information described above, for these to be in accordance with accounting practices adopted in Brazil, especially the Committee for Accounting Pronouncements – CPC n° 21 – Interim Financial Statements and the rules issued by the Brazilian Securities and Exchange Commission (CVM), which are applicable to the preparation of the Quarterly Financial Information.

4. As per Note n° 2, during the year of 2009 a number of Pronuncements, Interpretations and Techinical Guidance issued by the Committee for Accounting Pronuncements – CPC – were approved by the Brazilian Securities and Exchange Commission (CVM), in effect as from January 1, 2010, and changed certain accounting practices adopted in Brazil. These changes were adopted by the Company and its subsidiaries in the preparation of the Quarterly Financial Information for the quarter ended March 31, 2010 and disclosed in Note n° 2. This Quarterly Financial Information restated herein and, therefore, differ from the one originally presented by the Company as of March 31, 2010, including our review report dated May 4, 2010. The Quarterly Financial Information for the year and period related to 2009, presented herein for comparison purposes, were adjusted to include the changes in the accounting practices adopted in Brazil in effect in 2010.

São Paulo, November 9, 2010

KPMG Auditores Independentes
CRC 2SP014428/O-6

Anselmo Neves Macedo
Accountant CRC 1SP160482/O-6

4

Ultrapar Participações S.A. and Subsidiaries
(Convenience Translation into English from the Original Previously Issued in Portuguese)

IDENTIFICATION

01.01- CAPITAL COMPOSITION

Number of shares (Thousands)	Current quarter 03/31/2010	Prior quarter 12/31/2009	Same quarter in prior year 03/31/2009
Paid-up Capital			
1 - Common	49,430	49,430	49,430
2 - Preferred	86,666	86,666	86,666
3 - Total	136,096	136,096	136,096
Treasury Share			
4 - Common	7	7	7
5 - Preferred	2,138	2,138	2,201
6 - Total	2,145	2,145	2,208

01.02 - DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - REVENUE	5 - BEGINNING OF PAYMENT	7 - TYPE OF SHARE	8 - AMOUNT PER SHARE
01	Board of Director’s Meeting	02/24/2010	Dividends	03/12/2010	Common	1.190000000
02	Board of Director’s Meeting	02/24/2010	Dividends	03/12/2010	Preferred	1.190000000

01.03 - SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - AMOUNT OF THE CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 - NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (THOUSAND)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of March 31, 2010 and December 31, 2009

(In thousands of Reais)

		Parent		Consolidated	
Assets		03/31/2010	12/31/2009	03/31/2010	12/31/2009
Current assets					
Cash and cash equivalents	5	32,307	58,926	1,500,396	1,887,499
Financial investments	5	20,000	-	411,515	440,257
Trade account receivables	6	-	-	1,588,988	1,618,283
Inventories	7	-	-	1,011,957	942,181
Recoverable taxes	8	37,344	38,245	310,490	320,161
Dividends receivable		30	119,020	-	-
Other receivables		2,384	9	30,799	35,336
Prepaid expenses	11	-	-	47,548	22,832
Total current assets		92,065	216,200	4,901,693	5,266,549
Non-current assets					
Long-term assets					
Financial investments	5	-	-	7,193	7,193
Trade account receivables	6	-	-	75,612	86,377
Related companies	9.a)	750,000	774,082	9,376	7,606
Deferred income and social contribution taxes	10.a)	750	231	672,356	694,571
Recoverable taxes	8	21,586	17,161	65,136	53,176
Escrow deposits		232	217	323,809	308,538
Other receivables		-	-	1,195	1,503
Prepaid expenses	11	-	-	35,466	34,944
		772,568	791,691	1,190,143	1,193,908
Investments					
Subsidiaries	12.a)	5,005,465	4,905,465	-	-
Affiliates	12.b)	-	-	12,486	12,461
Others		-	-	2,344	2,285
Property, plant and equipment	13 and 16.h)	-	-	3,861,184	3,784,500
Intangible assets	14	246,163	246,163	1,202,698	1,203,693
Deferred charges	15	-	-	8,591	9,819
		5,251,628	5,151,628	5,087,303	5,012,758
Total non-current assets		6,024,196	5,943,319	6,277,446	6,206,666
Total assets		6,116,261	6,159,519	11,179,139	11,473,215

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

6

Ultrapar Participações S.A. and Subsidiaries

Balance sheets

as of March 31, 2010 and December 31, 2009

(In thousands of Reais)

	Note	Parent		Consolidated	
Liabilities		03/31/2010	12/31/2009	03/31/2010	12/31/2009
Current liabilities					
Loans and financing	16	-	-	718,004	1,132,105
Debentures	16	26,956	1,381	26,955	1,381
Finance leases	16.h)	-	-	9,391	10,728
Trade payables		148	10,026	667,585	891,869
Salaries and related charges		100	100	133,079	176,490
Taxes payable		53	1,422	158,025	121,496
Dividends payable		2,139	104,019	7,645	113,868
Income tax and social contribution payable		5	-	38,225	18,975
Post-employment benefits	25.b)	-	-	11,955	11,960
Provision for contingencies	24.a)	-	-	21,660	23,024
Provision for assets retirement obligation	17	-	-	5,848	3,813
Deferred revenue	18	-	-	18,708	11,821
Other payables		649	847	24,715	48,711
Total current liabilities		30,050	117,795	1,841,795	2,566,241
Non-current liabilities					
Long-term liabilities					
Financing	16	-	-	2,514,027	2,131,388
Debentures	16	1,188,795	1,186,485	1,188,795	1,186,485
Finance leases	16.h)	-	-	3,045	4,637
Related companies	9.a)	-	-	4,071	4,071
Deferred income and social contribution taxes	10.a)	-	-	19,198	13,496
Provision for contingencies	24.a)	3,548	3,507	527,204	540,230
Post-employment benefits	25.b)	-	-	90,085	90,080
Provision for assets retirement obligation	17	-	-	60,001	60,765
Deferred revenue	18	-	-	5,167	5,310
Other payables		-	-	46,979	34,670
Total non-current liabilities		1,192,343	1,189,992	4,458,572	4,071,132
Non-controlling interest		-	-	20,535	35,017
Shareholders' equity					
Share capital	19.a)	3,696,773	3,696,773	3,696,773	3,696,773
Capital reserve	19.c)	4,482	4,482	1,426	1,275
Revaluation reserve	19.d)	7,825	8,156	7,825	8,156
Profit reserves	19.e)	1,268,850	1,268,850	1,268,850	1,268,850

Treasury shares	19.b)	(123,720)	(123,720)	(135,760)	(136,403)
Valuation adjustment	3.c) and 19.g)	(2,044)	(4,075)	(2,044)	(4,075)
Cumulative translation adjustments	3.o) and 19.h)	(19,047)	(5,302)	(19,047)	(5,302)
Retained earnings		60,749	6,568	40,214	(28,449)
	19.f)	4,893,868	4,851,732	4,858,237	4,800,825
Total liabilities and shareholders' equity		6,116,261	6,159,519	11,179,139	11,473,215

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

Ultrapar Participações S.A. and Subsidiaries

Income statements

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

	Note	Parent		Consolidated	
		03/31/2010	03/31/2009	03/31/2010	03/31/2009
Gross revenue from sales and services	3.a)	-	-	10,332,325	6,725,158
Deductions		-	-	(398,933)	(315,765)
Net revenue from sales and services		-	-	9,933,392	6,409,393
Cost of products and services sold	3.a)	-	-	(9,238,514)	(5,908,661)
Gross income		-	-	694,878	500,732
Operating revenues (expenses)					
Selling and marketing		-	-	(279,499)	(178,946)
General and administrative		(1,679)	(1,201)	(176,442)	(149,104)
Other net operating income		2,465	(1)	7,098	5,278
Income on disposal of assets	20	-	-	394	2,762
Operating income before financial income and equity		786	(1,202)	246,429	180,722
Net financial income	22	(2,309)	(24,745)	(73,250)	(57,811)
Equity in income of subsidiaries and affiliates	12.a) and 12.b)	126,243	117,101	25	(100)
Operating income before social contribution and income taxes		124,720	91,154	173,204	122,811
Social contribution and income taxes					
Current	10.b)	(4)	-	(30,915)	(28,780)
Deferred charges	10.b)	519	662	(27,366)	(7,794)
Tax incentives	10.b) and 10.c)	-	-	7,119	6,934
		515	662	(51,162)	(29,640)
Income before non-controlling interest		125,235	91,816	122,042	93,171
Non-controlling interests		-	-	3,193	(1,355)
Net income for the period		125,235	91,816	125,235	91,816

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

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders’ equity in the parent company

Fiscal period ended March 31, 2010

(In thousands of Reais)

	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Profit reserve	Valuation adjustment	Cumulative translation adjustments	Retained earnings	To
Balance at December 31, 2009		3,696,773	4,482	8,156	1,145,130	(4,075)	(5,302)	6,568	4,851,73
Realization of revaluation reserve	19.d)	-	-	(331)	-	-	-	331	-
Income tax and social contribution on realization of revaluation reserve of subsidiaries	19.d)	-	-	-	-	-	-	(46)	(46
Dividends		-	-	-	-	-	-	(56,857)	(56,857
Changes on non-controlling interest by subsidiaries	2.2.i)	-	-	-	-	-	-	(14,482)	(14,482
Valuation adjustments for financial instruments	3.c)	-	-	-	-	2,031	-	-	2,031
Currency translation of foreign subsidiaries	3.o)	-	-	-	-	-	(13,745)	-	(13,745
Net income for the period		-	-	-	-	-	-	125,235	125,235
Balance at March 31, 2010		3,696,773	4,482	7,825	1,145,130	(2,044)	(19,047)	60,749	4,893,86

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

9

Ultrapar Participações S.A. and Subsidiaries

Statements of changes in shareholders' equity in the consolidated statements

Fiscal period ended March 31, 2010

(In thousands of Reais)

	Note	Share capital	Capital reserve	Revaluation reserve in subsidiaries	Profit reserve	Valuation adjustment	Cumulative translation adjustments	Retained earnings	Tot
Balance at December 31, 2009		3,696,773	1,275	8,156	1,132,447	(4,075)	(5,302)	6,568	4,835,84
Realization of revaluation reserve	19.d	-	-	(331)	-	-	-	331	-
Income tax and social contribution on realization of revaluation reserve of subsidiaries	19.d	-	-	-	-	-	-	(46)	(46
Dividends		-	-	-	-	-	-	(56,857)	(56,857
Changes on non-controlling interest by subsidiaries	2.2.i	-	-	-	-	-	-	(14,482)	(14,482
Valuation adjustments for financial instruments	3.c	-	-	-	-	2,031	-	-	2,031
Currency translation of foreign subsidiaries	3.o	-	-	-	-	-	(13,745)	-	(13,745
Treasury shares		-	151	-	643	-	-	-	794
Net income for the period		-	-	-	-	-	-	125,235	125,235
Balance at March 31, 2010		3,696,773	1,426	7,825	1,133,090	(2,044)	(19,047)	60,749	4,878,77

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

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

	Note	Parent 03/31/2010	Parent 03/31/2009	Consolidated 03/31/2010	Consolidated 03/31/2009
Cash flows from operating activities					
Net income for the period		125,235	91,816	125,235	91,816
Adjustments to reconcile net income to cash provided by operating activities					
Equity in income of subsidiaries and affiliates	12	(126,243)	(117,101)	(25)	100
Depreciation and amortization		-	-	133,108	107,032
PIS and COFINS credits on depreciation		-	-	2,114	2,594
Expense with tanks removed	17	-	-	(1,061)	(725)
Interest, monetary and exchange rate changes		7,851	45,546	93,647	86,997
Deferred income and social contribution taxes	10.b)	(519)	(662)	27,366	7,794
Non-controlling interest in income		-	-	(3,193)	1,355
Proceeds from sale of property, plant and equipment		-	-	(394)	(2,762)
Others		-	-	611	(351)
Dividends received from subsidiaries		118,990	3,600	-	-
(Increase) decrease in current assets					
Trade accounts receivables	6	-	-	29,296	(28,331)
Inventories	7	-	-	(70,108)	162,759
Recoverable taxes	8	901	(9,961)	9,671	16,816
Other receivables		(2,375)	832	4,537	81,044
Prepaid expenses	11	-	-	(24,716)	(25,715)
Increase (decrease) in current liabilities					
Trade payables		(9,878)	(227)	(224,284)	(103,311)
Wages and employee benefits		-	4	(43,411)	(37,357)
Taxes payable		(1,369)	(103)	36,530	5,774
Income tax and social contribution		5	-	19,250	(10,132)
Other payables		(198)	(37)	(18,481)	(818)
(Increase) decrease in long-term assets					
Trade accounts receivable	6	-	-	10,407	9,631
Recoverable taxes	8	(4,425)	-	(12,126)	(4,105)
Amounts in escrow		(15)	(24)	(15,271)	(6,986)
Other receivables		-	-	308	38
Prepaid expenses	11	-	-	339	706
Increase (decrease) in long-term liabilities					
Provision for contingencies		41	-	(13,027)	7,713
Other payables		-	92	12,171	384

Net cash provided by operating activities	108,001	13,775	78,493	361,960

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

Ultrapar Participações S.A. and Subsidiaries

Statements of cash flows - Indirect method

Fiscal period ended March 31, 2010 and 2009

(In thousands of Reais)

		Parent		Consolidated	
	Note	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Cash flows from investment activities					
Financial investments, net of redemptions		(20,000)	(750,000)	28,743	110,009
Disposal (acquisition) of investments, net	12	-	-	-	(1,189,646)
Capital contributions to subsidiaries	12	-	(4,980)	-	-
Acquisition of property, plant and equipment	13	-	-	(173,916)	(104,010)
Increase in intangible assets	14	-	-	(38,730)	(18,042)
Gain on sale of property, plant and equipment		-	-	4,459	8,749
Net cash provided by (used in) investment activities		(20,000)	(754,980)	(179,444)	(1,192,940)
Cash flows from financing activities					
Financing and debentures					
Fund raising	16	-	-	1,048,107	547,133
Amortization	16	-	(9,402)	(1,152,144)	(153,468)
Payment of financial lease	16	-	-	(3,297)	(3,240)
Dividends paid		(158,736)	(32)	(163,079)	(136)
Reduction of non-controlling interest		-	-	(11,369)	-
Related entities	9.a)	44,116	13,615	(1,770)	(698)
Net cash provided by (used in) financing activities		(114,620)	4,181	(283,552)	389,591
Effect of changes in exchange rates on cash and cash equivalents in foreign currency		-	-	(2,600)	5,018
Increase (decrease) in cash and cash equivalents		(26,619)	(737,024)	(387,103)	(436,371)
Cash and cash equivalents at beginning of period	5	58,926	778,991	1,887,499	1,275,053
Cash and cash equivalents at end of period	5	32,307	41,967	1,500,396	838,682

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

1. Operations

Ultrapar Participações S.A. ("Company"), with headquarters in the City of São Paulo, engages in the investment of its own capital in commercial and industrial activities and related businesses, including the subscription or acquisition of shares of other companies.

Through its subsidiaries, it operates in the segment of liquefied petroleum gas - LPG distribution ("Ultragaz"), light fuel & lubricant distribution, and related business ("Ipiranga"), production and marketing of chemicals ("Oxiteno"), and provision of logistics services for liquid bulk cargo ("Ultracargo"). The Company also operates a petroleum refining business through its investment in Refinaria de Petróleo Riograndense S.A. ("RPR").

2. First-time adoption of the new pronouncements issued by the Accounting Pronouncements Committee ("CPC")

Pursuant to the requirements of the article 2, paragraph II, of CVM Resolution 603/09, the Company is restating the interim financial information for the 1st quarter of 2010 in accordance with the pronouncements issued in 2009 and 2010.

In order to bring about convergence of the Brazilian accounting rules and the International Financial Reporting Standards ("IFRS"), during the years 2009 and 2010 the Brazilian Securities and Exchange Commission ("CVM") issued several resolutions approving the CPC pronouncements and established new accounting standards applicable to Brazil, effective 2010 ("New BR GAAP").

2.1 Transition basis for the adoption of the new CPC pronouncements

The transition date elected by the Company for the application of the New BR GAAP was January 1, 2009, date on which the Company and its subsidiaries prepared its opening balance sheet in accordance with the pronouncements of the New BR GAAP. The interim financial statements as of June 30, 2010, as well as 2009 information included therein, are being restated according to the New BR GAAP, as described in Note 3.

The Company's individual and consolidated financial statements for the year ended December 31, 2010 will be the first annual financial statements under the New BR GAAP.

On the transition date, the Company applied CPC 43 (First-Time Adoption of CPC Technical Pronouncements 15 to 40), which establishes the steps to be followed for the adoption of the new pronouncements.

With the purpose of making the financial statements under New BR GAAP equivalent to financial statements under IFRS, CPC 43 defines as the first step for the adoption of the new pronouncements the application of CPC 37 (First-Time Adoption of International Accounting Standards) – equivalent to IFRS 1 (First-Time Adoption of IFRS) – which provides exceptions to and optional exemptions from the retrospective application of the accounting standards.

The Company has applied certain optional exemptions with regard to the full retrospective application of the standards, as summarized below:

a. Exemption related to business combination before the transition date

The Company and its subsidiaries opted for the exemption related to business combinations; accordingly, business combinations that occurred before January 1, 2009 were not restated. The main business combinations performed by the Company before the transition date were the acquisitions of Ipiranga in 2007 and União Terminais in 2008.

As permitted by CPC 37, the Company and its subsidiaries extended this exemption to acquisitions of interests in subsidiaries and joint ventures, which were not restated in the opening balance sheet as well. The main acquisition of joint venture before the transition date was the acquisition of RPR in 2007.

b. Exemption related to changes in existing decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment

For New BR GAAP purposes, the Company and its subsidiaries identified the need to include in property, plant and equipment the estimated cost to remove, for decommissioning or restoration purposes, Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations.

Using the exemption permitted by the standard, Ipiranga did not calculate the removal cost of the tanks existing on January 1, 2009 based on the costs at the acquisition time of the respective tanks for recognition in property, plant and equipment. The amount added to the acquisition cost of the tanks in property, plant and equipment was obtained based on the estimated removal cost as of January 1, 2009, which was discounted to the date of acquisition of each tank and then depreciated up to the transition date.

c. Exemption related to the capitalization of borrowing costs

Regarding borrowing costs incurred before January 1, 2009 and capitalized according to the prior accounting standards, the Company and its subsidiaries opted for the exemption that allows such costs to be written off in the opening balance sheet against retained earnings, instead of recalculating them on a retroactive basis according to the new rules applicable to the capitalization of borrowing costs.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

d.Exemption related to deemed cost

When recording the initial balance of property, plant and equipment upon the first-time adoption of CPC 27 (Property, Plant and Equipment) and ICPC 10 (Interpretation of the First-Time Adoption of Pronouncements CPCs 27, 28, 37 and 43 to Property, Plant and Equipment and Investment Property), the Company and its subsidiaries chose not to revise the historical costs of items of property, plant and equipment and not to use the deemed cost, as set forth in paragraphs 20 to 29 of ICPC 10.

2.2 Conciliation between previous GAAP and New BR GAAP

Shareholders' equity	March 31, 2010	March 31, 2009	January 1, 2009	December 31, 2009
Shareholders' equity under previous GAAP	4,958,839	4,741,529	4,650,076	4,829,274
Adoption of New BR GAAP effects:				
a) Recognition of provision for assets retirement obligation	(38,922)	(37,150)	(36,773)	(38,008)
b) Measurement of property, plant and equipment::				
b.1) Borrowing costs capitalization	(26,666)	(28,956)	(30,072)	(27,419)
b.2) Recognition of inflation 1996/1997	14,418	16,825	17,474	14,617
c) Write-off of investments in progress	(21,493)	(21,385)	(21,000)	(21,392)
d) Recognition of provision for contingencies	(8,064)	(7,363)	(7,191)	(7,905)
e) Business Combination –Texaco acquisition	(56,900)	-	-	(49,810)
f) Loyalty program	(16,887)	-	-	(9,927)
g) Other effects, net	2,685	425	(1,038)	1,482
h) Deferred income and social contribution taxes	51,227	26,385	26,724	53,056
j) Reversal of dividends payable in excess of the minimum mandatory dividends set by the Bylaws	-	-	52,391	56,857
Total	(100,602)	(51,219)	515	(28,449)
Shareholders' equity, excluding non-controlling interest in subsidiaries	4,858,237	4,690,310	4,650,591	4,800,825
i) Non-controlling interest in subsidiaries in the shareholders´equity	20,535	39,257	38,187	35,017
Shareholders' equity under New BR GAAP	4,878,772	4,729,567	4,688,778	4,835,842

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Net income	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Net income under previous GAAP	140,531	91,159
Adoption of New BR GAAP effects:		
a) Recognition of provision for assets retirement obligation	(914)	(377)
b) Measurement of property, plant and equipment:		
b.1) Borrowing costs capitalization	753	1,116
b.2) Recognition of inflation 1996/1997	(199)	(649)
c) Write-off of investments in progress	(101)	(385)
d) Recognition of provision for contingencies	(159)	(172)
e) Business Combination – Texaco acquisition	(7,090)	-
f) Loyalty program	(6,960)	-
g) Other effects, net	1,204	1,462
h) Deferred income and social contribution tax	(1,830)	(338)
Total	(15,296)	657
Net income, excluding non-controlling interest in subsidiaries	125,235	91,816
i) Non-controlling interest in subsidiaries in the net income	(3,193)	1,355
Net income under New BR GAAP	122,042	93,171

The notes below describe the main effects resulting from the adoption of the New BR GAAP:

a. Recognition of provision for removal of fuel tanks (asset retirement obligation - ARO)

Under the prior accounting standards, there was no requirement to recognize a provision for the liability to remove Ipiranga's fuel tanks located at Ipiranga-branded gas stations. The Company recognized amounts related to the removal and write-off of tanks as an expense as incurred.

For New BR GAAP purposes, a provision must be recognized for the removal of assets when there is a legal or constructive obligation. The Company has identified that such provision is required for Ipiranga's underground fuel tanks. Therefore, a provision was recognized in the amount of the costs estimated to remove the tanks existing on January 1, 2009 (see Note 2.1.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Measurement of property, plant and equipment

b.1) Under the prior accounting practices, subsidiaries capitalized just borrowing costs with specific destination related to the acquisition and construction of qualifying assets. After January 1, 2009, subsidiaries started to capitalize also borrowing costs without specific destination related to the acquisition and construction of qualifying assets, based on a weighted average rate of borrowing costs prevailing in each period, according to CPC 20 (Borrowing Costs). Borrowing costs capitalized in accordance with the prior accounting practices were written off in the opening balance sheet (see Note 2.1.c).

b.2) Hyperinflationary economy accounting, according to the prior accounting practices, was applied until December 31, 1995. Under the international standards applicable to the New BR GAAP, the Brazilian economy was qualified as a hyperinflationary economy in the years 1996 and 1997.

c. Write-off of investments in progress

For the prior accounting practices purposes, the Company capitalized the following items:

- Sundry expenses incurred for Texaco acquisition, which were integrated into goodwill; and

- Expenses on the Comperj project, which is related to the future development of a joint business with other companies for the construction of a petrochemical complex.

For New BR GAAP purposes, the expenses described above do not meet the conditions for capitalization and must be recognized in income when incurred.

d. Recognition of provisions for contingencies

For New BR GAAP purposes, a provision for contingencies is recognized when the probability that an obligation exists exceeds 50%, while, under the prior accounting practices, a provision was recognized when the likelihood of loss was deemed probable.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

e. Business combination - Texaco acquisition

On April 1, 2009, through its subsidiary Sociedade Brasileira de Participações Ltda., the Company acquired Chevron Brasil Ltda. and Sociedade Anônima de Óleo Galena Signal for an amount of R$ 1,355,509. This acquisition allowed an expansion of the Company's fuel and lubricant distribution business to the Central-West, Northeast and North Regions of Brazil and an increase in its operating scale, which resulted in benefits for the Company and its resellers, customers, consumers and community.

For the prior accounting practices purposes, the assets and liabilities of acquired entities were recorded at book value. Goodwill was equal to the difference between the price paid, including sundry expenses incurred, and the net book value of the assets. Goodwill was broken down into R$ 398,985, based on expected future profitability, and R$ 344,418, based on the difference between the market value and the book value of the assets.

For New BR GAAP purposes, the fair value of the assets and liabilities acquired has been determined. Acquisition cost has been allocated between the identified assets acquired and liabilities assumed, recognized at fair value. Intangible assets which had not been recognized in the books of the acquired entity were taken into account during identification of assets and liabilities. Sundry expenses incurred were recognized as incurred and were not part of acquisition cost.

The table below summarizes the estimates of fair values of the assets acquired and liabilities assumed on completion of the acquisition:

	R$
Current assets	625,000
Non-current assets	1,132,485
Goodwill	177,759
Total assets acquired and goodwill	1,935,244
Current liabilities	311,869
Non-current liabilities	267,866
Net assets	1,355,509

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Goodwill recorded under prior accounting practices	398,985
Deferred taxes effects on goodwill	(134,658)
Goodwill recorded under prior accounting practices, net of deferred taxes effects	264,327
Goodwill difference between New BR GAAP and prior accounting practices	(86,568)
Goodwill recorded under New BR GAAP	177,759
Difference between the market value and the carrying value of the assets (treated similarly between prior accounting practices and New BR GAAP)	344,418

f. Loyalty Program

Since March 2009, Ipiranga has a loyalty program called ‘Km de Vantagens’ that rewards registered customers with points when they buy products at Ipiranga gas stations. The customer may exchange the points for discounts on products and services offered by Ipiranga’s partners.

Under the prior accounting practices, charges under the program for which Ipiranga was liable (those related to Multiplus Fidelidade partner) were recognized as incurred.

For New BR GAAP purposes, points received by Ipiranga’s customers for buying products at the gas station chain that may be used in Multiplus Fidelidade are considered as part of the sales revenue based on the fair value of the points granted. Revenue is deferred based on the expected redemption of points, and is recognized in income when the points are redeemed, on which occasion the charges incurred are also recognized in income. Deferred revenue of unredeemed points is recognized in income when the points expire.

g. Other effects, net

Other effects include amounts that, whether individually or jointly, are immaterial.

h. Deferred income and social contribution taxes

Deferred income and social contribution taxes represent the effects of the matters addressed in items (a) to (g) above.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

i. Presentation of non-controlling interests in subsidiaries

Under the prior accounting practices, non-controlling interests in subsidiaries were presented separately from shareholders' equity and deducted from net income in the consolidated financial statements.

For New BR GAAP purposes, non-controlling interests in subsidiaries are presented as part of consolidated shareholders' equity and net income.

j. Reversal of dividends payable in excess of the minimum mandatory dividends set by the Bylaws

Under the prior accounting practices, at the closing of each fiscal year, dividends and interest on capital proposed by the management, even if not approved at a General Meeting, were recognized as liabilities.

For New BR GAAP purposes, dividends and interest on capital are only recognized when the legal obligation is established; therefore, dividends and interest on capital proposed beyond the requirements of the Bylaws should only be recognized when approved at a General Meeting.

Furthermore, for consistency with the New BR GAAP and for a better presentation of the financial statements, certain reclassifications between accounts were made in the balance sheet, in the statement of income and in the statement of cash flows, which had been previously published.

3. Representation of interim financial statements and summary of main accounting practices

The interim financial statements were prepared according to the New BR GAAP, which includes the Brazilian Corporate Law, the standards, guidelines and interpretations issued by the Brazilian Accounting Standards Committee and the rules issued by the CVM, including the CPC's issued in 2009 and 2010, which are applicable in 2010 (see Note 2).

The Company's financial statements prepared under the New BR GAAP have only one difference from the IFRS, as expressly permitted by CPC 43, relating to the deferred charges accounted for by the Company, which, on the date of adoption of IFRS, were written off in the opening balance sheet, and the respective amortization was reversed in the subsequent periods (see Note 3.i).

The following is a summary of significant accounting practices followed in the preparation of the financial statements:

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

a. Recognition of income

Income is recognized on the accrual basis. Revenues from sales and costs are recognized as income when all risks and benefits associated with the products are transferred to the purchaser. Revenues from services provided and their costs are recognized as income when the services are performed. Costs of products sold and services provided include goods (mainly fuels/lubricants and LPG), raw materials (chemicals and petrochemicals) and production, distribution, storage and filling costs.

b. Cash equivalents

Include 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 5 for further detail on cash equivalents of the Company and its subsidiaries.

c. Financial instruments

In accordance with Resolution CVM 604/09, the financial instruments of the Company and its subsidiaries were classified into the following categories:

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

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

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

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

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The Company and its subsidiaries designate certain derivative financial instruments used to hedge against changes in interest rates and variations in the exchange rate as cash flow hedge. In the case of derivatives designed hedge cash flow against changes caused by the variation in interest rates, the difference between the fair value of the financial instrument and its updated cost is recognized as a valuation adjustment in the shareholders' equity, not affecting the income statement of the Company and its subsidiaries. In the case of foreign exchange derivatives designated by subsidiary RPR for hedge of future cash flows, the effect of variation in the derivative is posted to the valuation adjustment in shareholders' equity until the time when the hedged item affects the income statement. The difference between the fair value of the derivative and updated cost is recognized directly in income of the subsidiary. Gains and losses recorded in the shareholders' equity are included in income, in case of financial instruments prepayment.

The Company and its subsidiaries designate derivative financial instruments used to compensate variations due to changes in interest rates in the market value of contracted debt in Reais as fair value hedge. Such variations, as well as the difference between the derivative financial instrument fair value and its updated cost, are recognized in the income.

For further detail on financial instruments of the Company and its subsidiaries, see Notes 5, 16, and 23.

d. Current and non-current assets

The trade accounts receivable are recorded at the amount billed, adjusted to the present value if applicable, including all direct taxes of the Company and its subsidiaries.

Allowance for doubtful accounts is calculated based on estimated losses and is set at an amount deemed by management to be sufficient to cover any loss on realization of accounts receivable.

Inventories are stated at the lower of average acquisition or production cost, and replacement cost or market value.

The other assets are stated at the lower of cost and realizable value, including, if applicable, the 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 3.r).

e. Investments

Investments in subsidiaries are valued by the equity method of accounting.

Investments in companies in which management has a significant influence or in which it holds 20% or more of the voting stock, or that are part of a group under common control are also accounted for the equity method of accounting (see Note 12).

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

22

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

f. Property, plant and equiment

Recorded at acquisition or construction cost, including financial charges incurred on property, plant and equipment under construction, as well as significant maintenance costs resulting from scheduled plant outages. Property, plant and equipment acquired before December 31, 1997 are adjusted for inflation as of that date, as mentioned in Note 2.2.b.2).

Depreciations are calculated using the straight-line method, for the periods mentioned in Note 13, taking into account the economic life of the assets, as periodically revised in accordance with ICPC 10 and applied on January 1, 2010. The methodology applied by the independent valuer took into account the economic or technical life estimated by the manufacturer, based on ideal project conditions, adjusted by determinant reduction factors of service and maintenance conditions inherent to the analyzed groups of assets. The following groups were subject to revision:

	Weighted average term of depreciation (years) - previous	Weighted average term of depreciation (years) - revised
Buildings	25	25
Leasehold improvements	14	11
Machinery and equipment	10	11
Light fuel/lubricant distribution equipment and facilities	10	14
LPG tanks and bottles	10	13
Vehicles	5	9
IT equipment	5	5

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

g. Financial leases

• Finance leases

Certain financial 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 stated at fair value or, if lower, present value of the minimum payments under the relevant contracts. The items recognized as assets are depreciated at the depreciation rates applicable to each group of assets in accordance with Note 13. Financial charges under the finance lease contracts are allocated to income over the contract term, based on the amortized cost and actual interest rate method (see Note 16.h).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- Operating leases

Are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where the purchase option at the end of the contract is equivalent to the market value of the leased asset. Payments made under an operating lease contract are recognized as expenses in the income statement on a straight-line basis over the term of the lease contract, in accordance with Note 24.d).

h. Intangible assets

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

• Goodwill is carried at the original value net of income and social contribution taxes less accumulated amortization as of December 31, 2008, when it ceased to be amortized. Goodwill generated as from January 1, 2009 is shown as intangible asset corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the assets and liabilities of the acquired entity, and tested annually to verify the existence of probable losses (impairment). In accordance with CPC 15, goodwill is allocated to the respective cash generating units for impairment testing purposes.

• Bonus expenses as provided in Ipiranga's agreements with reseller gas stations and major consumers are recorded when incurred and amortized 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 less accumulated amortization expenses.

The Company and its subsidiaries do not have intangible assets that were created internally or that have an indefinite useful life.

i. Deferred charges

Deferred charges include restructuring costs that will produce benefits in future years (see Note 15). As permitted by the CPC 43, the Company and its subsidiaries decided to maintain the balances existing as of December 31, 2008 until they are fully amortized and, therefore, the financial statemets under New BR GAAP contain this temporary difference in relation to IFRS.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

j. Current and non-current liabilities

Current and noncurrent liabilities are stated at known or calculable amounts plus, if applicable, related charges, monetary changes and changes in exchange rates incurred until the date of the interim financial statements. When applicable the current and noncurrent liabilities are recorded in present value based on interest rates that reflect the term, currency and risk of each transaction. Transaction costs incurred and directly attributable to the activities necessary only to accomplish the transactions in order to raise funds through contracting debt or loans or by issuing debt bonds, as well as premiums in the issuance of debentures and other debt or equity instruments, are appropriated to their instrument and amortized to income over their term.

k. Income and social contribution taxes on profit

Current and deferred income tax (IRPJ) and social contribution (CSLL) are calculated based on the current rates of income tax and social contribution on profit, including the value of tax incentives, as stated in Note 10.b).

l. Assets retirement obligation – fuel tanks

This provision corresponds to the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded gas stations after a certain period. The estimated amount of the obligation to remove this fuel tank is recorded as a liability when the tanks are installed. The amount is recorded in assets and depreciated over the respective useful life of the tanks. The amounts recognized as a liability are adjusted until the respective tank is removed. The estimated removal cost is revised periodically.

m. Provision for contingencies

The provision for contingencies is created for contingent risks with a probable chance of loss (more-likely-than-not) in the opinion of managers and internal and external legal counsel, and the values are recorded based on evaluation of the outcomes of the legal proceedings (see Note 24.a).

n. Actuarial obligation for post-employment benefits

Reserves for actuarial liabilities for post-employment benefits granted and to be granted to employees, retirees, and pensioners are based on an actuarial calculation prepared by an independent actuary, using the projected unit credit method, as described in Note 25.b).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

o. Basis for translating interim financial statements of foreign-based subsidiaries

Assets and liabilities of the subsidiaries Oxiteno México S.A. de C.V. and its subsidiaries, located in Mexico (functional currency: Mexican Peso), and Oxiteno Andina, C.A., located in Venezuela (functional currency: Bolivares Fortes), denominated in currencies other than that of the Company (functional currency: Real), are translated at the exchange rate in effect on the date of the interim financial statements. Gains and losses resulting from changes in these foreign investments are directly recognized in the shareholders' equity as cumulative translation adjustments and will be recognized as income if these investments are disposed of. The recorded balance in the shareholders' equity as cumulative translation adjustments as of March 31, 2010 was R$ 19,047 of exchange rate loss (R$ 5,302 loss as of December 31, 2009).

Assets and liabilities of the other foreign subsidiaries, which do not have autonomy, are considered activities of their investor and are translated at the exchange rate in effect by the end of the respective period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income. The gain recognized as income as of March 31, 2010 amounted to R$ 609 (R$ 428 loss as of March 31, 2009).

p. Use of estimates

The preparation of interim financial statements requires the Company's management to make estimates and assumptions that affect the values of assets and liabilities presented as of the date of the interim financial statements, as well as the values of revenues, costs and expenses for the periods presented. Although these estimates are based on the best information available to management about present and future events, the actual results may differ from these estimates.

q. Impairment of assets

The Company reviews, at least annually, the carrying value of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use or disposal. In cases where future expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of these assets. The factors considered by the Company in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment was recorded in the abovementioned periods.

r. Adjustment to present value

The subsidiaries booked the adjustment to present value of ICMS credit balances on property, plant and equipment (CIAP – see Note 8). The Company and its subsidiaries reviewed all items classified as long-term and, where relevant, short-term assets and liabilities and did not identify the need to adjust other balances to present value.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

4. Principles of consolidation and investments in affiliates

The consolidated interim financial statements were prepared following the basic principles of consolidation established by the Brazilian Corporate Law and CVM rules, including the following direct and indirect subsidiaries:

		% interest in the share capital Mar. 31, 2010		% interest in the share capital Dec. 31, 2009	
	Location	Direct control	Indirect control	Direct control	Indirect control
Ultracargo - Operações Logísticas e Participações Ltda.	Brazil	100	-	100	-
Transultra - Armazenamento e Transporte Especializado Ltda.	Brazil	-	100	-	100
Petrolog Serviços e Armazéns Gerais Ltda.	Brazil	-	100	-	100
AGT – Armazéns Gerais e Transportes Ltda.	Brazil	-	100	-	100
Terminal Químico de Aratu S.A. – Tequimar	Brazil	-	99	-	99
União Vopak Armazéns Gerais Ltda. (*)	Brazil	-	50	-	50
Ultracargo Argentina S.A.	Argentina	-	100	-	100
Melamina Ultra S.A. Indústria Química	Brazil	-	99	-	99
Oxiteno S.A. Indústria e Comércio	Brazil	100	-	100	-
Oxiteno Nordeste S.A. Indústria e Comércio	Brazil	-	99	-	99
Oxiteno Argentina Sociedad de Responsabilidad Ltda.	Argentina	-	100	-	100
Oleoquímica Indústria e Comércio de Produtos Químicos Ltda.	Brazil	-	100	-	100
Barrington S.L.	Spain	-	100	-	100
Oxiteno México S.A. de C.V.	Mexico	-	100	-	100
Oxiteno Servicios Corporativos S.A. de C.V.	Mexico	-	100	-	100
Oxiteno Servicios Industriales S.A. de C.V.	Mexico	-	100	-	100
Oxiteno USA LLC	United States	-	100	-	100
Global Petroleum Products Trading Corp. (**)	Virgin Islands	-	100	-	100
Oxiteno Overseas Corp.	Virgin Islands	-	100	-	100
Oxiteno Andina, C.A.	Venezuela	-	100	-	100

Oxiteno Europe SPRL	Belgium	-	100	-	100
U.A.T.S.P.E. Empreendimentos e Participações Ltda.	Brazil	-	100	-	100
Empresa Carioca de Produtos Químicos S.A.	Brazil	-	100	-	100
Ipiranga Produtos de Petróleo S.A.	Brazil	100	-	100	-
am/pm Comestíveis Ltda.	Brazil	-	100	-	100
Centro de Conveniências Millennium Ltda.	Brazil	-	100	-	100
Conveniência Ipiranga Norte Ltda.	Brazil	-	100	-	100
Ipiranga Trading Limited	Virgin Islands	-	100	-	100
Tropical Transportes Ipiranga Ltda.	Brazil	-	100	-	100
Ipiranga Imobiliária Ltda.	Brazil	-	100	-	100
Ipiranga Logística Ltda.	Brazil	-	100	-	100
Maxfácil Participações S.A. (*)	Brazil	-	50	-	50
Isa-Sul Administração e Participações Ltda.	Brazil	-	100	-	100
Comercial Farroupilha Ltda.	Brazil	-	-	-	100
Companhia Ultragaz S.A.	Brazil	-	99	-	99
Bahiana Distribuidora de Gás Ltda.	Brazil	-	100	-	100
Utingás Armazenadora S.A.	Brazil	-	56	-	56
LPG International Inc.	Cayman Islands	-	100	-	100
Imaven Imóveis Ltda.	Brazil	-	100	-	100
Sociedade Anônima de Óleo Galena-Signal	Brazil	-	100	-	100
Oil Trading Importadora e Exportadora Ltda.	Brazil	-	100	-	100
SERMA - Ass. dos usuários equip. proc. de dados	Brazil	-	100	-	100
Refinaria de Petróleo Riograndense S.A. (*)	Brazil	33	-	33	-

(*)Proportionate consolidation, as specified in Article 32 of Instruction CVM 247/96.

(**)New corporate name of Oxiteno International Corp., according to changes in December 2009.

27

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

In March 2010, in order to simplify the corporate structure and reduce costs, the subsidiary Comercial Farroupilha Ltda. was merged into the subsidiary Ipiranga Produtos de Petróleo S.A. ("IPP").

Investments of one company in the other, balances of asset and liability accounts and revenues and expenses were eliminated, as well as the effects of transactions conducted between the companies. The non-controlling interest by subsidiaries is indicated in the interim financial statements.

5. Financial assets

Financial assets, excluding cash and banks, are substantially represented by money invested: (i) in Brazil, in debentures, certificates of deposit of first-rate financial institutions linked to the Interbank Certificate of Deposit (CDI) and in Federal government bonds; (ii) abroad, in certificates of deposits of first-rate financial institutions and in short-term investment funds with a portfolio composed of bonds issued by the U.S. Government; and (iii) currency and interest rate hedging instruments.

- Cash and cash equivalents

Cash and cash equivalents are considered: (i) the balances of cash and banks, and (ii) short-term investments, highly liquid, readily convertibles to a known amount of cash and which are subject to an insignificant risk of value change.

	Parent		Consolidated	
	03/31/2010	12/31/2009	03/31/2010	12/31/2009
Cash and banks				
In local currency	-	23	65,783	102,888
In foreign currency	-	-	15,086	25,452
Financial investments				
In local currency				
Fixed-income securities and funds	32,307	58,903	1,419,527	1,759,159
Total cash and cash equivalents	32,307	58,926	1,500,396	1,887,499

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

- Financial Investments

Financial assets that are not considered cash and cash equivalents are considered as financial investments.

	Parent		Consolidated	
	03/31/2010	12/31/2009	03/31/2010	12/31/2009
Financial investments				
In local currency				
Fixed-income securities and funds	20,000	-	189,649	228,556
In foreign currency				
Fixed-income securities and funds	-	-	215,042	206,171
Income from currency and interest rate hedging instruments (a)	-	-	14,017	12,723
Total of financial investments	20,000	-	418,708	447,450
Current	20,000	-	411,515	440,257
Non-current	-	-	7,193	7,193

(a) Accumulated gains, net of income tax (see Note 23).

The financial assets of the Company and its subsidiaries, except cash and banks, were classified, according to their characteristics and the Company's intention, into: (i) measured at fair value through income; (ii) held to maturity; and (iii) available for sale, as shown on the table below.

	Consolidated	
	03/31/2010	12/31/2009
Measured at fair value through income	1,433,544	1,771,882
Held to maturity	7,193	7,193
Available for sale	397,498	427,534
Financial assets, except cash and banks	1,838,235	2,206,609

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

6. Trade account receivable (Consolidated)

	03/31/2010	12/31/2009
Domestic customers	1,481,623	1,511,872
Customer financing - Ipiranga	192,071	194,429
Foreign customers	107,507	112,819
(-) Allowance for doubtful accounts	(116,601)	(114,460)
	1,664,600	1,704,660
Current	1,588,988	1,618,283
Non-current	75,612	86,377

Customer financing is provided for renovation and upgrading of service stations, purchase of products, and development of the fuel and lubricant distribution market.

Movements in the allowance for doubtful accounts are as follows:

Balance as of December 31, 2009	114,460
Additions	4,811
Write-offs	(2,670)
Balance as of March 31, 2010	116,601

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

7. Inventories (Consolidated)

	03/31/2010			12/31/2009		
	Cost	Provision for loss	Net balance	Cost	Provision for loss	Net balance
Finished goods	181,302	(13,164)	168,138	205,265	(19,649)	185,616
Work in process	3,322	-	3,322	1,925	-	1,925
Raw materials	127,478	(74)	127,404	124,141	(52)	124,089
Liquefied petroleum gas (LPG)	22,055	-	22,055	24,769	-	24,769
Fuels, lubricants and greases	557,590	(837)	556,753	477,017	(1,310)	475,707
Consumable materials and bottles for resale	36,797	(970)	35,827	39,167	(1,039)	38,128
Advances to suppliers	86,677	-	86,677	77,865	-	77,865
Properties for resale	11,781	-	11,781	14,082	-	14,082
	1,027,002	(15,045)	1,011,957	964,231	(22,050)	942,181

Movements in the provision for loss are as follows:

Balance as of December 31, 2009	22,050
Write-offs	(7,005)
Balance as of March 31, 2010	15,045

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

8. Recoverable taxes

Are substantially represented by credit balances of Tax on Goods and Services (ICMS), Social Security Financing (COFINS), Employee's Profit Participation Program (PIS), and Income and Social Contribution Taxes.

	Parent		Consolidated	
	03/31/2010	12/31/2009	03/31/2010	12/31/2009
IRPJ and CSLL	58,889	55,365	122,955	108,776
ICMS	-	-	232,686	241,389
Provision for ICMS losses (*)	-	-	(70,024)	(70,986)
Adjustment to present value of ICMS on property, plant and equipment - CIAP (see Notes 3.r)	-	-	(3,996)	(3,830)
PIS and COFINS	21	21	78,104	78,684
Value-Added Tax (IVA) on the subsidiaries Oxiteno Mexico S.A. de C.V. and Oxiteno Andina, C.A.	-	-	7,484	9,762
IPI	-	-	2,741	3,721
Others	20	20	5,676	5,821
Total	58,930	55,406	375,626	373,337
Current	37,344	38,245	310,490	320,161
Non-current	21,586	17,161	65,136	53,176

(*) The provision for ICMS losses relates to credit balances that the subsidiaries estimate to be unable to offset in the future.

Movements in the provision for ICMS losses are as follows:

Balance as of December 31, 2009	70,986
Reversals	(653)
Write-offs	(309)
Balance as of March 31, 2010	70,024

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

9. Related parties

a. Related companies

	Parent		
	Loans / Account receivables Assets	Debentures Assets	Financial income
Ipiranga Produtos de Petróleo S.A.	-	750,000	23,566
Total as of March 31, 2010	-	750,000	23,566
Total as of December 31, 2009	5,188	768,894	-

	Consolidated			
	Loans		Commercial transactions	
	Assets	Liabilities	Receivable	Payable
Braskem S.A.	-	-	-	3,497
Copagaz Distribuidora de Gas Ltda.	-	-	374	-
Oxicap Indústria de Gases Ltda.	8,856	-	-	796
Petróleo Brasileiro S.A. – Petrobras	-	-	-	241,344
Quattor Química S.A.	-	-	-	1,363
Refinaria de Petróleo Riograndense S.A.(*)	-	-	-	4,058
SHV Gás Brasil Ltda.	-	-	112	-
Liquigás Distribuidora S.A.	-	-	276	-
Química da Bahia Indústria e Comércio S.A.	-	3,245	-	-
Other	520	826	67	-
Total as of March 31, 2010	9,376	4,071	829	251,058
Total as of December 31, 2009	7,606	4,071	504	284,843

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

	Consolidated Commercial transactions	
	Sales	Purchases
Copagaz Distribuidora de Gas Ltda.	1,013	-
Petróleo Brasileiro S.A. - Petrobras	27,999	5,858,988
Braskem S.A.	3,528	150,577
Oxicap Indústria de Gases Ltda.	2	2,756
Servgás Distribuidora de Gas S.A.	248	-
Liquigás Distribuidora S.A.	1,217	-
SHV Gás Brasil Ltda.	431	-
Refinaria de Petróleo Riograndense S.A. (*)	-	222,051
Quattor Química S.A.	4,412	31,560
Total as of March 31, 2010	38,850	6,265,932
Total as of March 31, 2009	20,776	4,128,623

(*) Relates to the non-eliminated portion of the transactions between RPR and Ipiranga Produtos de Petróleo S.A. ("IPP"), since RPR is proportionally consolidated and IPP is fully consolidated.

Purchase and sale transactions relate substantially to the purchase of raw materials, inputs, transportation and storage services based on arm's length market prices and terms with customers and suppliers with comparable operational performance. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company's management, transactions with related parties are not subject to settlement risk, which is why no allowance for doubtful accounts or collaterals are provided. Collaterals provided by the Company in borrowings and financing of subsidiaries and affiliates are mentioned in Note 16.j.) The transactions of the Company and its subsidiaries related to post-employment benefits are described in Note 25.

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Key management personnel - Compensation (Consolidated)

As of March 31, 2010, the Company and its subsidiaries recorded expenses for compensation of its key personnel (Company's directors and designated officers) in the amount of R$ 5,938 (R$ 5,081 as of March 31, 2009). Out of this total, R$ 5,189 relates to short-term compensation (R$ 4,522 as of March 31, 2009), R$ 588 to compensation in stock (R$ 415 as of March 31, 2009) and R$ 161 (R$ 144 as of March 31, 2009) to post-employment benefits.

c. Stock compensation plan

At a Special General Meeting held on November 26, 2003, a benefit plan was approved for managers of the Company and its subsidiaries, which provides: (i) initial award of beneficial ownership of shares issued by the Company held in treasury by the subsidiaries at which the beneficiary managers are employed; and (ii) transfer of title to the shares within five to ten years after the initial award, subject to continuation of employment of the beneficiary manager with the Company and its subsidiaries. The total amount awarded to executives as of March 31, 2010, including tax charges, was R$ 29,562 (R$ 29,562 as of December 31, 2009). Such amount is being amortized over a period of five to ten years after the award, and amortization for the period ended in March 31, 2010 in the amount of R$ 1,095 (R$ 618 as of March 31, 2009) was recorded as operating expense for the year. The values of the awards were determined on the date of award based on the market value of these shares on the BM&FBovespa.

The chart below summarizes the information on the shares awarded to executives of the Company:

Date of award	Restricted shares awarded	Market value of shares (in R$)	Total compensation costs, including taxes	Accumulated compensation costs recorded	Accumulated compensation costs not recorded
December 15, 2009	62,500	83.00	7,155	(405)	6,750
October 7, 2008	174,000	39.97	9,593	(2,444)	7,149
December 12, 2007	40,000	64.70	3,570	(1,415)	2,155
November 9, 2006	51,800	46.50	3,322	(1,135)	2,187
December 14, 2005	23,400	32.83	1,060	(459)	601
October 4, 2004	41,975	40.78	2,361	(1,299)	1,062
December 17, 2003	59,800	30.32	2,501	(1,584)	917
	453,475		29,562	(8,741)	20,821

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

10. Income and social contribution taxes

a. Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax credits and debits, which are not subject to limitation periods, resulting from tax losses, temporary additions, negative tax bases and revaluation of property, plant and equipment, among others. Credits are sustained by the continued profitability of their operations. Deferred income tax and social contribution are recorded under the following categories:

	Parent		Consolidated	
	03/31/2010	12/31/2009	03/31/2010	12/31/2009
Assets - Deferred income and social contribution taxes on:				
Provision for loss of assets	-	-	23,972	26,383
Provisions for contingencies	161	147	57,380	68,695
Provision for post-employment benefit (see Note 25.b)	-	-	29,165	23,563
Provision for differences between cash and accrual basis	-	-	15,374	15,015
Provision for goodwill paid on investments (see Note 14)	-	-	369,221	390,267
Other provisions	-	84	22,785	35,389
Tax losses and negative basis for social contribution to offset	589	-	103,232	82,203
Transition Tax Regime effect – adoption of New BRGAAP effect (see Note 2.2.h)			51,227	53,056
Total	750	231	672,356	694,571
Liabilities - Deferred income and social contribution taxes on:				
Revaluation of property, plant and equipment	-	-	400	421
Accelerated depreciation	-	-	120	125
Provision for adjustments between cash and accrual basis	-	-	5,811	4,753
Temporary differences of foreign subsidiaries	-	-	2,680	1,645
Transition Tax Regime effect – adoption Law 11638/07	-	-	10,187	6,552
Total	-	-	19,198	13,496

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

The estimated recovery of deferred tax assets relating to income and social contribution taxes is stated as follows:

	Parent	Consolidated
Up to 1 year	589	233,705
From 1 to 2 years	-	118,651
From 2 to 3 years	161	101,577
From 3 to 5 years	-	147,593
From 5 to 7 years	-	48,010
From 7 to 10 years	-	22,820
	750	672,356

b. Conciliation of income and social contribution taxes on income

Income and social contribution taxes are reconciled to the official tax rates as follows:

	Parent		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Income (loss) before taxes and equity in income of affiliates, after employee profit sharing	(1,523)	(25,947)	173,179	122,911
Official tax rates - %	34	34	34	34
Income and social contribution taxes at the official tax rates	518	8,822	(58,880)	(41,790)
Adjustments to the actual rate:				
Operating provisions and nondeductible expenses/nontaxable revenues	(4)	-	(5,429)	315
Adjustment to estimated income	-	-	6,151	2,773
Interest on equity	-	(8,160)	-	-
Workers Meal Program (PAT)	-	-	41	120
Other adjustments	1	-	(164)	2,008
Income and social contribution taxes before tax incentives	515	662	(58,281)	(36,574)
Tax incentives - ADENE	-	-	7,119	6,934
Income and social contribution taxes in the income statement	515	662	(51,162)	(29,640)
Current	(4)	-	(30,915)	(28,780)

Deferred	519	662	(27,366)	(7,794)
Tax incentives - ADENE	-	-	7,119	6,934

c. Tax exemption

The following subsidiaries are entitled to partial or total exemption from IRPJ under the government's program for development of Northeastern Brazil:

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Subsidiary	Units	Incentive - %	Expiration
Oxiteno Nordeste S.A. Indústria e Comércio	Camaçari plant	75	2016
Bahiana Distribuidora de Gás Ltda.	Mataripe base	75	2013
	Suape base	75	2018
	Aracaju base	75	2017
	Caucaia base	75	2012
Terminal Químico de Aratu S.A. – Tequimar	Aratu terminal	75	2012
	Suape terminal	75	2015

11. Prepaid expenses (Consolidated)

	03/31/2010	12/31/2009
Rents	35,707	34,336
Advertising and publicity	17,712	2,614
Insurance premiums	10,455	3,213
Purchases of meal and transportation tickets	3,305	3,443
Taxes and other prepaid expenses	15,835	14,170
	83,014	57,776
Current	47,548	22,832
Non-current	35,466	34,944

12. Investments

a. Subsidiaries (Parent company)

	Investments		Equity	
	03/31/2010	12/31/2009	03/31/2010	03/31/2009
Ipiranga Produtos de Petróleo	2,785,156	2,695,790	103,919	-
Oxiteno S.A. Indústria e Comércio	1,543,283	1,556,550	358	9,294
Ultracargo – Operações Logísticas e Participações Ltda.	674,504	655,748	18,735	6,912
Sociedade Brasileira de Participações Ltda.	-	-	-	(17,076)
Refinaria de Petróleo Riograndense S.A.	2,522	(2,623)	3,231	3,417
Companhia Brasileira de Petróleo Ipiranga	-	-	-	114,554

	5,005,465	4,905,465	126,243	117,101

38

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

b. Affiliated companies (Consolidated)

	Investments		Equity	
	03/31/2010	12/31/2009	03/31/2010	03/31/2009
Transportadora Sulbrasileira de Gás S.A. (i)	6,638	6,623	15	(98)
Química da Bahia Indústria e Comércio S.A. (i)	3,746	3,748	(2)	(22)
Oxicap Indústria de Gases Ltda. (i)	2,102	2,090	12	20
	12,486	12,461	25	(100)

(i) Interim financial statements reviewed by other independent auditors.

In the consolidated interim financial statements, the investment of the subsidiary Oxiteno S.A. Indústria e Comércio ("Oxiteno S.A.") in the affiliate Oxicap Indústria de Gases Ltda. is valued by the equity method of accounting based on its interim financial statements as of February 28, 2010, while the other affiliates are valued based on the interim financial statements as of March 31, 2010.

13. Property, plant and equipment (Consolidated)

	03/31/2010					12/31/2009
	Weighted average term of depreciation (years)	Cost	Accumulated depreciation	Provision for loss	Net	Net
Lands	-	397,020	-	(197)	396,823	396,127
Buildings	25	1,064,058	(431,231)	-	632,827	636,130
Leasehold improvements(*)	11	366,114	(176,450)	-	189,664	194,989
Machinery and equipment(*)	11	2,467,951	(1,014,244)	(1,697)	1,452,010	1,439,338
Light fuel/lubricant distribution equipment and facilities	14	1,360,326	(791,868)	-	568,458	563,948
LPG tanks and bottles	13	345,381	(191,680)	-	153,701	135,709
Vehicles	9	237,228	(180,139)	-	57,089	55,813
Furniture and utensils	6	96,082	(55,963)	-	40,119	40,445
Construction in progress	-	238,900	-	-	238,900	201,010
Advances to suppliers	-	25,991	-	-	25,991	79,569
Imports in progress	-	71,835	-	-	71,835	4,738
IT equipment	5	175,740	(141,973)	-	33,767	36,684
		6,846,626	(2,983,548)	(1,894)	3,861,184	3,784,500

39

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

Movements in property, plant and equipment as of March 31, 2010 are as follows:

	Balance as of Dec. 31, 2009	Additions	Deprecia-tion	Transfer	Write-offs	Exchange rate	Balance as of Mar. 31, 2010
Cost:							
Lands	396,324	391	-	147	-	158	397,020
Buildings	1,056,099	1,834	-	6,595	(107)	(363)	1,064,058
Leasehold improvements	363,849	1,742	-	735	(208)	(4)	366,114
Machinery and equipment	2,410,395	35,601	-	23,771	(1,694)	(122)	2,467,951
Light fuel/lubricant distribution equipment and facilities	1,340,917	20,804	-	711	(2,106)	-	1,360,326
LPG tanks and bottles	326,671	24,084	-	-	(5,374)	-	345,381
Vehicles	238,006	1,950	-	1,175	(3,400)	(503)	237,228
Furniture and utensils	93,697	2,358	-	50	(65)	42	96,082
Construction in progress	201,010	70,063	-	(31,623)	(8)	(542)	238,900
Advances to suppliers	79,569	10,270	-	(63,848)	-	-	25,991
Imports in progress	4,738	4,810	-	62,287	-	-	71,835
IT equipment	175,722	672	-	-	(265)	(389)	175,740
	6,686,997	174,579	-	-	(13,227)	(1,723)	6,846,626
Accumulated depreciation:							
Buildings	(419,969)	-	(11,362)	-	100	-	(431,231)
Leasehold improvements	(168,860)	-	(7,652)	-	62	-	(176,450)
Machinery and equipment	(969,360)	-	(46,638)	-	976	778	(1,014,244)
Light fuel/lubricant distribution equipment and facilities	(776,969)	-	(16,866)	-	1,967	-	(791,868)
LPG tanks and bottles	(190,962)	-	(4,148)	-	3,430	-	(191,680)
Vehicles	(182,193)	-	(947)	-	2,821	180	(180,139)
Furniture and utensils	(53,252)	-	(2,757)	-	52	(6)	(55,963)
Computer equipment	(139,038)	-	(3,352)	-	253	164	(141,973)
	(2,900,603)	-	(93,722)	-	9,661	1,116	(2,983,548)
Provision for loss:							
Lands	(197)	-	-	-	-	-	(197)
Machinery and equipment	(1,697)	-	-	-	-	-	(1,697)
	(1,894)	-	-	-	-	-	(1,894)
Net	3,784,500	174,579	(93,722)	-	(3,566)	(607)	3,861,184

(*) According to a market announcement of December 22, 2009, subsidiary Terminal Químico de Aratu S.A. - Tequimar (“Tequimar”) acquired from Puma Storage do Brasil Ltda. (“Puma”) a terminal for liquid bulk storage with capacity of 83 thousand cubic meters located in the port of Suape, Pernambuco. That was the date of effective transfer of assets ownership and purchase price payment of R$ 44 million, of which R$ 31 million was recorded as machinery and equipment and $ 13 million as improvements in leasehold properties.

Construction in progress relates substantially to: (i) expansions and renovations in industrial facilities and (ii) construction and upgrade of service stations and fuel distribution bases.

Advances to suppliers of property, plant and equipment relate basically to toll manufacturing of equipment for expansion of plants.

As permitted by Law 11638/07 and Resolution CVM 565/08, the Company decided to maintain the revaluation balances until their realization, through depreciation or write-off, and they became part of the cost value of the goods. As of March 31, 2010, the revaluation balance of property, plant and equipment was R$ 20,311 (R$ 20,503 as of December 31, 2009).

Ultrapar Participações S.A. and Subsidiaries

Notes to the interim financial statements

(In thousands of Reais, unless otherwise stated)

14. Intangible assets (Consolidated)

		03/31/2010				12/31/2009
	Weighted average term of amortization (years)	Cost	Accumulated amortization	Provision for losses	Net	Net
Goodwill, net of tax effects	-	777,546	(103,046)	-	674,500	674,500
Software	5	232,641	(164,931)	-	67,710	70,034
Technology	5	23,694	(8,381)	-	15,313	16,413
Commercial property rights	33	16,334	(3,456)	-	12,878	13,015
Market rights	5	579,649	(149,227)	-	430,422	427,832
Others	10					