

ULTRAPAR HOLDINGS INC
Form 6-K
August 20, 2004

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 August, 2004

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 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

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

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

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.

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ITEM 1

2nd Quarter 2004

ULTRAPAR PARTICIPAÇÕES S.A.

(BOVESPA:UGPA4/NYSE: UGP)

INFORMATION AND RESULTS FOR THE SECOND QUARTER 2004

(São Paulo, Brazil, August 4, 2004)

ACQUISITIONS MADE DURING 2003, NEW CLIENTS WON, THE PETROCHEMICAL UPCYCLE NEAR ITS HIGHS AND RECOMMENCEMENT OF GROWTH IN THE BRAZILIAN ECONOMY, HAVE ALL LED ULTRAPAR TO REPORT A SUBSTANTIAL INCREASE IN EBITDA

- Ø **ULTRAPAR EBITDA REPORTED AT R\$ 194.3 MILLION, AN INCREASE OF 64% IN RELATION TO THE SAME PERIOD IN 2003, AND OF 42% COMPARED TO THE 1Q04**
- Ø **NET PROFIT AMOUNTED TO R\$ 112.1 MILLION, UP 117% IN RELATION TO THE 2Q03, AND UP 78% COMPARED TO THE 1Q04**
- Ø **EBTIDA AND EARNINGS ACCUMULATED IN THE FIRST HALF OF 2004 SHOWED INCREASES OF 37% AND 57%, RESPECTIVELY, WHEN COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR**
- Ø **REGULAR AND ADDITIONAL FIRST HALF DIVIDENDS TOTALLED R\$ 92.4 MILLION, 180% HIGHER THAN THOSE FOR THE FIRST HALF OF 2003**

“Ultrapar’s performance in 2004 is, without doubt, a reflection of our culture of focusing on expanding earnings over the long term. At Ultragaz, we acquired Shell Gás in August 2003, at a time of shrinking Brazilian LPG consumption. And now we are reaping the benefits of the gain in scale and the upturn in the market. The investments made in expanding our capacity to produce specialty chemicals and in the development of new products have enabled Oxiteno to achieve success in its quest for higher added-value sales.”

Ultrapar Participações S.A.

UGPA4 = R\$ 32.97 / 1,000 shares

UGP = US\$ 10.18 / ADR

(30/06/04)

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2nd Quarter 2004**Summary of the 2nd Quarter 2004**

Ultrapar, a company that operates in the LPG distribution (Ultragaz), chemical production (Oxitemo) as well logistics of oil and chemical products (Ultracargo), hereby reports the following results for the second quarter of 2004:

| Financial Performance Ultrapar Consolidated | 2Q04 | 2Q03 | 1Q04 | Δ (%) | | 1H04 | 1H03 | Δ (%) |
|--------------------------------------------------------|-------------|-------------|-------------|------------------|------------------|-------------|-------------|------------------|
| | | | | 2Q04v2Q03 | 2Q04v1Q04 | | | 1H04v1H03 |
| Net Revenue | 1,194 | 933 | 1,051 | 28% | 14% | 2,245 | 1,867 | 20% |
| Gross Profit | 288 | 188 | 217 | 53% | 33% | 504 | 380 | 33% |
| Operating Profit | 152 | 85 | 94 | 79% | 62% | 245 | 175 | 40% |
| EBITDA | 194 | 119 | 137 | 64% | 42% | 331 | 241 | 37% |
| Net Earnings | 112 | 52 | 63 | 117% | 78% | 175 | 112 | 57% |
| Earnings per 1,000 shares | 1.61 | 0.74 | 0.91 | 117% | 78% | 2.51 | 1.60 | 57% |
| <i>Amounts in R\$ million (except for EPS)</i> | | | | | | | | |

| Sales Volume - Ultragaz | 2Q04 | 2Q03 | 1Q04 | Δ (%) | | 1H04 | 1H03 | Δ (%) |
|---------------------------------|-------------|-------------|-------------|------------------|------------------|-------------|-------------|------------------|
| | | | | 2Q04v2Q03 | 2Q04v1Q04 | | | 1H04v1H03 |
| Total Volume (□000 tons) | 396 | 310 | 372 | 28% | 7% | 768 | 600 | 28% |
| Bottled | 270 | 199 | 254 | 36% | 6% | 524 | 378 | 39% |
| Bulk | 126 | 111 | 118 | 13% | 7% | 244 | 222 | 10% |

| Sales Volume - Oxiteno | 2Q04 | 2Q03 | 1Q04 | Δ (%) | | 1H04 | 1H03 | Δ (%) | |
|---------------------------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|
| | | | | 2Q04v2Q03 | 2Q04v1Q04 | | | 1H04v1H03 | 1H04v1H03 |
| Total Volume (□000 tons) | 123 | 111 | 110 | 11% | 12% | 233 | 229 | 2% | |
| Sales in Brazil | 79 | 62 | 77 | 28% | 3% | 156 | 132 | 18% | |
| Sales outside Brazil* | 44 | 49 | 33 | (11%) | 34% | 77 | 97 | (21%) | |

*includes sales volumes for CANAMEX from December 2003

| Sales Volume - Ultracargo | 2Q04 | 2Q03 | 1Q04 | Δ (%) | | 1H04 | 1H03 | Δ (%) | |
|------------------------------------------|------|------|------|-----------|-----------|------|------|-----------|-----------|
| | | | | 2Q04v2Q03 | 2Q04v1Q04 | | | 1H04v1H03 | 1H04v1H03 |
| Effective storage (□000 m ³) | 203 | 199 | 200 | 2% | 1% | 201 | 194 | 4% | |
| Effective storage (□000 m ²) | 7 | 4 | 5 | 51% | 31% | 6 | 4 | 54% | |
| Total kilometrage (million) | 12 | 12 | 12 | 0% | 7% | 24 | 24 | (2%) | |

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2nd Quarter 2004

Highlights

- Ø **Payment of R\$ 92.4 million in dividends** - On August 4, 2004, the Board of Directors of Ultrapar gave its approval for the payment of R\$ 92.4 million in dividends, the equivalent to R\$ 1.33 per 1,000 shares, to be paid on August 30 2004. Of the amount to be distributed, R\$ 40.0 million is in the form of additional dividends. Due to its strong cash generation, Ultrapar constantly evaluates its immediate capital needs for investment in assets and acquisitions and, whilst maintaining a sound financial position, distributes any excess to its shareholders in the form of dividends.
- Ø **Acquisition of Rhodia Especialidades** - On June 30, 2004, Ultrapar announced the acquisition of the operational assets of Rhodia Especialidades S.A. de C.V. in Mexico. This transaction occurred one year after the announcement of the acquisition of CANAMEX, also in Mexico, and is based on the Company's view of the significant potential of the Mexican specialty chemicals market. As a result of this new acquisition, CANAMEX should see expansion in its growth rate and substantial gains in market share. We took over CANAMEX's operations in December 2003 and in the first half of this year CANAMEX's EBITDA has increased by 152%.

Ultrapar and the macroeconomic environment

During the second quarter of 2004, Brazil began to reap the benefits of the upturn in economic activity that began towards the end of 2003. The rise in personal incomes and the increase in the level of employment helped to stimulate consumption by the lower-income section of the population, leading to expanding sales of foods, beverages, personal hygiene and cleaning products, among others. According to the IBGE (Brazilian Geographical

and Statistical Institute), unemployment fell in June, for the second month running, while personal incomes showed fresh signs of recovery. The June unemployment rate was reported at 11.7% - compared to May's figure of 12.2%. Workers' wages increased by an average of 1.8%, compared to May, to their highest level since August 2003.

In the international market, the average dollar price of the main petrochemical commodity sold by Oxiteno, monoethylene glycol - MEG, remained at the same level seen at the end of the 1Q04. When compared with the 2Q03, the price of MEG showed an increase of 24%, in dollar terms, stimulated by the increased utilization of production capacity in the petrochemical sector.

For Ultragas, the growth in the LPG market, combined with the benefits obtained, in terms of scale and productivity, as a result of the Shell Gás acquisition, were the main factors behind the recovery in profitability, expressed in EBITDA/ton, which showed an increase of 22% compared to the 1Q04.

At Oxiteno, sales to the domestic market showed a rise of 28% compared to the 2Q03, leveraged by the winning of new clients and by the growth in the Brazilian economy. This effect, together with the recovery in MEG prices and a more favorable exchange-rate scenario for exporting companies, caused EBITDA to soar by 137%, to a total of R\$ 107.9 million, in the 2Q04. Oxiteno's EBITDA margin came to 28%, an increase of 12 percentage points compared to the 2Q03, and up 6 percentage points in relation to the 1Q04.

EBITDA at Ultracargo amounted to R\$ 10.0 million in the 2Q04. Structural adjustments made as a result of the growth achieved by the company in the last few years, combined with the completion during the quarter of the work at the Tatuí and Montes Claros terminals - which are expected to reach breakeven point in 2005 - contributed to the fact that Ultracargo's EBITDA for the quarter was at a similar level to that seen in the 2Q03. The EBITDA was also virtually unchanged in relation to the 1Q04 figure.

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**EBITDA - First half year comparison
R\$ million**

Operational Performance

Ultragas. The growth seen in the Brazilian economy, the improvement in personal incomes among the population and the enhanced stability of the LPG price charged by Petrobras, all continued to boost LPG sales in the Brazilian market, which, in the 2Q04, repeated the growth seen in the 1Q04 - up 4% in relation to the same period in 2003.

Ultragas has reported 28% growth in sales volume in relation to the 2Q03, principally as a consequence of acquiring Shell's LPG distribution operations in Brazil. Using comparable bases (i.e. including the volume sold by Shell Gás in the 2Q03), sales volume growth amounted to 4%, in relation to the 2Q03, and 7%, compared with the 1Q04, both in line with market growth.

Sales Volume - Ultragas (000 tons)

The bottled gas segment, served principally by 13 kg gas cylinders, saw an increase of 36%, or 71,000 tons, in sales volume in relation to the 2Q03. The volume added by the acquisition of Shell Gás represented approximately

48,000 tons, with the remainder deriving from growth in the market. Ultragas, in the process of incorporating the operations of Shell Gás, not only did not lose market share, but in fact achieved a modest gain, a significant achievement when compared to most acquisitions.

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In the bulk segment, comprising mainly of commercial consumers, sales volume in the 2Q04 showed increase of 15,000 tons in relation to the 2Q03, principally as a result of expansion at UltraSystem incorporation of the bulk sales of Shell Gás.

Oxitenó. Oxitenó is the sole producer of ethylene oxide and its main derivatives in the Southern Cone region South America, as well as being a major producer of specialty chemicals. Oxitenó's products are used in various industrial sectors, such as PET packaging, polyester, textiles, paint, cosmetics, detergents and agrichemicals.

Oxitenó's total sales volume amounted to 122,900 tons in the 2Q04, an increase of 11% in relation to same period in 2003. This expansion is the result of winning new clients in the domestic market, as as of the growth in the Brazilian economy. In this quarter, 64% of Oxitenó's sales were directed to Brazilian market, an increase of 8 percentage points in relation to the 56 % reported in the 2Q03.

Sales volume in the domestic market amounted to 79,000 tons, an increase of 28% compared to second quarter of 2003. Sales expansion in the domestic market was basically the result of : (i) winning of new clients, including clients who have switched away from imported products to using those of Oxitenó; (ii) higher penetration in the agrichemicals segment; and (iii) growth in the various product segments in which Oxitenó operates.

International sales (including those of CANAMEX) amounted to 43,900 tons, a drop of 11% compared the same period in 2003, largely as a consequence of a delay in shipping Oxitenó products, because suitable vessel was available.

CANAMEX's sales in the 2Q04 amounted to 3,300 tons, an increase of 16% in relation to the 2Q03, though practically unchanged in relation to the 1Q04. During the second quarter of 2004, PEMEX shut down its plant in Cangrejera for maintenance, thereby placing a cap on ethylene oxide availability in period. At the beginning of the third quarter, ethylene oxide supply from the Cangrejera plant was already back to normal.

When compared to the 1Q04, Oxitenó's sales volume showed an increase of 12%. During the 1Q04 Oxitenó temporarily shut down production in its Camaçari plant for a scheduled substitution of catalyzers, coinciding with the maintenance shutdown by Braskem, Oxitenó's ethylene supplier.

**Includes sales volumes for CANAMEX from December 2003*

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Ultracargo. Ultracargo is the Brazilian market leader in chemical products and fuels logistics. The company offers transportation solutions using its own and third-party fleets as well as storage services through warehousing facilities at port terminals and rail junctions for the transportation of chemical products. Transportation services include integrated multi-modal transportation as well as receiving and dispatching customers' goods. The company also offers ship loading and unloading services, pipeline operations, logistics programming and installation engineering.

Ultracargo's average storage utilization in its liquid and gas storage facilities increased by 2%, comparing second quarters of this year, due to expansion of capacity at the Aratú terminal by 20,000 cubic meters in June 2003. Storage of solids increased by 51% in relation to the 2Q03, as a consequence of new clients won. The number of kilometers traveled remained at a similar level to that seen in the 2Q03, as the winning of new clients was offset by the closure of some of the company's longer routes, due to clients' investment in new plants, an occurrence that had already been foreseen.

Economic Financial Performance

Net Revenue □ Ultrapar's net consolidated revenue amounted to R\$ 1.2 billion in the 2Q04, an increase of 28% compared to the 2Q03. In the first half of 2004, Ultrapar's revenue totaled R\$ 2.2 billion, increase of 20% in relation to the first half of 2003.

Ultragaz □ The net revenue of Ultragaz amounted to R\$ 766.8 million in the 2Q04, an increase of 24% in relation to the 2Q03. This revenue expansion is mainly the result of a 28% increase in sales volume, partially offset by reduction in the ex-refinery price charged by Petrobras to LPG distributors.

Oxitenó □ Net revenue in the 2Q04 amounted to R\$ 390.3 million, 38% higher than the net revenue reported in 2Q03. This revenue increase was a consequence of: (i) the increased sales volume; (ii) an improvement in sales mix, due mainly to the increase in sales directed to the domestic market; (iii) the acquisition of CANAMEX, which added R\$ 15.4 million to net revenue in quarter; and (iv) a recovery in petrochemical commodity prices in international market, combined with a more favorable dollar exchange-rate scenario.

Ultracargo □ Net revenue in the 2Q04 amounted to R\$ 47.5 million, up 10% on the 2Q03. This increase derived mainly from a greater proportion of shorter routes in the total transport mix.

Cost of goods sold □ Ultrapar's consolidated cost of goods sold amounted to R\$ 906.6 million in the 2Q04, up 22% in relation to the 2Q03. Comparing the first half in both years, the cost of goods sold showed an increase of 17%.

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Ultragaz □ The cost of goods sold in the 2Q04 increased by 25% in relation to the 2Q03. This increase was a function of the 28% increase in sales volume compared to the 2Q03 figure, and was partially offset by a reduction in the cost of LPG between the two quarters and by gains in scale related to the purchase of Shell Gás.

Oxitenó □ The cost of goods sold in the 2Q04 increased by 16% in relation to the 2Q03, as a function of the 11% increase in volume sold, as well as adding in the cost of CANAMEX, and a 5% rise in unit cost, largely due to the increased cost of ethylene as a reflex of higher oil prices.

Ultracargo □ The cost of services provided increased by 5% in the 2Q04, compared with the same quarter a year earlier, mainly reflecting the increase in personnel costs, due to (i) annual collective wage agreements; and (ii) expansion in the size of the workforce, to meet the demands of new clients and new operations.

Sales, General and Administrative Expenses □ Consolidated sales, general and administrative expenses for Ultrapar amounted to R\$ 137.7 million in the 2Q04, 32% higher than the R\$ 104.0 million reported for the same period in 2003. In the first half of 2004, Ultrapar reported SG&A expenses of R\$ 262.4 million, an increase of 26% on the figure for the same period in 2003.

Ultragaz □ Sales, general and administrative expenses for Ultragaz amounted to R\$ 74.1 million in the second quarter, R\$ 17.2 million higher than the level of expenses reported in the second quarter 2003. This increase was mainly due to an R\$ 8.3 million rise in depreciation expenses, an increase of R\$ 6.5 million in sales expenses, due to the incorporation of Shell Gás□ sales structure, and annual collective wage agreements.

Oxitenó □ Sales, general and administrative expenses for Oxitenó amounted to R\$ 52.6 million, an increase of R\$ 13.5 million in relation to the second quarter of 2003. Sales expenses increased by R\$ 3.2 million, as a function of higher sales. Administrative expenses rose by R\$ 9.5 million, on a Y-o-Y comparison for the quarter, due to (i) higher personnel expenses, as a result of annual collective wage agreements in 2003 and an increase in the provision for employee profit-sharing, in line with the company's improved performance; and (ii) the incorporation of CANAMEX expenses, of R\$ 2.4 million.

Ultracargo □ Sales, general and administrative expenses at Ultracargo amounted to R\$ 12.6 million, an increase of R\$ 3.4 million in relation to the second quarter 2003, reflecting the rise in administrative expenses brought on by the need to hire new employees, as a result of winning new clients, and annual collective wage agreements introduced in the second half of 2003.

EBITDA □ Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) in the second quarter of 2004 amounted to R\$ 194.3 million, an increase of 64% compared to the 2Q03. EBITDA growth was accompanied by a widening in EBITDA margin, from 13% in the 2Q03 to 16% in the 2Q04. In the first half of 2004, Ultrapar□s EBITDA amounted to R\$ 331.2 million, R\$ 90.3 million higher than in the first half of 2003.

Ultragaz □ Ultragaz reported EBITDA of R\$ 74.8 million, 21% higher than the EBITDA posted in the 2Q03. Behind this increase were (i) the acquisition of Shell Gás; (ii) the 4% growth in Brazil's LPG market; and (iii) efforts made to cut costs and expenses. When compared to the 1Q04, Ultragaz□ EBITDA showed an increase of 30%, due to higher sales volume and the optimization of the company's operations.

Oxitenó □ EBITDA at Oxitenó amounted to R\$ 107.9 million, representing a 137% increase in relation to the 2Q03. The EBITDA margin widened by 12 percentage points, to 28% in the 2Q04, compared to the 16% reported in the 2Q03. This performance reflected (i) increased sales volume in the domestic market, as a result of winning new clients and expansion in the Brazilian economy; (ii) an improvement in petrochemical commodity prices; and (iii) an exchange rate scenario more favorable to exporting companies. In relation to the 1Q04, EBITDA for Oxitenó showed an increase of 58%, due to: (i) a 12% increase in sales volume, while at the same time maintaining a favorable sales mix and; (ii) the behavior of petrochemical commodity prices.

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Ultracargo □ Ultracargo reported EBITDA of R\$ 10.0 million, practically in line with the EBITDA posted in the 2Q03. Contributing to this result was an improvement in gross margin, offset by a rise in personnel costs due to the new operations and annual collective wage agreements.

Financial Income (Expense) Net □ Ultrapar reported net financial expenses of R\$ 7.9 million in the second quarter 2004, compared to R\$ 19.0 in the second quarter 2003. This reduction in financial expenses reflected the lower prevailing interest rates and a more stable exchange-rate scenario, despite an increase in the company's net debt. The company ended the 2Q04 with net debt of R\$ 66.3 million, whereas in the 2Q03, net debt was close to zero.

Net earnings □ Consolidated net earnings for the second quarter 2004 amounted to R\$ 112.1 million, an increase of 117% in relation to 2003. This growth was the result of improved operational profitability, arising from the acquisitions made in 2003, the winning of new clients, the improvement in petrochemical commodity prices and the growth seen in the Brazilian economy. Comparing the first halves of both years, net earnings were up 57%, to R\$ 175.2 million in the 1H04.

Investments □ Capital expenditures (CAPEX) amounted to R\$ 70.8 million in the 2Q04, distributed as follows:

- At Ultragas, investment was mainly concentrated in the expansion of the bulk segment (UltraSystem), in the number of gas cylinders and in the introduction of the ERP system;
- For Oxiteno, capital expenditure was focused on expanding the production capacity for specialty chemicals, as well as modernizing the company's industrial plants;
- At Ultracargo, investment was concentrated on the construction of the inter-modal terminal at Santos and expanding the company's vehicle fleet.

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CAPEX 2Q04

R\$ mm % of Total

**Consolidated capital expenditures and
acquisitions,
net of disposals
R\$ million**

| | | |
|-----------------|-------------|-------------|
| Ultragaz | 24.3 | 34% |
| Oxiteno | 24.9 | 35% |
| Ultracargo | 21.4 | 30% |
| Ultrapar | 70.8 | 100% |

Ultrapar in the capital markets

Share buyback □ In the second quarter of 2004, Ultrapar bought back a total of 188.6 million shares.

Share Performance □ The shares of Ultrapar underwent a depreciation of 5% in the second quarter of this year, in line with the overall performance of the Bovespa and the IBX indexes.

Outlook

In 2004, Ultrapar should continue to show consistent growth in its businesses. Ultragaz will continue to consolidate the benefits of integration with the recently acquired Shell Gás and the enlarged scale of distribution, positioning itself more efficiently in an increasingly competitive market. Oxiteno, whose growth has been founded on the development of new products and the quest for new clients and markets, should also benefit from a higher added-value sales mix, as well as reaping the benefits of the increase in petrochemical commodity prices. Ultracargo will continue to take advantage of growth opportunities arising from the expansion of international sales of petrochemicals, vegetable oils and alcohol. Growth in the Brazilian economy may also contribute to the performance of Ultrapar's businesses.

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Forthcoming Events

Reporting of Quarterly Results:

Ultrapar is pleased to invite you to a meeting with analysts, investors and capital market professionals on August 10, at 8:30 am (São Paulo time).

Location

Hotel Intercontinental □ Sala Giorgi
Alameda Santos 1123 - Cerqueira Cesar - São Paulo/SP

Due to the limited number of places, please confirm your attendance by e-mail to tatyana.wildeisen@mz-ir.com or by calling (55 11) 5509-3777

Ultrapar will be holding a conference call in English, on August 10, at 11:00 am (US Eastern time)

Participants calling from abroad: **1 (973) 935-8513**

Participants within Brazil (*Toll Free*): **0800-891-3951**

Password: **5024531 or Ultrapar**

These two events will be transmitted live on the Internet site www.ultra.com.br and replays will subsequently be accessible. We would ask you to please call 15 minutes before the conference call is due to start.

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Operational and Market Information

| Financial focus | 2Q04 | 2Q03 | 1Q04 | 1H04 | 1H03 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Ultrapar EBITDA margin | 16% | 13% | 13% | 15% | 13% |
| Ultrapar net margin | 9% | 6% | 6% | 8% | 6% |
| Productivity | 2Q04 | 2Q03 | 1Q04 | 1H04 | 1H03 |
| EBITDA R\$/ton Ultragas (million) | 189 | 199 | 154 | 172 | 163 |
| EBITDA R\$/ton Oxiteno (million) | 878 | 412 | 624 | 758 | 526 |
| Focus on Human Resources | 2Q04 | 2Q03 | 1Q04 | 1H04 | 1H03 |
| Number of employees at Ultrapar | 6,559 | 5,917 | 6,494 | 6,559 | 5,917 |

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| | | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|
| Number of employees at Ultragaz | 4,323 | 4,026 | 4,333 | 4,323 | 4,026 |
| Number of employees at Oxiteno | 1,103 | 923 | 1,095 | 1,103 | 923 |
| Number of employees at Ultracargo | 907 | 784 | 850 | 907 | 784 |

| Focus on Capital Markets | 2Q04 | 2Q03 | 1Q04 | 1H04 | 1H03 |
|-----------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of Shares (m) | 69,691 | 69,691 | 69,691 | 69,691 | 69,691 |
| Market Capitalization □ R\$ million | 2,298 | 1,847 | 2,418 | 2,298 | 1,847 |
| Bovespa | | | | | |
| Average daily volume (□000 shares) | 54,070 | 45,073 | 48,036 | 51,053 | 32,335 |
| Average daily volume (R\$ □000) | 1,713 | 1,077 | 1,738 | 1,726 | 770 |
| Average share price (R\$ / □000 shares) | 31.7 | 23.9 | 36.2 | 33.8 | 23.8 |
| NYSE | | | | | |
| Number of ADRs ¹ (□000 ADRs) | 7,055 | 4,272 | 4,507 | 7,055 | 4,272 |
| Average daily volume (ADRs) | 14,528 | 16,248 | 17,770 | 16,149 | 13,571 |
| Average daily volume (US\$ □000) | 149,504 | 130,673 | 221,797 | 184,650 | 102,843 |
| Average share price (US\$ / ADR) | 10.15 | 8.04 | 12.48 | 11.43 | 7.58 |
| Total² | | | | | |
| Average daily volume (□000 shares) | 69,598 | 61,321 | 65,806 | 67,202 | 45,354 |
| Average daily volume (R\$ □000) | 2,162 | 1,471 | 2,378 | 2,270 | 1,084 |

¹ 1 ADR = 1,000 preferred shares

² Total = BOVESPA + NYSE

All financial information is presented according to the accounting principles laid down in Brazilian Corporate Legislation (BR GAAP). All figures are expressed in Brazilian reais, except for the amounts on page 18, which are expressed in US dollars and were obtained using the average rate of exchange (commercial dollar rate) for the corresponding periods.

This document may contain forecasts of future events. Such predictions merely reflect the expectations of the Company's management. Words such as: "believe", "expect", "plan", "strategy", "prospects", "envisage", "estimate", "forecast", "anticipate", "may" and other words with similar meaning are intended as preliminary declarations regarding expectations and future forecasts. Such declarations are subject to risks and uncertainties, anticipated by the Company or otherwise, which could mean that the reported results turn out to be significantly different from those forecast. Therefore, the reader should not base investment decisions solely on these estimates.

For additional information please contact:

Investor Relations Management - Ultrapar Participações S.A.

(55 11) 3177-6695 invest@ultra.com.br

www.ultra.com.br

2nd Quarter 2004

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil

| | QUARTERS ENDED IN | | |
|-------------------------------|--------------------------|----------------|----------------|
| | JUN | JUN | MAR |
| | 2004 | 2003 | 2004 |
| ASSETS | | | |
| Cash and cash equivalents | 573.2 | 676.3 | 465.0 |
| Trade accounts receivable | 347.3 | 289.2 | 342.7 |
| Inventories | 187.8 | 140.9 | 164.6 |
| Other | 140.5 | 162.8 | 173.8 |
| | 1,248.8 | 1,269.2 | 1,146.1 |
| | | | |
| Investments | 33.4 | 33.4 | 33.3 |
| Property, plant and equipment | 1,000.2 | 807.7 | 977.2 |
| Deferred charges | 96.9 | 85.8 | 99.3 |
| Other long term assets | 100.3 | 56.5 | 91.0 |
| | 1,230.8 | 983.4 | 1,200.8 |
| | | | |
| TOTAL ASSETS | 2,479.6 | 2,252.6 | 2,346.9 |
| LIABILITIES | | | |
| Loans and financing | 385.9 | 201.1 | 156.7 |
| Suppliers | 82.8 | 88.7 | 107.2 |
| Payroll and related charges | 69.2 | 52.9 | 57.2 |
| Taxes | 27.4 | 12.0 | 31.6 |
| Other accounts payable | 18.4 | 22.9 | 18.2 |
| | 583.7 | 377.6 | 370.9 |

| | | | |
|----------------------------------------------|----------------|----------------|----------------|
| Loans and financing | 253.6 | 470.3 | 443.4 |
| Income and social contribution taxes | 29.5 | 30.2 | 28.8 |
| Other long term liabilities | 53.3 | 40.9 | 52.0 |
| Total Long Term Liabilities | 336.4 | 541.4 | 524.2 |
| TOTAL LIABILITIES | 920.1 | 919.0 | 895.1 |
| STOCKHOLDERS' EQUITY | | | |
| Capital | 664.0 | 664.0 | 664.0 |
| Revaluation reserves | 17.1 | 25.2 | 17.4 |
| Profit reserves | 668.7 | 499.6 | 674.3 |
| Retained earnings | 175.9 | 112.3 | 63.5 |
| Total Stockholders' Equity | 1,525.7 | 1,301.1 | 1,419.2 |
| Minority Interests | 33.8 | 32.5 | 32.6 |
| TOTAL STOCKHOLDERS' EQUITY & M.I. | 1,559.5 | 1,333.6 | 1,451.8 |
| TOTAL LIAB. AND STOCKHOLDERS' EQUITY | 2,479.6 | 2,252.6 | 2,346.9 |
| Cash | 573.2 | 676.3 | 465.0 |
| Debt | 639.5 | 671.4 | 600.1 |
| Net cash (debt) | (66.3) | 4.9 | (135.1) |

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2nd Quarter 2004

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED STATEMENT OF INCOME
In millions of reais (except per share data) - Accounting practices adopted In Brazil

QUARTERS ENDED IN

ACCUMULATED

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| | JUN | JUN | MAR | JUN | JUN |
|--------------------------------------------------|---------|---------|---------|-----------|-----------|
| | 2004 | 2003 | 2004 | 2004 | 2003 |
| Net sales and services | 1,194.1 | 932.7 | 1,050.6 | 2,244.7 | 1,866.9 |
| Cost of sales and services | (906.6) | (744.8) | (833.8) | (1,740.4) | (1,486.5) |
| Gross profit | 287.5 | 187.9 | 216.8 | 504.3 | 380.4 |
| Operating expenses | | | | | |
| Selling | (47.9) | (38.2) | (41.8) | (89.7) | (75.0) |
| General and administrative | (58.5) | (43.5) | (51.2) | (109.7) | (88.6) |
| Depreciation and amortization | (31.3) | (22.3) | (31.7) | (63.0) | (44.0) |
| Other operating income (expenses) | 1.7 | 1.2 | 1.4 | 3.1 | 1.9 |
| Income before equity and financial results | 151.5 | 85.1 | 93.5 | 245.0 | 174.7 |
| Financial results | (7.9) | (19.0) | (13.0) | (20.9) | (31.3) |
| Financial income | 17.1 | (70.4) | 13.7 | 30.8 | (67.9) |
| Financial expenses | (17.4) | 59.1 | (19.6) | (37.0) | 53.0 |
| Taxes on financial activities | (7.6) | (7.7) | (7.1) | (14.7) | (16.4) |
| Equity in earnings (losses) of affiliates | | | | | |
| Affiliates | - | - | 0.1 | 0.1 | (0.4) |
| Benefit of tax holidays | 22.6 | 11.2 | 13.4 | 36.0 | 24.1 |
| Nonoperating income (expense) | (6.0) | (0.2) | (2.8) | (8.8) | (1.1) |
| Income before taxes and profit sharing | 160.2 | 77.1 | 91.2 | 251.4 | 166.0 |
| Provision for income and social contribution tax | (46.6) | (23.7) | (27.7) | (74.3) | (52.6) |
| Income before minority interest | 113.6 | 53.4 | 63.5 | 177.1 | 113.4 |
| Minority interest | (1.5) | (1.8) | (0.4) | (1.9) | (1.8) |
| Net Income | 112.1 | 51.6 | 63.1 | 175.2 | 111.6 |
| EBITDA | 194.3 | 118.8 | 136.9 | 331.2 | 240.9 |
| Depreciation and amortization | 42.7 | 33.8 | 43.5 | 86.2 | 66.2 |
| Investments | 76.1 | 53.8 | 52.9 | 129.0 | 101.0 |
| RATIOS | | | | | |
| Earnings / 1000 shares | 1.61 | 0.74 | 0.91 | 2.51 | 1.60 |
| Net debt / Stockholders' equity | 0.04 | Na | 0.09 | - | - |
| Net debt / LTM EBITDA | 0.09 | Na | 0.25 | - | - |
| Net interest expense / EBITDA | 0.04 | 0.16 | 0.09 | 0.06 | 0.13 |
| Operating margin | 13% | 9% | 9% | 11% | 9% |
| EBITDA margin | 16% | 13% | 13% | 15% | 13% |

2nd Quarter 2004

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED CASH FLOW STATEMENT
In millions of reais - Accounting practices adopted in Brazil

| | JUN | |
|------------------------------------------------------------------|----------------|----------------|
| | 2003 | 2002 |
| | <hr/> | <hr/> |
| Cash Flows from operating activities | 232.9 | 28.1 |
| Net income | 175.2 | 111.6 |
| Minority interest | 1.9 | 1.8 |
| Depreciation and amortization | 86.2 | 66.2 |
| Working capital | (79.4) | (72.5) |
| Financial expenses (A) | 40.5 | (71.8) |
| Other (B) | 8.5 | (7.2) |
| Cash Flows from investing activities | (142.2) | (103.1) |
| Additions to property, plant, equipment and deferred charges (C) | (123.0) | (98.4) |
| Acquisition of minority interests (including treasury shares) | (6.0) | (2.6) |
| Other | (13.2) | (2.1) |
| Cash Flows from financing activities | (71.6) | 113.4 |
| Short term debt, net | (34.2) | 44.3 |
| Issuances | 210.9 | 190.7 |
| Debt payments | (208.5) | (71.7) |
| Related companies | (0.1) | (0.4) |
| Dividends paid (D) | (39.7) | (47.2) |
| Other | - | (2.3) |
| Net increase (decrease) in cash and cash equivalents | 19.1 | 38.4 |
| Cash and cash equivalents at the beginning of the period | 554.1 | 637.9 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the period | 573.2 | 676.3 |
| | <hr/> | <hr/> |
| Supplemental disclosure of cash flow information | | |
| Cash paid for interest (E) | 13.2 | 26.4 |

| | | |
|-----------------------------------|------|------|
| Cash paid for taxes on income (E) | 18.1 | 14.3 |
|-----------------------------------|------|------|

- (A) Not including financial income. Comprised basically of financial expenses, in particular, exchange variations.
 (B) Comprised mainly of accrued and deferred taxes and, cost of permanent asset sold.
 (C) Included ICMS on the Property, plant and equipment according to Law Complemental no. 102/2000.
 (D) Including dividends paid by Ultrapar and its subsidiaries.
 (E) Included in cash flow from operating activities.

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2nd Quarter 2004

**ULTRAGAZ PARTICIPAÇÕES LTDA.
 CONSOLIDATED BALANCE SHEET
 In millions of reais - Accounting practices adopted in Brazil**

| | QUARTERS ENDED IN | | |
|------------------------------------|--------------------------|--------------|--------------|
| | JUN | JUN | MAR |
| | 2004 | 2003 | 2004 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 173.4 | 157.3 | 172.4 |
| Inventories | 25.2 | 23.1 | 28.8 |
| Other | 54.8 | 70.4 | 58.9 |
| Property, plant & equipment | 468.7 | 379.7 | 477.6 |
| Deferred charges | 64.8 | 76.3 | 65.5 |
| TOTAL OPERATING ASSETS | 786.9 | 706.8 | 803.2 |
| OPERATING LIABILITIES | | | |
| Suppliers | 28.7 | 41.2 | 41.3 |
| Payroll and related charges | 33.9 | 27.0 | 29.2 |
| Taxes | 5.9 | 1.3 | 2.2 |
| Other accounts payable | 3.6 | 3.2 | 3.7 |
| TOTAL OPERATING LIABILITIES | 72.1 | 72.7 | 76.4 |

**ULTRAGAZ PARTICIPAÇÕES LTDA.
 CONSOLIDATED STATEMENT OF INCOME
 In millions of reais - Accounting practices adopted in Brazil**

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|-------------------------------|-------------------|---------|---------|-------------|-----------|
| | JUN | JUN | MAR | JUN | JUN |
| | 2004 | 2003 | 2004 | 2004 | 2003 |
| Net sales | 766.8 | 616.7 | 705.2 | 1,472.0 | 1,185.6 |
| Cost of sales and services | (647.9) | (520.0) | (607.4) | (1,255.3) | (1,019.0) |
| Gross profit | 118.9 | 96.7 | 97.8 | 216.7 | 166.6 |
| Operating expenses | | | | | |
| Selling | (26.1) | (19.6) | (24.2) | (50.3) | (37.0) |
| General and administrative | (18.8) | (16.4) | (16.3) | (35.1) | (33.2) |
| Depreciation and amortization | (29.2) | (20.9) | (29.5) | (58.7) | (41.2) |
| Other operating results | 0.8 | 0.9 | 0.1 | 0.9 | 1.2 |
| EBIT | 45.6 | 40.7 | 27.9 | 73.5 | 56.4 |
| EBITDA | 74.8 | 61.6 | 57.4 | 132.2 | 97.6 |
| Depreciation and amortization | 29.2 | 20.9 | 29.5 | 58.7 | 41.2 |

RATIOS

| | | | | | |
|------------------|-----|-----|----|----|----|
| Operating margin | 6% | 7% | 4% | 5% | 5% |
| EBITDA margin | 10% | 10% | 8% | 9% | 8% |

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2nd Quarter 2004

OXITENO S/A - INDÚSTRIA E COMÉRCIO
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil

| QUARTERS ENDED IN | | |
|-------------------|------|------|
| JUN | JUN | MAR |
| 2004 | 2003 | 2004 |

| | | | |
|------------------------------------|--------------|--------------|--------------|
| OPERATING ASSETS | | | |
| Trade accounts receivable | 158.1 | 116.3 | 152.8 |
| Inventories | 160.2 | 116.1 | 133.6 |
| Other | 29.0 | 37.2 | 46.3 |
| Property, plant & equipment | 382.8 | 323.3 | 367.4 |
| Deferred charges | 4.6 | 10.0 | 4.8 |
| TOTAL OPERATING ASSETS | 734.7 | 602.9 | 704.9 |
| OPERATING LIABILITIES | | | |
| Suppliers | 47.0 | 43.6 | 57.5 |
| Payroll and related charges | 27.5 | 20.1 | 20.6 |
| Taxes | 7.5 | 4.8 | 17.6 |
| Other accounts payable | 14.7 | 18.0 | 13.5 |
| TOTAL OPERATING LIABILITIES | 96.7 | 86.5 | 109.2 |

OXITENO S/A - INDÚSTRIA E COMÉRCIO
CONSOLIDATED STATEMENT OF INCOME
 In millions of reais - Accounting practices adopted in Brazil

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|-------------------------------|-------------------|---------|---------|-------------|---------|
| | JUN | JUN | MAR | JUN | JUN |
| | 2004 | 2003 | 2004 | 2004 | 2003 |
| Net sales | 390.3 | 282.2 | 310.6 | 700.9 | 615.5 |
| Cost of goods sold | | | | | |
| Variable | (212.4) | (179.7) | (180.4) | (392.8) | (376.9) |
| Fixed | (20.0) | (18.8) | (20.2) | (40.2) | (40.0) |
| Depreciation and amortization | (7.4) | (7.7) | (8.0) | (15.4) | (15.3) |
| Gross profit | 150.5 | 76.0 | 102.0 | 252.5 | 183.3 |
| Operating expenses | | | | | |
| Selling | (21.8) | (18.6) | (17.5) | (39.3) | (38.0) |
| General and administrative | (29.0) | (19.5) | (25.4) | (54.4) | (40.9) |
| Depreciation and amortization | (1.8) | (1.0) | (1.7) | (3.5) | (1.9) |
| Other operating results | 0.7 | (0.1) | 1.1 | 1.8 | 0.4 |
| EBIT | 98.6 | 36.8 | 58.5 | 157.1 | 102.9 |
| EBITDA | 107.9 | 45.5 | 68.2 | 176.1 | 120.1 |
| Depreciation and amortization | 9.2 | 8.7 | 9.7 | 18.9 | 17.2 |

RATIOS

| | | | | | |
|------------------|-----|-----|-----|-----|-----|
| Operating margin | 25% | 13% | 19% | 22% | 17% |
| EBITDA margin | 28% | 16% | 22% | 25% | 20% |

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2nd Quarter 2004

ULTRACARGO PARTICIPAÇÕES LTDA.
CONSOLIDATED BALANCE SHEET
In millions of reais - Accounting practices adopted in Brazil

| | QUARTERS ENDED IN | | |
|------------------------------------|--------------------------|--------------|--------------|
| | JUN | JUN | MAR |
| | 2004 | 2003 | 2004 |
| OPERATING ASSETS | | | |
| Trade accounts receivable | 16.9 | 16.9 | 18.0 |
| Inventories | 2.3 | 1.7 | 2.2 |
| Other | 3.0 | 2.1 | 4.9 |
| Property, plant & equipment | 138.1 | 91.2 | 121.5 |
| Deferred charges | 3.6 | 1.6 | 3.1 |
| TOTAL OPERATING ASSETS | 163.9 | 113.5 | 149.7 |
| OPERATING LIABILITIES | | | |
| Suppliers | 8.0 | 5.2 | 8.4 |
| Payroll and related charges | 7.5 | 5.5 | 7.2 |
| Taxes | 4.5 | 3.1 | 5.3 |
| Other accounts payable | 1.8 | - | 1.9 |
| TOTAL OPERATING LIABILITIES | 21.8 | 13.8 | 22.8 |

ULTRACARGO PARTICIPAÇÕES LTDA.
CONSOLIDATED STATEMENT OF INCOME
In millions of reais - Accounting practices adopted in Brazil

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|-------------------------------|-------------------|--------|--------|-------------|--------|
| | JUN | JUN | MAR | JUN | JUN |
| | 2004 | 2003 | 2004 | 2004 | 2003 |
| Net sales | 47.5 | 43.1 | 44.8 | 92.3 | 84.6 |
| Cost of sales and services | (29.4) | (28.0) | (27.9) | (57.3) | (54.2) |
| Gross profit | 18.1 | 15.1 | 16.9 | 35.0 | 30.4 |
| Operating expenses | | | | | |
| Selling | - | - | (0.1) | (0.1) | - |
| General and administrative | (12.5) | (9.0) | (11.0) | (23.5) | (17.5) |
| Depreciation and amortization | (0.1) | (0.2) | (0.2) | (0.3) | (0.4) |
| Other operating results | 0.5 | 0.2 | 0.3 | 0.8 | 0.3 |
| EBIT | 6.0 | 6.1 | 5.9 | 11.9 | 12.8 |
| EBITDA | 10.0 | 10.1 | 9.9 | 19.9 | 20.1 |
| Depreciation and amortization | 4.1 | 4.0 | 4.0 | 8.1 | 7.3 |

RATIOS

| | | | | | |
|------------------|-----|-----|-----|-----|-----|
| Operating margin | 13% | 14% | 13% | 13% | 15% |
| EBTIDA margin | 21% | 23% | 22% | 22% | 24% |

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2nd Quarter 2004

ULTRAPAR PARTICIPAÇÕES S/A
CONSOLIDATED INCOME STATEMENT

In millions of US dollars (except per share data) - Accounting practices adopted in Brazil

| | QUARTERS ENDED IN | | | ACCUMULATED | |
|-----------------|-------------------|------|------|-------------|------|
| | JUN | JUN | MAR | JUN | JUN |
| | 2004 | 2003 | 2004 | 2004 | 2003 |
| (US\$ millions) | | | | | |

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Net sales

| | | | | | |
|------------|-------|-------|-------|-------|-------|
| Ultrapar | 388.3 | 312.4 | 362.8 | 751.9 | 576.4 |
| Ultragaz | 249.3 | 206.5 | 243.5 | 493.0 | 366.0 |
| Oxiteno | 126.9 | 94.5 | 107.3 | 234.8 | 190.0 |
| Ultracargo | 15.4 | 14.4 | 15.5 | 30.9 | 26.1 |

EBIT

| | | | | | |
|------------|------|------|------|------|------|
| Ultrapar | 49.3 | 28.5 | 32.3 | 82.1 | 53.9 |
| Ultragaz | 14.8 | 13.6 | 9.6 | 24.6 | 17.4 |
| Oxiteno | 32.1 | 12.4 | 20.2 | 52.6 | 31.8 |
| Ultracargo | 2.0 | 2.1 | 2.0 | 4.0 | 4.0 |

Operating margin

| | | | | | |
|------------|-----|-----|-----|-----|-----|
| Ultrapar | 13% | 9% | 9% | 11% | 9% |
| Ultragaz | 6% | 7% | 4% | 5% | 5% |
| Oxiteno | 25% | 13% | 19% | 22% | 17% |
| Ultracargo | 13% | 15% | 13% | 13% | 15% |

EBITDA

| | | | | | |
|------------|------|------|------|-------|------|
| Ultrapar | 63.2 | 39.8 | 47.3 | 110.9 | 74.4 |
| Ultragaz | 24.4 | 20.6 | 19.8 | 44.3 | 30.1 |
| Oxiteno | 35.1 | 15.3 | 23.6 | 59.0 | 37.1 |
| Ultracargo | 3.3 | 3.4 | 3.4 | 6.7 | 6.2 |

EBITDA margin

| | | | | | |
|------------|-----|-----|-----|-----|-----|
| Ultrapar | 16% | 13% | 13% | 15% | 13% |
| Ultragaz | 10% | 10% | 8% | 9% | 8% |
| Oxiteno | 28% | 16% | 22% | 25% | 20% |
| Ultracargo | 21% | 23% | 22% | 22% | 24% |

Net income

| | | | | | |
|---------------------------------|------|------|------|------|------|
| Ultrapar | 36.5 | 17.3 | 21.8 | 58.7 | 34.5 |
| Net income/ 1,000 shares (US\$) | 0.52 | 0.25 | 0.31 | 0.84 | 0.49 |

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**ULTRAPAR PARTICIPAÇÕES S/A
LOANS, CASH AND MARKETABLE SECURITIES
In millions of reais - Accounting practices adopted in Brazil**

Loans

Balance in June/2004

Foreign Currency

| | | |
|--|------------------|----------------------------------------------------------|
| | Ultrapar | Ultrapar |
| | Ultragaz Oxiteno | Ultragaz Oxiteno Ultracargo Holding Other Consolidated C |

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| | | | | | | |
|-----------------------------------------------------------|--------------|--------------|-------------|----------|----------|--------------|
| Eurobond | 186.6 | - | - | - | - | 186.6 |
| Working capital loan | - | 10.0 | - | - | - | 10.0 |
| Export prepayment, net of linked operations | - | 214.9 | - | - | - | 214.9 |
| National Bank for Economic and Social Development - BNDES | 21.3 | 4.6 | 1.3 | - | - | 27.2 |
| Advances on Foreign Exchange Contracts | - | 3.4 | - | - | - | 3.4 |
| Subtotal | 207.9 | 232.9 | 1.3 | - | - | 442.1 |
| Local Currency | | | | | | |
| National Bank for Economic and Social Development - BNDES | 104.6 | 31.2 | 6.3 | - | - | 142.1 |
| Agency for Financing Machinery and Equipment (FINAME) | 3.0 | 2.5 | 21.5 | - | - | 27.0 |
| Onlendings | - | 11.4 | - | - | - | 11.4 |
| Subtotal | 107.6 | 62.0 | 27.8 | - | - | 197.4 |
| Total | 315.5 | 294.9 | 29.1 | - | - | 639.5 |
| Composition per Annum | | | | | | |
| Up to 1 Year | 231.0 | 145.5 | 9.4 | - | - | 385.9 |
| From 1 to 2 Years | 36.3 | 87.9 | 8.3 | - | - | 132.5 |
| From 2 to 3 Years | 28.6 | 32.5 | 7.4 | - | - | 68.5 |
| From 3 to 4 Years | 11.4 | 20.2 | 3.6 | - | - | 35.2 |
| From 4 to 5 Years | 8.1 | 8.1 | 0.4 | - | - | 16.6 |
| From 5 to 6 Years | 0.1 | 0.7 | - | - | - | 0.8 |
| Total | 315.5 | 294.9 | 29.1 | - | - | 639.5 |

(*) TJLP - Long Term Interest Rate / IGPM - Market General Price Index / UMBNDES - BNDES Basket of Currencies

Balance in June/2004

| | | | Ultrapar | | Ultrapar |
|---------------------------------------|-----------------|----------------|-------------------|----------------|---------------------------|
| Cash and marketable securities | Ultragaz | Oxiteno | Ultracargo | Holding | Other Consolidated |
| | 127.5 | 323.1 | 97.8 | 19.7 | 5.1 |
| | | | | | 573.2 |

Ultrapar Participações S.A.

*Interim Financial Statements for the Quarter
and Six-month Period Ended June 30, 2004
and Independent Accountants' Review Report*

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Shareholders and Management of Ultrapar Participações S.A.

São Paulo - SP

1. We have performed a special review of the accompanying interim financial statements of Ultrapar Participações S.A. and subsidiaries as of and for the quarter and six-month period ended June 30, 2004, prepared in accordance with Brazilian accounting practices and under the responsibility of the Company's management, consisting of the balance sheets (Company and consolidated), the related statements of income and the performance report.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiaries.
3. Based on our special review, we are not aware of any material modifications that should be made to the financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.
4. We had previously reviewed the Company and consolidated balance sheets as of March 31, 2004 and the Company and consolidated statements of income for the six-month period ended June 30, 2003, presented for comparative purposes, and issued unqualified special review reports thereon, dated April 30, 2004 and July 25, 2003, respectively.

São Paulo, July 30, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Altair Tadeu Rossato
Engagement partner

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

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ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF JUNE 30, 2004 AND MARCH 31, 2004

(In thousands of Brazilian reais - R\$)

| | <u>Company</u> | | <u>Consolidated</u> | | | <u>Company</u> | |
|-----------------------------------------------|-----------------|-----------------|---------------------|-----------------|--------------------------------------------------|-----------------|-----------------|
| <u>ASSETS</u> | <u>06/30/04</u> | <u>03/31/04</u> | <u>06/30/04</u> | <u>03/31/04</u> | <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | <u>06/30/04</u> | <u>03/31/04</u> |
| CURRENT ASSETS | | | | | CURRENT LIABILITIES | | |
| Cash and banks | 525 | 497 | 49,643 | 57,645 | Financing | -- | -- |
| Temporary cash investments | 19,170 | 27,252 | 523,526 | 407,396 | Suppliers | 193 | 342 |
| Trade accounts receivable | -- | -- | 347,277 | 342,747 | Payroll and related charges | 249 | 196 |
| Inventories | -- | -- | 187,759 | 164,649 | Taxes | 16 | 18 |
| Recoverable taxes | 13,272 | 13,222 | 104,440 | 130,337 | Dividends payable | 31 | 31 |
| Dividends receivable | -- | -- | -- | -- | Income and social contribution taxes | -- | -- |
| Other | 3,628 | 3,628 | 28,956 | 35,341 | Other | -- | -- |
| Prepaid expenses | -- | -- | 7,089 | 7,898 | | | |
| | | | | | | 489 | 587 |
| | 36,595 | 44,599 | 1,248,690 | 1,146,013 | | | |
| LONG-TERM ASSETS | | | | | LONG-TERM LIABILITIES | | |
| Related companies | 51,545 | 51,545 | 2,483 | 2,478 | Financing | -- | -- |
| Other related parties | 31 | 61 | -- | -- | Related companies | 421,199 | 421,350 |
| Deferred income and social contribution taxes | 2,576 | 2,576 | 65,473 | 68,030 | Deferred income and social contribution taxes | -- | -- |
| Escrow deposits | -- | -- | 11,188 | 10,025 | Other taxes | 7,481 | 7,299 |
| Other | -- | -- | 14,001 | 10,525 | Other | -- | -- |
| Recoverable taxes | -- | -- | 7,253 | -- | | | |
| | | | | | | 428,680 | 428,649 |
| | 54,152 | 54,182 | 100,398 | 91,058 | MINORITY INTEREST | -- | -- |
| PERMANENT ASSETS | | | | | STOCKHOLDERS' EQUITY | | |
| Investments: | | | | | Capital | 663,952 | 663,952 |
| Subsidiary and affiliated companies | 1,867,234 | 1,752,809 | 6,057 | 5,855 | Capital reserve | 1,152 | 1,152 |
| Other | 352 | 351 | 27,302 | 27,463 | Revaluation reserve | 17,078 | 17,433 |
| Property, plant and equipment | 2 | -- | 1,000,227 | 977,162 | Profit reserves | 677,495 | 677,495 |
| Deferred charges | -- | -- | 96,915 | 99,298 | Treasury shares | (6,431) | (820) |
| | | | | | Retained earnings | 175,920 | 63,493 |
| | 1,867,588 | 1,753,160 | 1,130,501 | 1,109,778 | | 1,529,166 | 1,422,705 |
| TOTAL | 1,958,335 | 1,851,941 | 2,479,589 | 2,346,849 | TOTAL MINORITY INTEREST AND STOCKHOLDERS' EQUITY | -- | -- |
| | | | | | TOTAL | 1,958,335 | 1,851,941 |

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

Ultrapar Participações S.A. and Subsidiaries

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

ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED JUNE 30, 2004 AND 2003

(In thousands of Brazilian reais - R\$, except for earnings per share)

| | Company | | Consolidated | |
|-----------------------------------------------|----------|----------|--------------|-----------|
| | 06/30/04 | 06/30/03 | 06/30/04 | 06/30/03 |
| GROSS SALES AND SERVICES | - | - | 1,310,846 | 1,124,945 |
| Deductions | - | - | (116,679) | (192,219) |
| NET SALES AND SERVICES | - | - | 1,194,167 | 932,726 |
| Cost of sales and services | - | - | (906,573) | (744,832) |
| GROSS PROFIT | - | - | 287,594 | 187,894 |
| OPERATING (EXPENSES) INCOME | (62) | 88 | (135,956) | (102,861) |
| Selling | - | - | (47,920) | (38,124) |
| General and administrative | (829) | (845) | (58,520) | (43,490) |
| Depreciation | - | - | (31,300) | (22,369) |
| Other operating income, net | 767 | 933 | 1,784 | 1,122 |
| OPERATING INCOME BEFORE FINANCIAL ITEMS | (62) | 88 | 151,638 | 85,033 |
| Financial results | (1,861) | 4,084 | (7,926) | (19,009) |
| Financial income | (227) | 3,509 | 17,090 | (70,443) |
| Financial expense | (1,634) | 575 | (25,016) | 51,434 |
| EQUITY IN SUBSIDIARY AND AFFILIATED COMPANIES | 114,438 | 48,860 | 22,510 | 11,227 |
| INCOME FROM OPERATIONS | 112,515 | 53,032 | 166,222 | 77,251 |
| Nonoperating (expenses) income, net | 2 | - | (5,997) | (162) |

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| | | | | |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING | 112,517 | 53,032 | 160,225 | 77,089 |
| Provision for income and social contribution taxes | (433) | (1,578) | (43,362) | (28,693) |
| Deferred income tax | - | 158 | (3,285) | 4,943 |
| | <u>(433)</u> | <u>(1,420)</u> | <u>(46,647)</u> | <u>(23,750)</u> |
| Employee profit sharing | - | - | - | - |
| INCOME BEFORE MINORITY INTEREST | <u>112,084</u> | <u>51,612</u> | <u>113,578</u> | <u>53,339</u> |
| Minority interest | - | - | (1,494) | (1,727) |
| NET INCOME | <u>112,084</u> | <u>51,612</u> | <u>112,084</u> | <u>51,612</u> |
| NUMBER OF SHARES OUTSTANDING AT THE BALANCE SHEET DATE (IN THOUSANDS) | <u>69,474,653</u> | <u>69,607,469</u> | <u>69,474,653</u> | <u>69,671,070</u> |
| EARNINGS PER SHARE - R\$ | <u>0.00161</u> | <u>0.00074</u> | <u>0.00161</u> | <u>0.00074</u> |

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

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Ultrapar Participações S.A. and Subsidiaries

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

ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED JUNE 30, 2004 AND 2003

(In thousands of Brazilian reais - R\$, except for earnings per share)

| | Company | | Consolidated | |
|----------------------------|----------|----------|--------------|-------------|
| | 06/30/04 | 06/30/03 | 06/30/04 | 06/30/03 |
| GROSS SALES AND SERVICES | - | - | 2,456,522 | 2,278,107 |
| Deductions | - | - | (211,800) | (411,199) |
| NET SALES AND SERVICES | - | - | 2,244,722 | 1,866,908 |
| Cost of sales and services | - | - | (1,740,387) | (1,486,533) |
| GROSS PROFIT | - | - | 504,335 | 380,375 |

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| | | | | |
|-----------------------------------------------------------------------|------------|------------|------------|------------|
| OPERATING (EXPENSES) INCOME | (189) | (57) | (259,266) | (205,717) |
| Selling | - | - | (89,739) | (74,958) |
| General and administrative | (1,649) | (1,502) | (109,692) | (88,610) |
| Depreciation | - | - | (62,991) | (44,022) |
| Other operating income, net | 1,460 | 1,445 | 3,156 | 1,873 |
| OPERATING INCOME BEFORE FINANCIAL ITEMS | (189) | (57) | 245,069 | 174,658 |
| Financial results | (202) | 7,680 | (20,901) | (31,346) |
| Financial income | 1,889 | 7,817 | 30,798 | (67,923) |
| Financial expense | (2,091) | (137) | (51,699) | 36,577 |
| EQUITY IN SUBSIDIARY AND AFFILIATED COMPANIES | 176,770 | 106,530 | 36,058 | 23,740 |
| INCOME FROM OPERATIONS | 176,379 | 114,153 | 260,226 | 167,052 |
| Nonoperating (expenses) income, net | 2 | (3) | (8,794) | (1,064) |
| INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING | 176,381 | 114,150 | 251,432 | 165,988 |
| Provision for income and social contribution taxes | (1,147) | (2,802) | (77,638) | (62,277) |
| Deferred income tax | - | 225 | 3,309 | 9,630 |
| Employee profit sharing | - | - | - | - |
| INCOME BEFORE MINORITY INTEREST | 175,234 | 111,573 | 177,103 | 113,341 |
| Minority interest | - | - | (1,869) | (1,768) |
| NET INCOME | 175,234 | 111,573 | 175,234 | 111,573 |
| NUMBER OF SHARES OUTSTANDING AT THE BALANCE SHEET DATE (IN THOUSANDS) | 69,474,653 | 69,607,469 | 69,474,653 | 69,607,469 |
| EARNINGS PER SHARE - R\$ | 0.00252 | 0.00160 | 0.00252 | 0.00160 |

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

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

ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30 AND MARCH 31, 2004 INCLUDING UNAUDITED INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003

(Amounts in thousands of Brazilian reais - R\$, unless otherwise indicated)

1. OPERATIONS

The Company invests in commercial and industrial activities, including subscription or purchase of shares of other companies with similar activities.

Through its subsidiaries, the Company is engaged in the distribution of liquefied petroleum gas - LPG (Ultragaz), production and sale of chemicals (Oxiten), and logistics services for chemicals and fuels (Ultracargo).

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

As established by Brazilian Securities Commission (CVM) Instruction No. 248, of March 29, 1996, and CVM Guidance Opinion No. 29, of April 11, 1996, the interim financial statements are being presented in accordance with Brazilian corporate law.

3. ACCOUNTING PRACTICES AND CONSOLIDATION PRINCIPLES

In the preparation of the interim financial statements, the Company has applied the same accounting practices adopted in the preparation of the financial statements as of December 31, 2003, which are in accordance with the standards established by the CVM and accounting practices adopted in Brazil.

Consolidation Principles

The consolidated financial statements have been prepared in accordance with the basic consolidation principles established by Brazilian corporate law and by the CVM, and include the following direct and indirect subsidiaries:

| | Ownership interest - % | |
|---------------------------------------------------------|------------------------|----------|
| | Control | |
| | Direct | Indirect |
| Ultragaz Participações Ltda. | 100 | - |
| Companhia Ultragaz S.A. | - | 87 |
| SPGás Distribuidora de Gás Ltda. | - | 87 |
| Bahiana Distribuidora de Gás Ltda. | - | 100 |
| Utingás Armazenadora S.A. | - | 56 |
| LPG International Inc. | - | 100 |
| Ultracargo - Operações Logísticas e Participações Ltda. | 100 | - |
| Melamina Ultra S.A. Indústria Química | - | 100 |

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| | | |
|-------------------------------------------------------------|-----|-----|
| Transultra - Armazenamento e Transporte Especializado Ltda. | - | 100 |
| Terminal Químico de Aratu S.A. - Tequimar | - | 99 |
| Oxiten S.A. - Indústria e Comércio | 100 | - |
| Oxiten Nordeste S.A. - Indústria e Comércio | - | 99 |
| Barrington S.L. | - | 100 |
| Canamex Químicos S.A. de C.V. | - | 100 |
| Oxiten International Co. | - | 100 |
| Oxiten Overseas Co. | - | 100 |
| Imaven Imóveis e Agropecuária Ltda. | 100 | - |

Intercompany investments, asset and liability balances, income and expenses, as well as the effects arising from significant intercompany transactions, were eliminated. Minority interest in subsidiary companies is presented separately in the financial statements.

On August 8, 2003, the Company acquired, through the subsidiary Companhia Ultragaz S.A., the LPG distribution business of Shell in Brazil (SPGás Distribuidora de Gás Ltda.). This acquisition amounted to R\$ 170,566, involving 100% of the company's shares, without assumption of any debt. The financial statements for 2003 contain the balances and values of the acquired business since its acquisition in August 2003. The goodwill of R\$ 24,427 on this acquisition is based on the expected future profitability and is being amortized over five years beginning August 2003.

On December 4, 2003, the Company acquired, through the subsidiary Barrington S.L., the chemicals business of the Berci Group in Mexico (Canamex Químicos S.A. de C.V.). This acquisition amounted to US\$ 10,250, without assumption of any debt. The financial statements contain the balances and values of the acquired business since its acquisition in December 2003.

On December 31, 2003, in order to rationalize costs, the Company merged the subsidiaries Ultratecno Participações Ltda. into Ultragaz Participações Ltda., Ultracargo Participações Ltda. into Oleoquímica do Nordeste Ltda., and Oleoquímica do Nordeste Ltda. into Ultracargo - Operações Logísticas e Participações Ltda. (new name of Ultraquímica Participações Ltda.).

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4. TEMPORARY CASH INVESTMENTS

These investments, contracted with leading banks, are substantially represented by fixed-income securities and funds linked to the interbank deposit certificates (CDI) rate, as well as by currency swaps, and are stated at cost plus accrued income (on a pro rata temporis basis).

| | Consolidated | |
|------------------------------------------------|--------------|----------|
| | 06/30/04 | 03/31/04 |
| Fixed-income securities and funds | 474,051 | 386,920 |
| Foreign investments (a) | 85,453 | 74,106 |
| Net expenses (income) from swap operations (b) | (35,978) | (53,630) |
| | 523,526 | 407,396 |

(a) Investments made by the indirect subsidiary Oxiten Overseas Co., mainly in fixed-income securities and corporate investment grade securities.

(b) Accumulated gain or loss on swap positions (see Note 17).

5. ACCOUNTS RECEIVABLE

| | Consolidated | |
|--------------------------------------------|----------------|----------------|
| | 06/30/04 | 03/31/04 |
| Domestic customers | 348,331 | 337,858 |
| Foreign customers | 69,552 | 63,783 |
| (-) Advances on foreign exchange contracts | (48,331) | (38,714) |
| (-) Allowance for doubtful accounts | (22,275) | (20,180) |
| | <u>347,277</u> | <u>342,747</u> |

6. INVENTORIES

| | Consolidated | |
|------------------------------------------------|----------------|----------------|
| | 06/30/04 | 03/31/04 |
| Finished products | 111,504 | 92,494 |
| Liquefied petroleum gas (LPG) | 19,360 | 23,281 |
| Raw material | 42,688 | 36,405 |
| Consumption materials and cylinders for resale | 14,207 | 12,469 |
| | <u>187,759</u> | <u>164,649</u> |

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7. RECOVERABLE TAXES

Represented, substantially, by credit balances of ICMS (state VAT), IPI (federal VAT), COFINS (tax on revenue) and PIS (tax on revenue) and prepaid income and social contribution taxes, for offset against future taxes payable.

| | Consolidated | |
|--------------------------------------|----------------|----------------|
| | 06/30/04 | 03/31/04 |
| Income and social contribution taxes | 60,878 | 63,033 |
| ICMS | 38,120 | 46,169 |
| IPI | 308 | 2,879 |
| PIS and COFINS | 1,610 | 11,683 |
| Other | 3,524 | 6,573 |
| | <u>104,440</u> | <u>130,337</u> |

8. RELATED COMPANIES

| | Company | | | | Consolidated | |
|------------------------------------------------------------------------------------------------|---------|-------------|--------|-------------|----------------|---------|
| | Loans | | Loans | | Trade accounts | |
| | Assets | Liabilities | Assets | Liabilities | Receivable | Payable |
| Ultracargo - Operações Logísticas e Participações Ltda | - | 364,579 | - | - | - | - |
| Oxitenor Nordeste S.A - Indústria e Comércio | - | 33,000 | - | - | - | - |
| Serma Associação dos Usuários de Equipamentos de Processamentos de Dados e Serviços Correlatos | 31 | 479 | 1,107 | 479 | - | 23 |
| Petroquímica União S.A. | - | - | - | - | - | 4,848 |
| Oxicap Indústria de Gases Ltda. | - | - | - | - | - | 613 |
| Agip do Brasil S.A. | - | - | - | - | 80 | - |
| Companhia Ultragaz S.A. | 51,545 | - | - | - | - | - |
| Química da Bahia Indústria e Comércio S.A. | - | - | - | 7,445 | - | - |
| Imaven Imóveis e Agropecuária Ltda. | - | 22,658 | - | - | - | - |
| Petróleo Brasileiro S.A. - Petrobras | - | - | - | - | - | 2,362 |
| Copagaz Distribuidora de Gás S.A. | - | - | - | - | 26 | - |
| Braskem S.A. | - | - | - | - | - | 4,592 |
| Supergasbras Distribuidora de Gás S.A. | - | - | - | - | 67 | - |
| Cia. Termelétrica do Planalto Paulista - TPP | - | - | 1,345 | - | - | - |
| Plenogás - Distribuidora de Gás S.A. | - | - | - | 871 | - | - |
| Other related companies | - | 483 | 31 | 257 | 94 | 393 |
| Total as of June 30, 2004 | 51,576 | 421,199 | 2,483 | 9,052 | 267 | 12,831 |
| Total as of March 31, 2004 | 51,606 | 421,350 | 2,478 | 8,994 | 161 | 26,617 |

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| | Consolidated | | |
|----------------------------------------------|--------------|-----------|----------------------------|
| | Transactions | | Financial income (expense) |
| | Sales | Purchases | |
| Petroquímica União S.A. | - | 51,471 | - |
| Oxicap Indústria de Gases Ltda. | - | 3,740 | - |
| Agip do Brasil S.A. | 1,350 | - | - |
| Companhia Ultragaz S.A. | - | - | - |
| Química da Bahia Indústria e Comércio S.A. | - | - | (347) |
| Petróleo Brasileiro S.A. - Petrobras | - | 1,024,101 | - |
| Copagaz Distribuidora de Gás S.A. | 144 | - | - |
| Braskem S.A. | 41,684 | 232,816 | - |
| Supergasbras Distribuidora de Gás S.A. | 691 | - | - |
| Cia. Termelétrica do Planalto Paulista - TPP | - | - | 88 |
| Other related companies | 171 | 2,440 | - |
| Total as of June 30, 2004 | 44,040 | 1,314,568 | (259) |

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| | | | |
|---------------------------|--------|-----------|-------|
| Total as of June 30, 2003 | 25,526 | 1,162,300 | (287) |
|---------------------------|--------|-----------|-------|

The loan balances with Química da Bahia Indústria e Comércio S.A. and Cia. Termelétrica do Planalto Paulista - TPP are adjusted based on the Brazilian long-term interest rate (TJLP). The other loans are not subject to financial charges. Purchase and sale transactions refer principally to purchases of raw material, other materials and storage and transportation services, carried out at usual market prices and conditions.

The loan agreement with Ultracargo - Operações Logísticas e Participações Ltda. results from the sale of shares issued by Oxiteno S.A. - Indústria e Comércio to the Company, so as to avoid the reciprocal shareholdings resulting from the corporate restructuring conducted in October 2002.

9. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Deferred income and social contribution taxes

The Company and its subsidiaries recognize tax assets and liabilities, which do not expire, arising from tax loss carryforwards, temporary add-backs, revaluation of property, plant and equipment, and others. The tax credits are based on continuing profits from operations. Management expects to realize these tax credits over a maximum period of three years. Deferred income and social contribution taxes are presented in the following principal categories:

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| | Company | | Consolidated | |
|-------------------------------------------------------------------|--------------|--------------|---------------|---------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 03/31/04 |
| Long-term assets | | | | |
| Deferred income and social contribution taxes on: | | | | |
| Accruals which are tax deductible only when expenses are incurred | 2,576 | 2,576 | 52,623 | 49,083 |
| Income and social contribution tax loss carryforwards | - | - | 12,850 | 18,947 |
| | <u>2,576</u> | <u>2,576</u> | <u>65,473</u> | <u>68,030</u> |
| Long-term liabilities | | | | |
| Deferred income and social contribution taxes on: | | | | |
| Revaluation of property, plant and equipment | - | - | 1,859 | 1,963 |
| Income earned abroad | - | - | 27,634 | 26,802 |
| | <u>-</u> | <u>-</u> | <u>29,493</u> | <u>28,765</u> |

b) Reconciliation of income and social contribution taxes in the statement of income

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

| | Company | | Consolidated | |
|------------------------------------------------------------------------------------------|----------|----------|--------------|----------|
| | 06/30/04 | 06/30/03 | 06/30/04 | 06/30/03 |
| Income before taxes, equity in subsidiary and affiliated companies and minority interest | (389) | 7,620 | 215,374 | 142,248 |
| Official tax rates - % | 34.00 | 34.00 | 34.00 | 34.00 |

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| | | | | |
|-------------------------------------------------------------------|---------|---------|----------|----------|
| Income and social contribution taxes at official rates | 132 | (2,591) | (73,227) | (48,364) |
| Adjustments to the effective tax rate: | | | | |
| Operating provisions and nondeductible expenses/nontaxable income | - | 14 | 1,331 | (5,134) |
| Adjustments to estimated income | (1,279) | - | (590) | 774 |
| Other adjustments | - | - | (2,143) | (269) |
| Income and social contribution taxes before tax benefits | (1,147) | (2,577) | (74,629) | (52,993) |
| Tax benefits: | | | | |
| Workers Meal Program (PAT) | - | - | 300 | 246 |
| Cultural incentive | - | - | - | 100 |
| Income and social contribution taxes in the statement of income | (1,147) | (2,577) | (74,329) | (52,647) |
| Current | (1,147) | (2,802) | (77,638) | (62,277) |
| Deferred | - | 225 | 3,309 | 9,630 |

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c) Tax exemption

The following indirect subsidiaries have partial or total exemption from income tax in connection with a government program for the development of the Northeast Region of Brazil, as follows:

| Subsidiary | Units | Exemption - % | Expiration date |
|----------------------------------------------|------------------------------------------------------------------|------------------|--------------------|
| Oxiteno Nordeste S.A. - Indústria e Comércio | Camaçari plant | 100 | 2006 |
| Bahiana Distribuidora de Gás Ltda. | Mataripe base (*) | 25 | 2008 |
| | Juazeiro base | 100 | 2004 |
| | Suape base | 100 | 2007 |
| | Ilhéus base | 25 | 2008 |
| | Aracaju base | 25 | 2008 |
| | Caucaia base | 75 | 2012 |
| Terminal Químico de Aratu S.A. - Tequimar | Aratu Terminal (*) | 25 | 2008 |
| | Suape Terminal (storage of acetic acid and butadiene byproducts) | 100 | 2005 |

(*) In December 2003, the tax exemption of these units expired and requests were filed with the Northeast Development Agency (ADENE), the agency in charge of managing this tax incentive program, requesting a 75% reduction in income tax. On April 30, 2004, the Northeast Development Agency (ADENE) issued reports approving the income tax reduction for the Mataripe and Aratu units of the subsidiaries Bahiana Distribuidora de Gás Ltda. and Terminal Químico de Aratu S.A. - Tequimar until 2013 and 2012, respectively. These reports were submitted for approval by the Federal Revenue Service, which should issue its opinion within 120 days. If such opinion is not issued after this period, the reductions are considered as approved (net income for the quarter ended June 30, 2004 does not take into consideration these income tax reductions). Should they not be approved, the income tax reduction of these units will be 25% until 2008 and 12.5% from 2009 to 2013.

Tax benefits from the income tax reduction for activities eligible for tax incentives were recorded in a specific capital reserve account in stockholders' equity of the beneficiary subsidiaries, and recognized in the Company's Equity in subsidiary and affiliated companies.

10. INVESTMENTS

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| | Investments | | Equity in subsidiary and affiliated companies | |
|---------------------------------------------------------|------------------|------------------|-----------------------------------------------|----------------|
| | 06/30/04 | 03/31/04 | 06/30/04 | 06/30/03 |
| Ultragaz Participações Ltda. | 257,061 | 238,757 | 25,186 | 9,912 |
| Ultracargo - Operações Logísticas e Participações Ltda. | 647,050 | 642,185 | 9,994 | 2,071 |
| Ultracargo Participações Ltda. | - | - | - | 8,959 |
| Ultratecno Participações Ltda. | - | - | - | 112 |
| Imaven Imóveis e Agropecuária Ltda. | 49,405 | 48,054 | 2,570 | 2,416 |
| Oxitenos S.A. - Indústria e Comércio | 913,718 | 823,813 | 139,014 | 83,052 |
| Other | 352 | 351 | 6 | 8 |
| | <u>1,867,586</u> | <u>1,753,160</u> | <u>176,770</u> | <u>106,530</u> |

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The consolidated amount of equity in subsidiary and affiliated companies presented in the statement of income includes R\$ 22,591 for the quarter and R\$ 36,030 for the six-month period ended June 30, 2004 (2003 - R\$ 11,186 for the quarter and R\$ 24,075 for the six-month period) of subsidiaries income tax incentives arising substantially from operations in regions eligible for such incentives.

In the consolidated financial statements, the investments of the subsidiary Oxitenos S.A -Indústria e Comércio in the affiliated companies Oxicap Indústria de Gases Ltda. and Química da Bahia Indústria e Comércio S.A. are carried under the equity method based on their financial statements as of May 31, 2004.

11. PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED)

| | Annual depreciation rates - % | 06/30/04 | | | 03/31/03 |
|--------------------------|-------------------------------|------------------|--------------------------|------------------|----------------|
| | | Revalued cost | Accumulated depreciation | Net book value | Net book value |
| Land | - | 46,673 | - | 46,673 | 46,661 |
| Buildings | 4 to 5 | 366,750 | (129,521) | 237,229 | 233,490 |
| Machinery and equipment | 5 to 10 | 971,883 | (457,557) | 514,326 | 511,346 |
| Vehicles | 20 to 30 | 130,123 | (92,775) | 37,348 | 38,602 |
| Furniture and fixtures | 10 | 16,738 | (5,937) | 10,801 | 10,129 |
| Construction in progress | - | 68,904 | - | 68,904 | 56,259 |
| Imports in transit | - | 416 | - | 416 | 276 |
| Other | 2.5 to 30 | 130,522 | (45,992) | 84,530 | 80,399 |
| | | <u>1,732,009</u> | <u>(731,782)</u> | <u>1,000,227</u> | <u>977,162</u> |

Construction in progress refers mainly to construction of the Santos Liquid Terminal -TLS and the Montes Claros Intermodal Terminal, both owned by Tequimar, and expansion and renovations of the industrial complexes of the other subsidiaries.

Other refers to computer equipment in the amount of R\$ 18,616 (as of March 31, 2004 -R\$ 19,044), software in the amount of R\$ 30,298 (as of March 31, 2004 - R\$ 30,763), and commercial property rights, mainly those described below:

- On July 11, 2002, the subsidiary Terminal Químico de Aratu S.A. - Tequimar won the auction and signed a contract for use of the site on which it operates the Aratu Terminal for another 20 years, renewable for the same period. The price paid by Tequimar amounted to R\$ 12,000 and will be amortized over 40 years, equivalent to annual amortization of R\$ 300.
- Further, the subsidiary Terminal Químico de Aratu S.A. - Tequimar has a lease contract for the area adjacent to the Port of Santos for 20 years beginning December 2002, renewable for the same period, which allows it to build and operate a terminal for the reception

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storage, movement and distribution of liquid bulk cargo. The price paid by Tequimar was R\$ 3,803 and will be amortized over a period of 20 years from the start of its operation, expected for November 2004.

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12. DEFERRED CHARGES (CONSOLIDATED)

Represented substantially by costs incurred in the implementation of systems modernization projects in the amount of R\$ 1,567 (as of March 31, 2004 - R\$ 1,194), to be amortized over five to ten years, and for the installation of Ultrasystem equipment on customers' premises in the amount of R\$ 54,434 (as of March 31, 2004 - R\$ 54,766), to be amortized over the periods of the LPG supply contracts with these customers. Deferred charges also include the goodwill from the acquisition of SPGás Distribuidora de Gás Ltda., as mentioned in Note 3.

13. FINANCING (CONSOLIDATED)

| <u>Description</u> | <u>06/30/04</u> | <u>03/31/04</u> | <u>Index/currency</u> | <u>Annual interest rate - %</u> | <u>Maturity and amortization</u> |
|------------------------------------------------------------------|------------------|------------------|-----------------------|-------------------------------------|-----------------------------------------------|
| Foreign currency: | | | | | |
| Working capital loan | 9,997 | 6,033 | Mex\$ | 8.45 | Annually until 2004 |
| Eurobonds | 186,595 | 175,602 | US\$ | 3.5 | Semiannually until 2005 |
| Advances on foreign exchange contracts | 3,362 | 3,700 | US\$ | From 1.30 to 2.20 | Maximum of 56 days |
| National Bank for Economic and Social Development (BNDES) | 27,230 | 21,580 | UMBNDDES (*) | From 8.50 to 12.19 | Monthly until 2009 |
| Export prepayments, net of linked operations | 214,921 | 207,918 | US\$ | From 4.22 to 6.85 | Monthly, semiannually and annually until 2008 |
| Subtotal | <u>442,105</u> | <u>414,833</u> | | | |
| Local currency: | | | | | |
| National Bank for Economic and Social Development (BNDES) | 142,113 | 129,404 | TJLP | From 3.00 to 3.85 | Monthly until 2009 |
| National Bank for Economic and Social Development (BNDES) | 16,869 | 15,894 | IGP-M | 6.5 | Semiannually until 2008 |
| Government Agency for Machinery and Equipment Financing (FINAME) | 27,038 | 28,630 | TJLP | From 1.80 to 4.00 | Monthly until 2009 |
| Onlending operations | 11,410 | 11,318 | TJLP | (2.00) | Monthly until 2009 |
| Subtotal | <u>197,430</u> | <u>185,246</u> | | | |
| Total financing | <u>639,535</u> | <u>600,079</u> | | | |
| Current liabilities | <u>(385,897)</u> | <u>(156,713)</u> | | | |
| Long-term liabilities | <u>253,638</u> | <u>443,366</u> | | | |

(*) UMBNDDES = BNDES monetary unit. This is a basket of currencies representing the composition of the BNDES debt in foreign currency; 85% of which is linked to the U.S. dollar.

The long-term portion matures as follows:

| | |
|----------|----------|
| 06/30/04 | 03/31/04 |
|----------|----------|

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| | | |
|-------------------|----------------|----------------|
| From 1 to 2 years | 132,486 | 329,362 |
| From 2 to 3 years | 68,532 | 72,288 |
| From 3 to 4 years | 35,189 | 31,461 |
| More than 4 years | 17,431 | 10,255 |
| | <u>253,638</u> | <u>443,366</u> |

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In June 1997, the subsidiary Companhia Ultragas S.A. issued Eurobonds in the total amount of US\$ 60 million, maturing in 2005, with put/call options in 2002, and guaranteed by Ultrapar Participações S.A. and Ultragas Participações Ltda. In June 2002, the subsidiary LPG International Inc. exercised the call option for these securities using funds from a loan in the same amount, maturing in August 2004. However, in January 2004, the subsidiary LPG International Inc. issued Eurobonds in the total amount of US\$ 60 million, maturing in June 2005 and with an annual interest rate of 3.5%. The funds from the issuance were used to settle the loan.

The Eurobonds are guaranteed by the Company and its subsidiary Ultragas Participações Ltda., which are subject to covenants that provide for restrictions on, among other things, its ability to incur indebtedness, pay dividends and other distributions, and conduct merger and acquisition transactions. None of these covenants have restricted our ability to conduct our business.

A part of financing is collateralized by liens on property, plant and equipment, shares, promissory notes and guarantees provided by the Company and its subsidiaries, as shown below:

| | <u>06/30/04</u> | <u>03/31/04</u> |
|----------------------------------|-----------------|-----------------|
| Amount of borrowings secured by: | | |
| Property, plant and equipment | 32,434 | 34,196 |
| Shares of affiliated companies | 16,407 | 15,894 |
| Minority stockholders guarantees | 16,407 | 15,894 |
| | <u>65,248</u> | <u>65,984</u> |

Other loans are guaranteed by guarantees issued by the Company and by the future flow of exports. The Company is responsible for sureties and guarantees offered on behalf of its subsidiaries, amounting to R\$ 710,525 (as of March 31, 2004 - R\$ 573,266).

The subsidiaries issued guarantees to financial institutions related to amounts owed to those institutions by some of their customers (vendor financing). Should any subsidiary be requested to make any payment related to these guarantees, the subsidiary may recover the amount paid directly from its customers through trade collection. Maximum future payments related to these guarantees amount to R\$ 20,973 (as of March 31, 2004 -R\$ 19,102), with maturities from 30 to 210 days. As of June 30, 2004, the Company has not recorded any liability related to these guarantees.

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a) Capital

The Company is a listed corporation with shares traded on the São Paulo and New York Stock Exchanges. Subscribed and paid-up capital is represented by 69,691,269 thousand shares without par value, comprised of 51,264,622 thousand common and 18,426,647 thousand preferred shares.

As of June 30, 2004, 4,274,755 thousand preferred shares were outstanding abroad, in the form of American Depositary Receipts (ADRs).

Preferred shares, not convertible into common shares, do not entail voting rights, and have priority in capital redemption, without premium, in the event of liquidation of the Company.

Until May 18, 2004, preferred shares entitled their holders to dividends at least 10% higher than those attributable to common shares. On that date the Special Meeting of Preferred Stockholders and the Extraordinary Stockholders Meeting of Ultrapar approved to equalize the dividends of ordinary and preferred shares.

b) Treasury shares

The Company was authorized to acquire its own shares at market price, without capital reduction, for holding in treasury and subsequent disposal, in accordance with the provisions of Brazilian Securities Commission (CVM) Instructions No. 10, of February 14, 1980, and No. 268, of November 13, 1997.

During second quarter of 2004, 188,600 thousand preferred shares were acquired at the average cost of R\$ 29.75 per thousand shares, with a minimum cost of R\$ 27.50 and a maximum cost of R\$ 34.55 per thousand shares.

As of June 30, 2004, the Company's financial statements record 210,000 thousand preferred shares and 6,616 thousand common shares in treasury, which were acquired at the average cost of R\$ 30.02 and R\$ 19.30 per thousand shares, respectively. The consolidated financial statements record 314,000 thousand preferred shares and 6,616 thousand common shares in treasury, which were acquired at the average cost of R\$ 27.96 and R\$ 19.30 per thousand shares, respectively.

The market price of shares issued by the Company on June 30, 2004 on the São Paulo Stock Exchange (BOVESPA) was R\$ 32.97 per thousand shares.

c) Capital reserve

The capital reserve in the amount of R\$ 1,152 reflects the goodwill on disposal of shares to be held in treasury in the Company's subsidiaries, at the price of R\$ 34.87 per thousand shares. Executives of these subsidiaries were given the beneficial interest in such shares, as described in Note 20.

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d) Revaluation reserve

This reserve reflects the revaluation write-up of assets of subsidiaries and affiliated companies, and is realized based upon depreciation, write-off or sale of revalued assets, including the related tax effects.

In some cases, taxes on the revaluation reserve of certain subsidiaries and affiliated companies are recognized only upon realization of this reserve since the revaluations occurred prior to the publication of CVM Resolution No. 183/95. Taxes on these reserves in the amount of R\$ 7,418 (as of March 31, 2004 - R\$ 7,530).

e) Reserve for retention of profits

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This reserve is supported by the investment program, in conformity with article 196 of Brazilian corporate law, and includes both a portion of net income and realization of revaluation reserve.

f) Realizable profits reserve

This reserve is established in conformity with article 197 of Brazilian corporate law, based on the equity in subsidiary and affiliated companies. Realization of the reserve normally occurs upon receipt of dividends, sale and write-off of investments.

g) Reconciliation of stockholders' equity - Company and consolidated

| | 06/30/04 | 03/31/04 |
|------------------------------------------------------------------------------------------|-----------|-----------|
| Stockholders' equity - Company | 1,529,166 | 1,422,705 |
| Treasury shares held by subsidiaries, net of realization | (2,330) | (2,393) |
| Capital reserve arising from sale of treasury shares to subsidiaries, net of realization | (1,085) | (1,114) |
| Stockholders' equity - consolidated | 1,525,751 | 1,419,198 |

15. RECONCILIATION OF EBITDA (CONSOLIDATED)

EBITDA (earnings before interest, taxes, depreciation and amortization) is calculated by the Company, as shown in the table below:

| | 06/30/04 | | | | 06/30/03 | | |
|---------------------------------------------------|----------|------------|---------|--------------|--------------|----------|--|
| Ultragaz | Oxitenó | Ultracargo | Other | Consolidated | Consolidated | | |
| Operating income | 51,531 | 190,785 | 17,170 | 740 | 260,226 | 167,052 | |
| (-) Equity in subsidiary and affiliated companies | (2,977) | (34,121) | (731) | 1,771 | (36,058) | (23,740) | |
| (+/-) Financial income | 24,968 | 451 | (4,581) | 63 | 20,901 | 31,346 | |
| (+) Depreciation and amortization | 58,731 | 18,936 | 8,074 | 413 | 86,154 | 66,212 | |
| EBITDA | 132,253 | 176,051 | 19,932 | 2,987 | 331,223 | 240,870 | |

16. SEGMENT INFORMATION

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The Company has three reportable segments: gas, chemicals and logistics. The gas segment distributes LPG to retail, commercial and industrial consumers, mainly in the South, Southeast and Northeast regions of Brazil. The chemicals segment produces primarily ethylene oxide, ethylene glycols, ethanolamines and glycol ethers. Operations in the logistics segment include storage and transportation, mainly in the Southeast and Northeast regions of the country. Reportable segments are strategic business units that provide different products and services. Intersegment sales are transacted at prices approximating those that the selling entity is able to obtain on external sales.

The principal financial information about each of the Company's reportable segments is as follows:

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| | 06/30/04 | | | | 06/30/03 | |
|-------------------------------------------------------------------------------------------------------|-----------|-----------|------------|--------|--------------|--------------|
| | Ultragaz | Oxiteno | Ultracargo | Other | Consolidated | Consolidated |
| Net sales, net of related-party transactions | 1,472,017 | 700,965 | 71,697 | 43 | 2,244,722 | 1,866,908 |
| Operating income before financial income (expenses) and equity in subsidiary and affiliated companies | 73,522 | 157,115 | 11,858 | 2,574 | 245,069 | 174,658 |
| EBITDA | 132,253 | 176,051 | 19,932 | 2,987 | 331,223 | 240,870 |
| Total assets, net of related parties | 1,019,460 | 1,129,172 | 277,916 | 53,041 | 2,479,589 | 2,252,373 |

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17. RISKS AND FINANCIAL INSTRUMENTS (CONSOLIDATED)

The main risk factors to which the Company and its subsidiaries are exposed reflect strategic/operational and economic/financial aspects. Strategic/operational risks (such as behavior of demand, competition, technological innovation, and significant structural changes in industry, among others) are addressed by the Company's management model. Economic/financial risks mainly reflect customer default, macroeconomic variables such as exchange and interest rates, as well as the characteristics of the financial instruments used by the Company. These risks are managed through control policies, specific strategies and the determination of limits, as follows:

- Customer default - These risks are managed by specific policies for accepting customers and analyzing credit, and are mitigated by diversification of sales. The subsidiaries Oxiteno S.A. - Indústria e Comércio and Oxiteno Nordeste S.A. - Indústria e Comércio held R\$ 3,411 (as of March 31, 2004 - R\$ 3,423) and the subsidiaries of Ultragaz Participações S.A. held R\$ 23,014 (as of March 31, 2004 - R\$ 20,081) in allowances for potential losses on receivables.
- Interest rates - The Company and its subsidiaries adopt conservative policies to obtain and invest funds and to minimize the cost of capital. The temporary cash investments of the Company and its subsidiaries substantially comprise transactions linked to interbank deposit (CDI) rates, as described in Note 4. A portion of the financial assets is intended for foreign currency hedges, as mentioned below. Funds obtained originate from BNDES financing and foreign currency loans, as mentioned in Note 13.
- Exchange rate - The Company's subsidiaries use foreign currency swap (mainly US\$ to CDI) instruments available in the financial market to cover assets and liabilities in foreign currency, so as to reduce the exchange variation effects on their results. Such swaps have amounts, periods and indexes equivalent to the assets and liabilities in foreign currency, to which they are linked. The following summary shows the assets and liabilities in foreign currency, translated into Brazilian reais at June 30, 2004:

| | <u>Book value</u> |
|-------------------------------------------------------------------------|-------------------|
| Assets: | |
| Investments in foreign currency and swaps | 404,535 |
| Foreign cash and cash equivalents | 86,699 |
| Receivables from foreign customers, net of advances on export contracts | 18,942 |
| Total | <u>570,176</u> |
| Liabilities: | |
| Foreign currency financing | 442,105 |

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| | |
|--------------------|-------------------|
| Import payables | 15,575 |
| | <u> </u> |
| Total | 457,680 |
| | <u> </u> |
| Net asset position | 52,496 |
| | <u> </u> |

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Given the characteristics of the financial instruments described, the management of the Company and its subsidiaries believe that market values approximate book values of these financial instruments. The exchange variation related to cash and banks, temporary cash investments and subsidiaries' foreign cash equivalents was recorded as financial income in the consolidated statement of income for the six-month period ended June 30, 2004, in the amount of R\$ 8,686 (financial expense in the amount of R\$ 24,038 for the quarter ended in June 30, 2003). Other financial instruments recorded in the interim financial statements as of June 30, 2004 were determined in conformity with the accounting criteria and practices described in the respective notes.

18. FINANCIAL INCOME AND EXPENSES, NET

| | 04/01/2004 to 06/30/2004 | 04/01/2003 to 06/30/2003 |
|-----------------------------------------------------------|--------------------------------|--------------------------------|
| | <u> </u> | <u> </u> |
| Interest on cash and cash equivalents | 15,836 | 30,055 |
| Interest from customers | 1,254 | 1,446 |
| Interest on loans | (11,433) | (13,794) |
| Bank charges | (1,892) | (2,874) |
| Monetary and exchange variation, net | (3,944) | (26,058) |
| CPMF, PIS, COFINS and IOF taxes on financial transactions | (7,589) | (7,691) |
| Other | (158) | (93) |
| | <u> </u> | <u> </u> |
| | (7,926) | (19,009) |
| | <u> </u> | <u> </u> |

19. CONTINGENCIES AND COMMITMENTS (CONSOLIDATED)

a) Civil, tax and labor lawsuits

The Petrochemical Industry Labor Union, of which the employees of Oxiteno Nordeste S.A. - Indústria e Comércio are members, filed a compliance lawsuit against the subsidiary in 1990, demanding compliance with the adjustments established in collective labor agreements, in lieu of the salary policies effectively followed. At the same time, the employers' association proposed a collective bargaining for the interpretation and clarification of the fourth clause of the agreement. Based on the opinion of its legal counsel, who analyzed the last decision of the Federal Supreme Court (STF) on the collective bargaining, as well as the status of the individual lawsuit of the subsidiary, management believes that a reserve is not necessary as of June 30, 2004.

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The subsidiary Companhia Ultragas S.A. is a defendant in lawsuits relating to damages caused by an explosion in 1996 in a shopping mall in the city of Osasco, State of São Paulo. Such lawsuits involve: (i) individual lawsuits filed by victims of the explosion claiming damages from Ultragas for the loss of economic benefit and for pain and suffering, (ii) lawsuit for reimbursement of expenses by the administration company of the shopping mall and its insurance company, and (iii) a class action lawsuit seeking indemnification for material damages and pain and suffering for all the victims injured and deceased. The subsidiary believes that it has presented evidence that defective gas pipes in the shopping mall caused the accident

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and that Ultragas's on-site LPG storage facilities did not contribute to the explosion. It has obtained a favorable judgment in all lawsuits that have been judged to date. Further, Ultragas also believes that its insurance coverage is sufficient to cover the aggregate amount of all claims filed.

The Company and its subsidiaries obtained injunctions to pay PIS and COFINS (taxes on revenues) without the changes introduced by Law No. 9718/98 in its original version. The questioning refers to the levy of these taxes on other revenues. The unpaid amounts were recorded in the financial statements of the Company and its subsidiaries, totaling R\$ 32,101 (as of March 31, 2004 - R\$ 31,263).

The main tax discussions of the Company and subsidiaries refer to the taxation of PIS and COFINS (as detailed in the preceding paragraph) and the taxation of income earned abroad (as stated in Note 9.a). The potential losses on these discussions are accrued in long-term liabilities under the heading other taxes and deferred income and social contribution taxes.

The Company and its subsidiaries have other ongoing administrative and judicial proceedings; legal counsel consider the risks to be low or remote and, therefore, no reserves for potential losses on these proceedings have been recorded.

Although there is no assurance that the Company will prevail in all cases, management does not believe that the ultimate resolution of tax, civil and labor contingencies not provided for will have a material effect on the Company's financial position or results of operations.

Escrow deposits and provisions are summarized below:

| | 06/30/04 | | 03/31/04 | |
|---------------------------------------|--------------------|-----------|--------------------|-----------|
| | Escrow deposits | Provision | Escrow deposits | Provision |
| Social contribution tax on net income | 31 | 2,910 | 31 | 2,910 |
| Labor claims | 8,314 | 732 | 7,519 | 859 |
| PIS and COFINS on other revenues | 58 | 32,101 | 58 | 31,263 |
| Other | 2,785 | 6,542 | 2,417 | 6,542 |
| | 11,188 | 42,285 | 10,025 | 41,574 |

b) Contracts

The subsidiary Terminal Químico de Aratu S.A. - Tequimar has contracts with CODEBA - Companhia Docas do Estado da Bahia and Complexo Industrial Portuário Governador Eraldo Gueiros, in connection with its port facilities in Aratu and Suape, respectively. Such contracts establish minimum cargo movement of 1,000,000 tons per year for Aratu, effective through 2022, and 250,000 tons per year for Suape, effective through 2027. If annual movement is less than the minimum required, the subsidiary is required to pay the difference between the actual movement and the minimum contractual movement, using the port rates in effect at the date established for payment. As of June 30, 2004, such rates were R\$ 3.67 and R\$ 3.44 per ton for Aratu and Suape, respectively. The Company has met the minimum cargo movement limits since the inception of the contracts.

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Oxiteno Nordeste S.A. - Indústria e Comércio has a supply contract with Braskem S.A., effective through 2012, which establishes a minimum consumption level of ethylene per year. The minimum purchase commitment and the actual demand for the quarters ended June 30, 2004 and 2003, expressed in tons of ethylene, are summarized below. Should the minimum purchase commitment not be met, the subsidiary is liable for a fine of 40% of the current ethylene price for the quantity not purchased.

| | Minimum purchase commitment | Accumulated demand for the second quarter | |
|---------|--------------------------------|-------------------------------------------------|--------|
| | | 2004 | 2003 |
| In tons | 137,900 | 182,561 | 90,385 |

c) Insurance coverage for subsidiaries

It is the subsidiaries' practice to maintain insurance policies in amounts considered sufficient to cover potential losses on assets, as well as for civil responsibility for involuntary, material damages and/or bodily harm caused to third parties arising from their industrial and commercial operations, considering the nature of their activities and the advice of their insurance consultants.

20. STOCK OPTION PLAN (CONSOLIDATED)

At the Extraordinary Stockholders' Meeting held on November 26, 2003, a benefit plan was approved for the management of the Company and its subsidiaries, which provides for: (i) the initial grant of beneficial interest in shares issued by the Company and held in treasury by subsidiaries in which the beneficiary executives are registered, and (ii) the transfer of the beneficial ownership of the shares after ten years from the initial concession, provided that the professional relationship between the beneficiary executive and the Company and subsidiaries is not interrupted. The total amount granted to executives, including tax charges, was R\$ 4,960. This amount is being amortized over a period of 10 years and recorded as operating expenses of each period.

21. EMPLOYEE BENEFITS AND PRIVATE PENSION PLAN (CONSOLIDATED)

The Company and its subsidiaries offer benefits to their employees, such as life insurance, health care and pension plan. In addition, loans for the acquisition of vehicles and personal computers are available to employees of certain subsidiaries. These benefits are recorded on the accrual basis and terminate at the end of the employment relationship.

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In August 2001, the Company and its subsidiaries began to provide a defined contribution pension plan to their employees. Adoption of this plan, managed by Ultraprev - Associação de Previdência Complementar, was approved at the Board of Directors' Meeting on February 15, 2001. Under the terms of the plan, the basic contribution of each participating employee is defined annually by the participant between 0% and 11% of his/her salary. The sponsoring companies provide a matching contribution in an identical amount as the basic contribution. As participants retire, they may opt to receive monthly: (i) a percentage varying between 0.5% and 1.0% of the fund accumulated in their name at Ultraprev, or (ii) a fixed monthly amount which will deplete the fund accumulated in the participant's name during a period of 5 to 25 years. Accordingly, neither the Company nor its subsidiaries assume responsibility for guaranteeing the levels of amounts or periods of receipt for the participants who retire under this plan. As of June 30, 2004, the Company and its subsidiaries contributed R\$ 1,924 (as of June 30, 2003 - R\$ 1,605) to Ultraprev, which was charged to income. The total number of participating employees as of June 30, 2004 was 5,287 (as of June 30, 2003 - R\$ 4,937), with no participants retired to date. Additionally, Ultraprev has 1 active participant and 34 former employees receiving benefits according to the

policies of a previous plan.

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ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

MANAGEMENT COMMENTS ON CONSOLIDATED PERFORMANCE

AS OF JUNE 30, 2004 AND 2003

(Amounts in thousands of Brazilian reais R\$, unless otherwise indicated)

Net Sales: Ultrapar's net consolidated revenues amounted to R\$ 1.2 billion in 2Q04, an increase of 28% compared to 2Q03. In the first half of 2004, Ultrapar's revenues totaled R\$ 2.2 billion, an increase of 20% compared to the first half in 2003.

Ultragaz: The growth seen in the Brazilian economy, the improvement in personal incomes within the population and the stability of LPG prices charged by Petrobras all continued to boost LPG sales in the Brazilian market which in 2Q04 repeated the growth seen in 1Q04 - up 4% in relation to the same period in 2003. Ultragaz has reported 28% growth in sales volume in relation to 2Q03, principally as a consequence of the acquisition of Shell's LPG distribution operations in Brazil. Taking comparable bases (i.e., including the volume sold by Shell Gás in 2Q03), sales volume growth amounted to 4%, in relation to the 2Q03 and 7% in relation to the 1Q04, both in line with the market's growth. This revenue expansion is mainly the result of the 28% increase in sales volume, partially offset by a reduction in the ex-refinery price charged by Petrobras to LPG distributors.

Oxiteno: Oxiteno's total sales volume amounted to 122.9 thousand tons in 2Q04, an increase of 11% in relation to the same period in 2003. This expansion is the result of winning new customers in the domestic market, as well as the expansion seen in the Brazilian economy. In this quarter, 64% of Oxiteno's sales were directed to the Brazilian market, 8 percentage points higher than the 56% reported in 2Q03. Net revenues in 2Q04 amounted to R\$ 390.3 million, 38% higher than the net revenues reported in 2Q03. This net revenue increase was a consequence of (i) the growth in sales volume, (ii) an improvement in the sales mix, mainly due to the greater share of sales being directed to the domestic market, (iii) the acquisition of Canamex, which added R\$ 15.4 million to net revenues in quarter, and (iv) a recovery in the price of petrochemical commodities in the international market, combined with a more favorable dollar.

Ultracargo: Net revenues in 2Q04 amounted to R\$ 47.5 million, up 10% on 2Q03. This increase resulted mainly from a better mix in the transport segment, with shorter routes.

Net sales in 1Q04 totaled R\$ 44.8 million, 8% higher compared with 1Q03. This increase is mainly due to the increase in storage volumes and contractual tariff adjustments.

Cost of Sales and Services: Ultrapar's consolidated cost of goods sold amounted to R\$ 906.6 million in 2Q04, up 22% in relation to 2Q03. Comparing the first half in both years, the cost of goods sold showed an increase of 17%.

Ultragaz: The cost of goods sold in 2Q04 increased by 25% in relation to 2Q03. This increase was a result of the 28% increase in sales volume compared to 2Q03, and was partially offset by a reduction in the cost of LPG between the two quarters and by gains of scale related to the purchase of Shell Gás.

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Oxiteno: The cost of goods sold in 2Q04 increased by 16% in relation to 2Q03, due to the 11% increase in volume sold, as well as in the addition of the cost of Canamex and the 5% rise in unit costs, basically due to the increase in the cost of ethylene, a reflection of increases in oil prices.

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Ultracargo: The cost of services provided increased by 5% in 2Q04, compared with the same quarter a year earlier, mainly reflecting the increase in personnel costs, due to: (i) a collective wage increase and (ii) expansion in the size of the workforce, as a result of new customers and new operations.

Gross Profit: Ultrapar's 2Q04 gross profit was R\$ 287.5 million, 53% higher than the R\$ 187.9 million in the 2Q03. Compared with the 1H03, gross profit increased 33% in 1H04.

Selling, General and Administrative Expenses: Consolidated selling, general and administrative expenses for Ultrapar amounted to R\$ 137.7 million in 2Q04, 32% higher than the R\$ 104.0 million reported in the same period in 2003. In the first half of 2004, Ultrapar reported SG&A expenses of R\$ 262.4 million, an increase of 26% on the same period in 2003.

Ultragaz: Selling, general and administrative expenses for Ultragaz amounted to R\$ 74.1 million in the quarter, R\$ 17.2 million higher than the level of expenses reported in the second quarter 2003. This increase was mainly due to a rise in depreciation expenses of R\$ 8.3 million, an increase of R\$ 6.5 million in selling expenses due to the incorporation of Shell Gás sales structure, and increases to wages.

Oxiten: Selling, general and administrative expenses for Oxiten amounted to R\$ 52.6 million, an increase of R\$ 13.5 million in relation to the second quarter in 2003. Selling expenses increased by R\$ 3.2 million, as a result of higher sales. Administrative expenses rose by R\$ 9.5 million on a year-over-year comparison for the quarter, due to: (i) higher personnel expenses as a result of collective wage increases in 2003 and an increase in the provision for employee profit-sharing, in line with the company's improved performance, and (ii) the incorporation of expenses from Canamex, of R\$ 2.4 million.

Ultracargo: Selling, general and administrative expenses at Ultracargo amounted to R\$ 12.6 million, an increase of R\$ 3.4 million in relation to the second quarter 2003, a consequence of a rise in administrative expenses due to the need to hire new employees as new customers were gained, and collective wage increases introduced in the second half of 2003.

Income from Operations: Ultrapar's income from operations increased 78% compared with 2Q03. This increase came mainly from Oxiten, whose income from operations jumped 168%, from R\$ 36.8 million in 2Q03 to R\$ 98.6 million in 2Q04. Compared to first half of 2003, Ultrapar's operating income was 40% higher, mainly due to the LPG market's recovery, better sales mix at Oxiten and improvements in petrochemical prices in the international market.

Financial Income (Expense), Net: Ultrapar's financial result amounted to a financial expense of R\$ 7.9 million in the second quarter 2004, compared to a financial expense of R\$ 19.0 reported in the second quarter 2003. Despite the increase in the company's net debt levels, this reduction in financial expenses reflected the lower prevailing interest rates and more stable exchange rate conditions. The company ended 2Q04 with net debt of R\$ 66.3 million, whereas in 2Q03, net debt was close to zero.

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Equity in Subsidiary and Affiliated Companies: The Company's equity resulting subsidiary and affiliated companies consists mainly of income tax incentives at Oxiten in Camaçari, which totaled R\$ 22.6 million in the second quarter 2004 - 102% higher than that reported in 2Q03. This rise in tax incentives was compatible with the growth in Oxiten's operational income.

Other Nonoperating Results: In the second quarter of 2004, Ultrapar reported a nonoperating expense of R\$ 6.0 million, R\$ 5.8 million higher than the nonoperating expense in the second quarter of 2003. This result is basically due to the scrapping of cylinders at Ultragaz.

Income and Social Contribution Taxes: Income and social contribution tax expenses amounted to R\$ 46.6 million in 2Q04, in line with the growth in taxable income.

Net Income: Consolidated net income for the second quarter 2004 amounted to R\$ 112.1 million, an increase of 117% in relation to 2003. Comparing the first halves of both years, net income grew 57%, amounting to R\$ 175.4 million in 1H04.

EBITDA: Consolidated operating cash generation (EBITDA) in the second quarter of 2004 amounted to R\$ 194.3 million, an increase of 64% compared to 2Q03. EBITDA growth was accompanied by an increase in the EBITDA margin from 13% in 2Q03 to 16% in 2Q04. In the first half of 2004, Ultrapar's EBITDA amounted to R\$ 331.4 million, R\$ 90.5 million higher than in the first half of 2003.

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EBITDA

| R\$ million | 2Q04 | 2Q03 | Change | 1H04 | 1H03 | Change |
|-------------|-------|-------|--------|-------|-------|--------|
| Ultrapar | 194.3 | 118.8 | 64% | 331.2 | 240.9 | 37% |
| Ultragaz | 74.8 | 61.6 | 22% | 132.2 | 97.6 | 35% |
| Oxiteno | 107.9 | 45.5 | 137% | 176.1 | 120.1 | 47% |
| Ultracargo | 10.0 | 10.1 | (1%) | 19.9 | 20.1 | (1%) |

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ULTRAPAR PARTICIPAÇÕES S.A. AND SUBSIDIARIES

| Investments in subsidiaries and/or affiliates | | | | | | |
|-----------------------------------------------|--------------------------------------------------------|--------------------------------------|-------------------------------------------|-----------------------------------------|--------------------------------|----------------------|
| 1 - Item | 2 - Company Name | 3 - Corporate Taxpayer Number (CNPJ) | 4 - Classification | 5 - % of ownership interest in investee | 6 - % of investor s net equity | 7 - Type of compan |
| 01 | Ultracargo Oper. Log. e Part. Ltda. | 34.266.973/0001-99 | Closely-held subsidiary | 100.00 | 42.31 | Commercial, industri |
| 02 | Ultragaz Participações Ltda. | 57.651.960/0001-39 | Closely-held subsidiary | 100.00 | 16.81 | Commercial, industri |
| 03 | Imaven Imóveis e Agropecuária Ltda. | 61.604.112/0001-46 | Closely-held subsidiary | 100.00 | 3.23 | Commercial, industri |
| 04 | Oxiteno S.A. - Indústria e Comércio | 62.545.686/0001-53 | Closely-held subsidiary | 100.00 | 59.75 | Commercial, industri |
| 05 | Oxiteno Nordeste S.A. - Indústria e Comércio | 14.109.664/0001-06 | Investee of subsidiary/affiliated company | 99.15 | 38.16 | Commercial, industri |
| 06 | Terminal Químico de Aratu S.A. | 14.688.220/0001-64 | Investee of subsidiary/affiliated company | 99.41 | 6.39 | Commercial, industri |
| 07 | Transultra Armazenamento e Transportes Especiais Ltda. | 60.959.889/0001-60 | Investee of subsidiary/affiliated company | 100.00 | 4.99 | Commercial, industri |
| 08 | Companhia Ultragaz S.A. | 61.602.199/0001-12 | Investee of subsidiary/affiliated company | 86.61 | 5.44 | Commercial, industri |
| 09 | SPGás Distribuidora de Gás Ltda. | 65.828.550/0001-49 | Investee of subsidiary/affiliated company | 100.00 | 13.32 | Commercial, industri |
| 10 | Bahiana Distribuidora de Gás Ltda. | 46.395.687/0001-02 | Investee of subsidiary/affiliated company | 100.00 | 6.90 | Commercial, industri |
| 11 | Utingás Armazenadora S.A. | 61.916.920/0001-49 | Investee of subsidiary/affiliated company | 55.99 | 1.41 | Commercial, industri |
| 12 | Canamex Químicos S.A. de C.V. | | Investee of subsidiary/affiliated company | 100.00 | 2.22 | Commercial, industri |

Note: This information is an integral part of the interim financial statements as required by the CVM.

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NOTICE TO SHAREHOLDERS

ULTRAPAR PARTICIPAÇÕES S.A.

CNPJ nº 33.256.439/0001-39

DISTRIBUTION OF DIVIDENDS

We hereby announce that the Board of Directors of Ultrapar Participações S.A at a meeting held on August 4, 2004, approved the distribution of dividends from the net earnings account for 2004, of R\$ 92,383,067.10 (ninety two million, three hundred and eighty three thousand, sixty seven reais and ten centavos).

The dividends shall be paid from August 30, 2004, without interest or monetary correction. The holders of ordinary and preferred shares will receive a dividend of R\$ 1.33 per lot of one thousand shares, with those shares being held in Treasury being excluded from this calculation.

The record date for the distribution shall be August 16, 2004 in Brazil and August 19, 2004 in New York. The shares shall trade ex-dividend on the São Paulo Stock Exchange and the New York Stock Exchange from August 17, 2004.

São Paulo, August 4, 2004.

Fábio Schwartsman

Chief Financial and Investor Relations Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ULTRAPAR HOLDINGS INC.

By: /s/ Fabio Schvartsman

Name: Fabio Schvartsman

Title: Chief Financial and Investor Relations Officer

Date: August 20, 2004