

(A free translation of the original in Portuguese)



4Q15 and FY2015 Earnings Release

- Net revenue increased by 23.6% in 2015, totaling R\$ 534.0 million against R\$ 432.2 million in 2014
- EBITDA increased by 21.3% to R\$ 119.1 million in 2015
- Profit increased by 27.7%, totaling R\$ 69.2 million in 2015
- Nine new products were launched in the year

Conference Call

In Portuguese with simultaneous translation into English

March 23, 2016

3:00 P.M. (BRT) / 2:00 P.M. (US EST)

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Cravinhos, March 22, 2016 – Ouro Fino Saúde Animal Participações S.A. (“Company” or “Ouro Fino”) (BM&FBovespa: OFSA3), which is mainly engaged in the research, development, production and sale of veterinary drugs, vaccines and other products for production and companion animals, announces its financial results for the period ended December 31, 2015 (4Q15 and FY2015).

MESSAGE FROM MANAGEMENT

At the end of 2015 the Company had achieved expected results and had a consistent growth. In 2015, our revenues increased by 23.6% in comparison with the prior year, and reached R\$ 534.0 million. We also had an increase of 21.3% in EBITDA, which totaled R\$ 119.1 million, and an increase of 27.7% in profit, which totaled R\$ 69.2 million.

In 2015, the segment of production animals had an increase in revenues of 25.9%, and totaled R\$ 435.7 million, reflecting a share gain in several lines, as well as an increase in net sales of the seven new products launched. We would highlight the launches, in August, of Voss Performa, an Eprinomectin-based endectocide focusing on cattle finishing period, and, in November, of Superhion, an innovative ectoparasiticide product, which combines the knock-out effect of the Fipronil molecule with the lasting protection of the Fluazuron molecule.

As regards the segment of companion animals, we brought forward to the end of 2015 the Ourofino Pet Distribution project, which comprises the direct sales to pet shops and vet clinics in the Southern and Western regions of the city of São Paulo. In addition to the sales, the project aims to be a benchmark for the other 42 distributors of the current network, as well as to promote training courses for the improvement of management practices to various audiences in the companion animals market in Brazil.

In 2015, our international strategic process developed. Our operations in Mexico were extended, with an increase in the sales team and in the customer base. In Colombia, we acquired the local distributor in a transaction carried out in September, increased the sales team and started the process for registration of new products. We continued working to consolidate our international presence and show consistent results over the next periods.

We had a substantial development in the construction of the new plant of biological products and maintained our planned schedule to obtain the licenses and start the production of the new vaccines in early 2017.

As a result of our work, we were considered the best veterinary company in Latin and South America in 2015 according to Animal Pharm.

We continue to be enthusiastic about our business and thank all of you for your confidence in our work.

Dolivar Coraucci Neto
CEO

Fábio Lopes Júnior
CFO and Investor Relations Officer



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Information on the financial statements

Considering that the Company was established on April 10, 2014, its parent company and consolidated financial statements ("consolidated") for 4Q15 and FY2015 include information on results for comparison purposes, which do not properly represent all of the operations of the Group. In this context, for 4Q14 and 2014, management decided to disclose information derived from the combined consolidated financial statements ("combined") of the Company's subsidiaries.

The combined financial information for 4Q14 and 2014 was also adjusted to better reflect profit from continuing operations, adjusted for extraordinary events, especially to consider expenses of the parent company not included in combined figures, and to disregard specific expenses related to the process to become a listed company.

FINANCIAL PERFORMANCE

R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Net revenue	135.4	164.8	21.7%	432.2	534.0	23.6%
Cost of sales	(57.8)	(77.6)	34.3%	(171.9)	(236.6)	37.6%
Gross profit	77.6	87.2	12.4%	260.3	297.4	14.3%
<i>(gross margin)</i>	57.3%	52.9%	-4.4 p.p.	60.2%	55.7%	-4.5 p.p.
Expenses (*)	(49.8)	(53.7)	7.8%	(179.6)	(199.5)	11.1%
Operating profit	27.8	33.5	20.5%	80.7	97.9	21.3%
<i>(operating margin)</i>	20.5%	20.3%	-0.2 p.p.	18.7%	18.3%	-0.4 p.p.
Finance result	(1.0)	(2.8)	180.0%	(11.4)	(10.6)	-7.0%
Income tax and social contribution	(6.5)	(6.9)	6.2%	(15.1)	(18.1)	19.9%
Profit from continuing operations, adjusted	20.3	23.8	17.2%	54.2	69.2	27.7%
<i>(adjusted profit margin)</i>	15.0%	14.4%	-0.6 p.p.	12.5%	13.0%	0.5 p.p.
Adjusted EBITDA	32.4	39.6	22.2%	98.2	119.1	21.3%
<i>(adjusted EBITDA margin)</i>	23.9%	24.0%	0.1 p.p.	22.7%	22.3%	-0.4 p.p.

(*) in 2014 considers adjustments for operating expenses of the parent company, not included in the combined figures, and IPO related expenses.

Net revenue

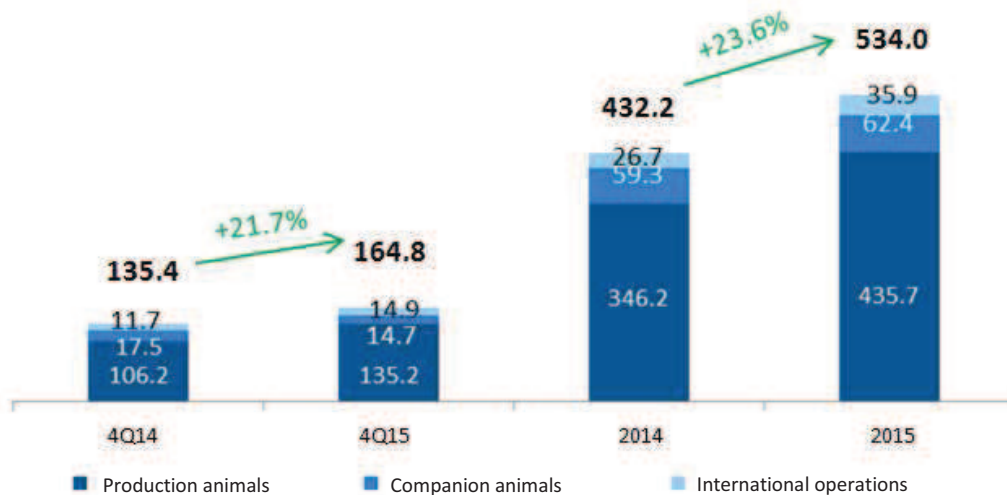
R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Net sales revenue	135.4	164.8	21.7%	432.2	534.0	23.6%
Production animals	106.2	135.2	27.3%	346.2	435.7	25.9%
Companion animals	17.5	14.7	-16.0%	59.3	62.4	5.2%
International operations	11.7	14.9	27.4%	26.7	35.9	34.5%

The Company presented net revenues of R\$ 164.8 million in 4Q15, which represented an increase of 21.7% in comparison with the same period in 2014. In 2015, net revenues increased by 23.6%, totaling R\$ 534.0 million.



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Net revenue evolution R\$ million



- The **Production Animals** segment presented net revenue of R\$ 135.2 million in 4Q15, an increase of 27.3% in comparison with the same period in 2014. In 2015, revenues reached R\$ 435.7 million, an increase of 25.9% in comparison with 2014. In 2015, it is worth highlighting the increase in revenues related to the seven new products launched, and the increase in the sales of the current product line with share gain in various therapeutic classes, especially the antiparasiticides line.
- The **Companion Animals** segment presented net revenue of R\$ 14.7 million in 4Q15, with a decrease of 16.0% in comparison with 4Q14. In 2015, net revenue reached R\$ 62.4 million, an increase of 5.2% in comparison with 2014. Performance below the historical performance levels mainly reflects the Company's decision to bring forward the Ourofino Pet Distribution project for the direct sales to pet shops and vet clinics in the southern and western regions of São Paulo and it also aims to be a benchmark for the other 42 distributors of the current network, with sales in the 1st quarter of 2016.
- The **International Operations** segment presented net revenues of R\$ 14.9 million in 4Q15, with an increase of 27.4% in comparison with 4Q14. In 2015, revenues totaled R\$ 35.9 million, an increase of 34.5% in comparison with R\$ 26.7 million in 2014. This growth was mainly due to the increase in the sales of the branch in Mexico, which grew 72.2% in Mexican pesos over the prior year, thus reflecting the result of the increase in the number of team members with the expansion of the customer base. Also it worth highlighting the resumption of sales in Colombia, following the acquisition of the former local distributor in September.



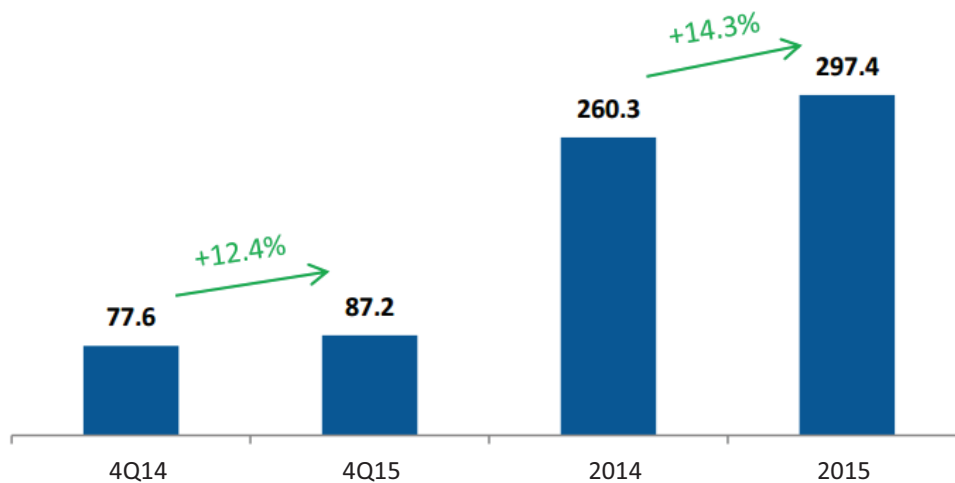
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Cost of sales, gross profit and gross margin

R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Cost of sales	(57.8)	(77.6)	34.3%	(171.9)	(236.6)	37.6%
Gross profit	77.6	87.2	12.4%	260.3	297.4	14.3%
(gross margin)	57.3%	52.9%	-4.4 p.p.	60.2%	55.7%	-4.5 p.p.

Gross profit reached R\$ 87.2 million in 4Q15, an increase of 12.4% in comparison with the same period in 2014. In 2015, it reached R\$ 297.4 million, an increase of 14.3% in comparison with 2014. The gross margin decrease in the periods presented is substantially due to not transferring to prices the full increases in costs resulting from the appreciation of the U.S. dollar and the inflation rate for 2015, the strategy for prioritization of the share gain in some products, the sale of a less favorable mix with higher participation of poultry and pigs and a worst scenario for the prices of vaccines against foot-and-mouth disease.

Gross profit R\$ million





4Q15 and FY2015 Earnings Release

Selling, general and administrative expenses

<i>R\$ million</i>	4Q14	4Q15	Var %	2014	2015	Var %
Selling, general and administrative and other expenses	(49.8)	(53.7)	7.8%	(179.6)	(199.5)	11.1%
<i>Percentage on net revenue</i>	<i>36.8%</i>	<i>32.6%</i>	<i>-4.2 p.p.</i>	<i>41.6%</i>	<i>37.4%</i>	<i>-4.2 p.p.</i>

Reflecting the Company's efforts for more efficiency in operations and aiming to reduce expenses, in 4Q15 and FY2015 total selling, general and administrative expenses increased less than net revenues through its dilution. In 4Q15, these expenses totaled R\$ 53.7 million, a dilution of 4.2 p.p. on net revenue. In 2015, these expenses totaled R\$ 199.5 million, a dilution of 4.2 p.p.

EBITDA and EBITDA margin

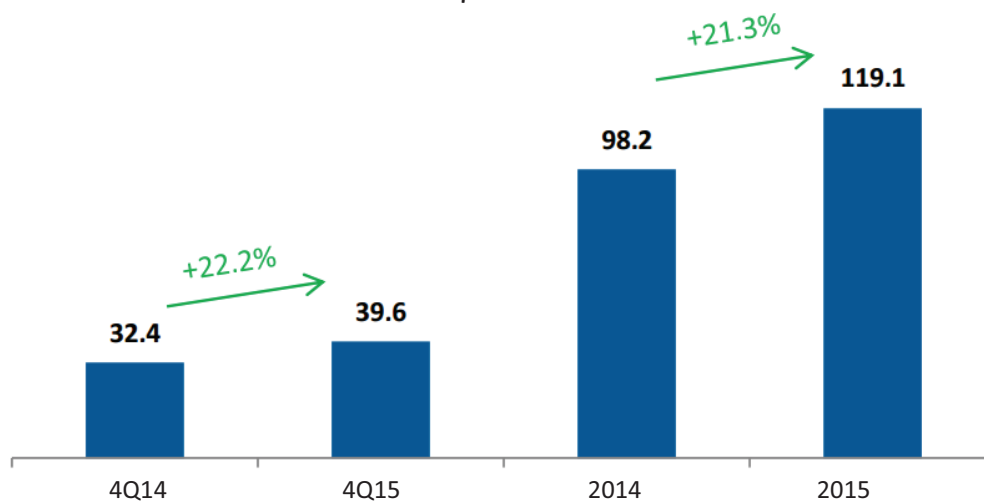
<i>R\$ million</i>	4Q14	4Q15	Var %	2014	2015	Var %
Profit from continuing operations	20.3	23.8	17.2%	54.2	69.2	27.7%
(-) Discontinued operations	(0.1)		-100.0%	(1.2)		-100.0%
(+) Operating expenses incurred by parent company	7.1		-100.0%	7.1		-100.0%
(-) IPO related expenses	(8.8)		-100.0%	(8.8)		-100.0%
Profit for the period	18.5	23.8	28.6%	51.3	69.2	34.9%
(+) Finance result, net	1.0	2.8	180.0%	11.4	10.6	-7.0%
(+) Income tax and social contribution	6.5	6.9	6.2%	15.1	18.1	19.9%
(+) Depreciation and amortization	4.6	5.7	23.9%	16.7	20.1	20.4%
EBITDA	30.6	39.2	28.1%	94.5	118.0	24.9%
(+) Discontinued operations	0.1		-100.0%	1.2		-100.0%
(-) Operating expenses incurred by parent company	(7.1)		-100.0%	(7.1)		-100.0%
(+) IPO related expenses	8.8		-100.0%	8.8		-100.0%
(+) Other		0.4		0.8	1.1	37.5%
Adjusted EBITDA	32.4	39.6	22.2%	98.2	119.1	21.3%
Net sales revenue	135.4	164.8	21.7%	432.2	534.0	23.6%
EBITDA margin	22.6%	23.8%	1.2 p.p.	21.9%	22.1%	0.2 p.p.
adjusted EBITDA margin	23.9%	24.0%	0.1 p.p.	22.7%	22.3%	-0.4 p.p.

In 4Q15, Adjusted EBITDA was R\$ 39.6 million, an increase of 22.2% as compared to 4Q14, with an Adjusted EBITDA margin of 24.0%. In 2015, Adjusted EBITDA was R\$ 119.1 million, an increase of 21.3% as compared to 2014, with an Adjusted EBITDA margin of 22.3%. In both periods, this result reflects an increase in revenues and the dilution of SG&A expenses, which offset the decrease in gross margin.



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Adjusted EBITDA R\$ million



Finance result

R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Finance result	(1.0)	(2.8)	180.0%	(11.4)	(10.6)	-7.0%

Net finance costs in 4Q15 totaled R\$ 2.8 million against R\$ 1.0 million in 4Q14, considering that in 2014 net debt was lower due to the contribution of funds in connection with the IPO conducted in October 2014. The mentioned contribution, which was partially used to settle debts indexed to the CDI, also helped the Company to achieve a better finance result in 2015 in comparison with 2014.

Income tax and social contribution

R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Income tax and social contribution	6.5	6.9	6.2%	15.1	18.1	19.9%
Percentage on profit before income tax and social contribution	24.3%	22.5%	-1.8 p.p.	21.8%	20.7%	-1.1 p.p.

In 4Q15, income tax and social contribution totaled R\$ 6.9 million, with the effective rate of 22.5% and decrease of 1.8 p.p. in comparison with the same period in 2014. In 2015, this tax expense totaled R\$ 18.1 million, with an effective rate of 20.7%.



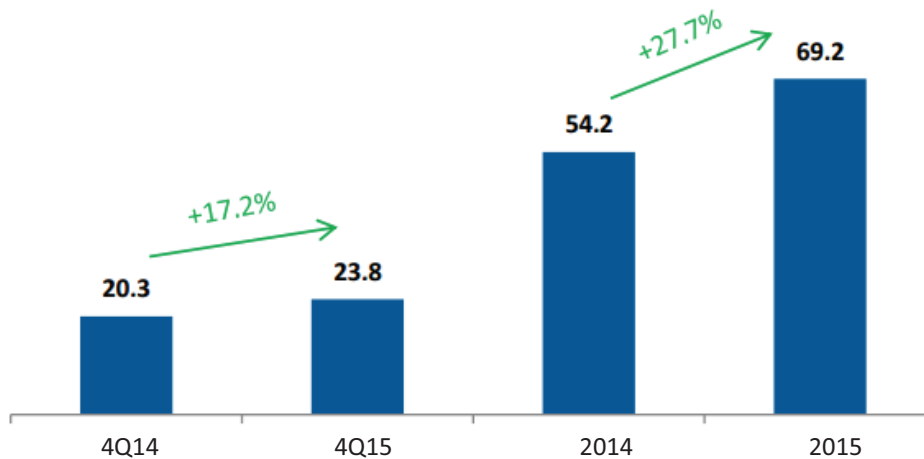
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Profit

R\$ million	4Q14	4Q15	Var %	2014	2015	Var %
Profit from continuing operations	20.3	23.8	17.2%	54.2	69.2	27.7%
<i>(profit margin)</i>	<i>15.0%</i>	<i>14.4%</i>	<i>-0.6 p.p.</i>	<i>12.5%</i>	<i>13.0%</i>	<i>0.5 p.p.</i>

In 4Q15, profit totaled R\$ 23.8 million with an increase of 17.2% in comparison with 4Q14, reflecting a substantial increase in the Adjusted EBITDA for the period. In 2015, profit increased reached R\$ 69.2 million, an increase of 27.7% in comparison with 2014, reflecting a better business performance in the year.

Profit from continuing operations R\$ million





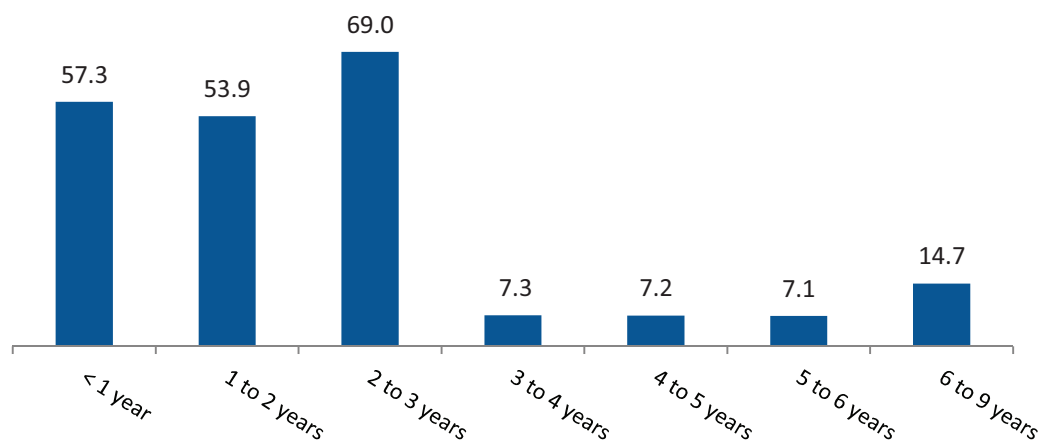
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Indebtedness

In R\$ million	December 31, 2014	December 31, 2015
Current	103.1	57.3
Non-current	112.6	159.2
Gross debt	215.7	216.5
(-) Derivative financial instruments, net	9.2	0.4
Derivatives net debt	206.5	216.1
(-) Cash and cash equivalents ¹	72.5	23.4
Net debt	134.0	192.7
Average cost of debt (in December)²	7.54%	7.98%
Net debt/Adjusted annual EBITDA	1.37	1.62

Notes: ¹ In 2014, includes R\$ 6.1 in cash of the holding, which was not included in the combined statements.
² Average cost calculated taking into account derivative financial instruments for hedging purposes.

Aging of bank debt



Aging of debt considers the year between January 1 and December 30.



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Launches of products

Nine products were launched in 2015.

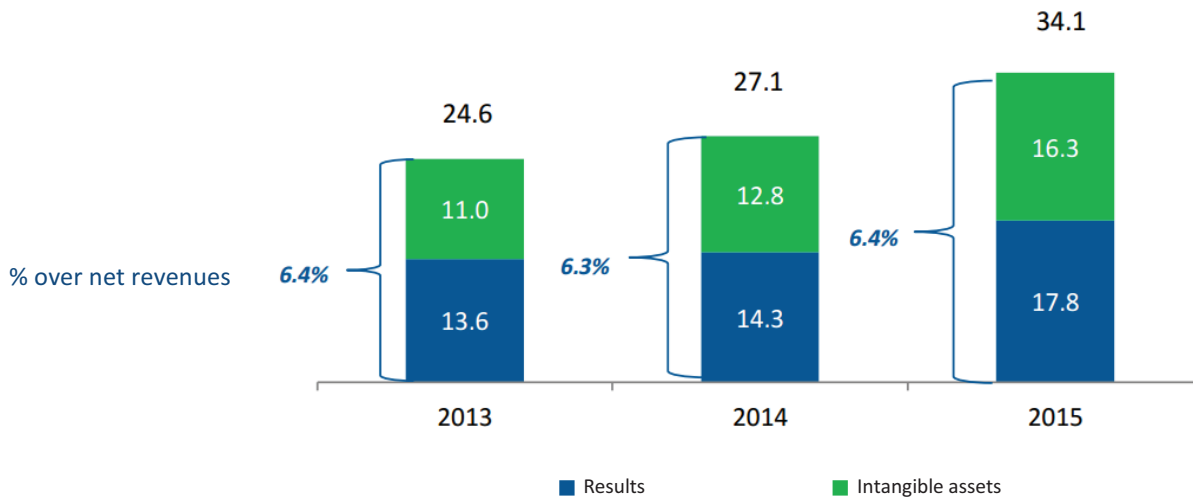
Launches in 2015					
	NAME	Indication	Category	Line	Launched in
	Lactofur	For the treatment of severe infections in dairy and beef cattle and pigs.	Antimicrobial	Production Animals	Mar/15
	Ciprolac <i>Vaca Seca</i>	For the prevention and healing of mastitis (mammary gland infection) in the dry period, for the cows to produce more milk of a better quality.	Antimicrobial	Production Animals	Mar/15
	Isocox	For treatment of black diarrhea.	Other	Production Animals	Apr 15
	Trissulfon SID	For the treatment of infections in intestinal, urinary and respiratory tracts, skin and ear infections and also for the treatment of isospora canis, caused by agents that are sensitive to its spectrum of action	Antibiotic & Therapeutic	Companion Animals	Jun 15
	Enfrent	Prescribed for the treatment and prevention of parasitic sadness in cattle.	Parasiticide	Production Animals	Aug/15
	Voss Performa	Eprinomectin-based broad-spectrum endectocide for cattle	Parasiticide	Production Animals	Aug/15
	Doxifin Tabs	Doxycycline-based palatable antimicrobial for dogs and cats	Antimicrobial	Companion Animals	Aug/15
	Superhion	Includes two of the most modern active ingredients in the market, Fluzuron and Fipronil, for control of external parasites, ticks, botflies and horn flies	Parasiticide	Production Animals	Nov/15
	Colosso Avicultura	Used in the control of pests in poultry houses, combines highly safe active substances	Parasiticide	Production Animals	Dec/15



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Investments in research and development

In 2015, approximately 6.4% of the net revenue was invested in R&D, totaling R\$ 34.1 million. The chart below shows the Company's total investments in R&D from 2013 to 2015.



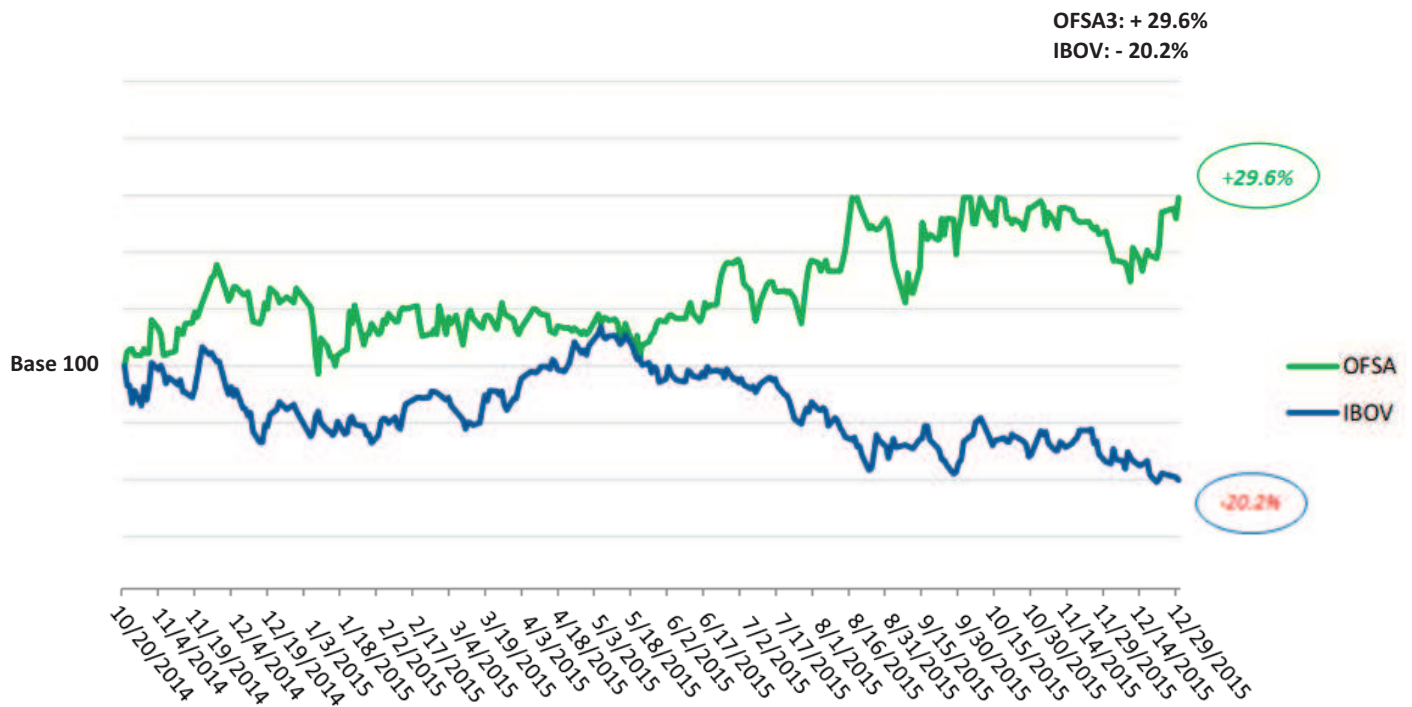


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PERFORMANCE OF THE SHARES

Ourofino shares started to be traded on the São Paulo Stock Exchange (BM&F Bovespa) on October 21, 2014 under the ticker OFSA3, at the initial price of R\$27.00. The chart below shows share performance between the first trading day (10/21/2014) and the last trading day in 4Q15 (12/30/2015).

OFSA3 closed the trading session on December 30, 2015 at R\$ 34.99, with a variation of 29.6% since the beginning of the trading. In the same period, Ibovespa presented a depreciation of 20.2%.





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Statement of income (R\$ thousands)	4Q14 ²	4Q15 ¹	12M14 ²	12M15 ¹
Continuing operations				
Revenue	135,447	164,880	432,241	534,045
Cost of sales	(57,809)	(77,696)	(171,930)	(236,684)
Gross profit	77,638	87,184	260,311	297,361
Selling expenses	(41,853)	(44,041)	(146,676)	(161,618)
General and administrative expenses	(8,324)	(11,515)	(33,135)	(39,882)
Other income, net	379	1,921	211	2,041
Operating profit	27,840	33,549	80,711	97,902
Finance income	10,318	1,787	26,967	26,872
Finance costs	(11,428)	(4,618)	(38,410)	(37,507)
Finance result	(1,110)	(2,831)	(11,443)	(10,635)
Profit before income tax and social contribution	26,730	30,718	69,268	87,267
Income tax and social contribution	(6,468)	(6,833)	(15,058)	(18,060)
Earnings for the period from continuing operations	20,262	23,885	54,210	69,207
Discontinued operations				
Loss for the year from discontinued operations	(76)	-	(1,211)	
Profit for the period	20,186	23,885	52,999	69,207

¹ Consolidated statement of income

² Combined consolidated statement of income



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Statement of cash flows (R\$ thousands)	2014 ²	2015 ¹
Cash flows from operating activities		
Profit before income tax and social contribution, including discontinued operations	66,361	87,267
Adjustments for:		
Provision for impairment of trade receivables	490	1,105
Provision for inventory losses and write-offs	1,531	(679)
Depreciation and amortization	16,624	20,132
Provision for impairment of intangible assets	776	407
Gains on disposal of PP&E and intangible assets	(265)	(1,855)
Interest and monetary and exchange variations, net	22,842	22,310
Unrealized derivative financial instruments	(6,598)	(11,098)
Reversal of provision for contingencies	(471)	(27)
Share options granted		1,491
Other losses	(84)	(377)
Changes in working capital		
Trade receivables	(37,064)	(48,164)
Inventories	(23,544)	(22,723)
Taxes recoverable	9,329	(9,841)
Other assets	(3,320)	(175)
Trade payables	(8,906)	4,864
Taxes and charges payable	(2,268)	976
Other liabilities	4,229	1,504
Cash from operations	39,662	45,117
Interest paid	(11,082)	(7,785)
Income tax and social contribution paid	(7,017)	(21,823)
Net cash provided by operating activities	21,563	15,509
Cash flows from investing activities		
Investments in intangible assets	(20,607)	(21,965)
Purchase of property, plant and equipment	(23,440)	(35,087)
Proceeds from sale of property, plant and equipment	15,819	1,056
Acquisition of investment		(387)
Cash acquired through investment		385
Net cash used in investing activities	(28,228)	(55,998)
Cash flows from financing activities		
Proceeds from borrowings	61,369	97,158
Repayment of borrowings	(80,797)	(112,888)
Realized derivative financial instruments		19,860
Funds received from related parties - intercompany loan	13,600	
Repayment to related parties - intercompany loan	(32,640)	
Advances for future capital increase	104,260	
Dividends and interest on capital paid	(24,990)	(12,889)
Net cash provided by financing activities	40,802	(8,759)
Increase in cash and cash equivalents, net	34,137	(49,248)
Cash and cash equivalents at the beginning of the year	38,423	72,453
Foreign exchange gains (losses) on cash and cash equivalents	(118)	175
Cash and cash equivalents at the end of the year	72,442	23,380

¹ Statement of consolidated cash flows

² Statement of combined consolidated cash flows



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Balance sheet (R\$ thousands)	12/31/2015 ¹	12/31/2014 ¹
Assets		
Current assets	378,377	365,616
Cash and cash equivalents	23,380	72,453
Trade receivables	225,740	178,111
Derivative financial instruments	22	10,376
Inventories	109,263	86,848
Taxes recoverable	7,471	6,905
Recoverable income tax and social contribution	1,020	2,486
Related parties	1,870	998
Other assets	9,611	7,439
Non-current assets held for sale		
Non-current assets	314,994	261,645
Long-term receivables	42,209	24,710
Trade receivables		
Derivative financial instruments	1,713	
Taxes recoverable	32,322	22,529
Deferred income tax and social contribution	5,558	1,920
Other assets	2,616	261
Permanent assets	272,785	236,935
Intangible assets	78,690	66,300
Property, plant and equipment	194,095	170,635
Total assets	693,371	627,261
Liabilities and equity		
Current liabilities	149,994	176,904
Trade payables	29,450	22,390
Derivative financial instruments	1,297	12
Borrowings	57,260	103,093
Salaries and social charges	24,333	24,912
Taxes payable	6,585	5,638
Income tax and social contribution payable	1,873	763
Dividends and interest on capital	16,433	8,959
Related parties	660	
Commissions on sales	7,313	5,669
Other liabilities	4,790	5,468
Liabilities related to non-current assets held for sale		
Non-current liabilities	163,068	120,200
Derivative financial instruments		1,164
Borrowings	159,227	112,560
Provision for contingencies	3,841	2,664
Deferred income tax and social contribution		3,812
Related parties		
Total liabilities	313,062	297,104
Total equity	380,181	330,069
Non-controlling interests	128	88
Total liabilities and equity	693,371	627,261

¹ Consolidated balance sheet

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Ouro Fino Saúde Animal Participações S.A.

**Parent company and consolidated
financial statements at
December 31, 2015
and independent auditor's report**



(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Ouro Fino Saúde Animal Participações S.A.

We have audited the accompanying parent company financial statements of Ouro Fino Saúde Animal Participações S.A. ("Parent company" or "Company"), which comprise the balance sheet as at December 31, 2015 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Ouro Fino Saúde Animal Participações S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Ouro Fino Saúde Animal Participações S.A.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ouro Fino Saúde Animal Participações S.A. and of Ouro Fino Saúde Animal Participações S.A. and its subsidiaries as at December 31, 2015, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil and the IFRS issued by the IASB.

Other matters

**Supplementary information -
Statements of value added**

We have also audited the parent company and consolidated statements of value added for the year ended December 31, 2015, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but it is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Ribeirão Preto, March 18, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F"

Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

(A free translation of the original in Portuguese)

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Ouro Fino Saúde Animal Participações S.A.

Balance sheet

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		2015	2014	2015	2014
Current assets					
Cash and cash equivalents	9	468	11	23,380	72,453
Trade receivables	11			225,740	178,111
Derivative financial instruments	10			22	10,376
Inventories	12			109,263	86,848
Taxes recoverable	13	201	96	7,471	6,905
Income tax and social contribution recoverable				1,020	2,486
Related parties	28	5,615	4,398	1,870	998
Other assets			12	9,611	7,439
		<u>6,284</u>	<u>4,517</u>	<u>378,377</u>	<u>365,616</u>
Non-current assets					
Long-term receivables					
Derivative financial instruments	10			1,713	
Taxes recoverable	13			32,322	22,529
Deferred income tax and social contribution	14			5,558	1,920
Related parties	28		104,260		
Other assets				2,616	261
			<u>104,260</u>	<u>42,209</u>	<u>24,710</u>
Investments in subsidiaries	5	391,110	231,169		
Intangible assets	15			78,690	66,300
Property, plant and equipment	16			194,095	170,635
Total non-current assets		<u>391,110</u>	<u>335,429</u>	<u>314,994</u>	<u>261,645</u>
Total assets		<u><u>397,394</u></u>	<u><u>339,946</u></u>	<u><u>693,371</u></u>	<u><u>627,261</u></u>

Ouro Fino Saúde Animal Participações S.A.

Balance sheet

All amounts in thousands of reais

(continued)

Liabilities and equity	Note	Parent company		Consolidated	
		2015	2014	2015	2014
Current liabilities					
Trade payables	17			29,450	22,390
Derivative financial instruments	10			1,297	12
Borrowings	18			57,260	103,093
Salaries and social charges		99	64	24,333	24,912
Taxes payable		546	434	6,585	5,638
Income tax and social contribution payable				1,873	763
Dividends and interest on capital	28	16,433	8,959	16,433	8,959
Related parties	28	119		660	
Commissions on sales				7,313	5,669
Other liabilities		16	420	4,790	5,468
		17,213	9,877	149,994	176,904
Derivative financial instruments	10				1,164
Borrowings	18			159,227	112,560
Provision for contingencies	19			3,841	2,664
Deferred income tax and social contribution	14				3,812
				163,068	120,200
Total liabilities		17,213	9,877	313,062	297,104
Equity	20				
Capital		298,889	298,889	298,889	298,889
Capital reserve		(6,392)	(6,275)	(6,392)	(6,275)
Options granted		1,491		1,491	
Revenue reserves		70,241	22,136	70,241	22,136
Carrying value adjustments		15,952	15,319	15,952	15,319
		380,181	330,069	380,181	330,069
Non-controlling interests				128	88
Total equity		380,181	330,069	380,309	330,157
Total liabilities and equity		397,394	339,946	693,371	627,261

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

Ouro Fino Saúde Animal Participações S.A.

Statement of income

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Continuing operations					
Revenue	21			534,045	327,360
Cost of sales	22			(236,684)	(133,411)
Gross profit				297,361	193,949
Selling expenses	22			(161,618)	(103,597)
General and administrative expenses	22	(1,688)	(6,763)	(39,882)	(28,168)
Equity in the results of investees	5	71,332	44,813		
Other income (expenses), net	23	110	(331)	2,041	(5)
Operating profit		69,754	37,719	97,902	62,179
Finance income		4	51	26,872	22,638
Finance costs		(566)	(50)	(37,507)	(30,712)
Finance result	24	(562)	1	(10,635)	(8,074)
Profit before income tax and social contribution		69,192	37,720	87,267	54,105
Income tax and social contribution	25				
Current				(25,237)	(9,840)
Deferred				7,177	(5,387)
Earnings for the year /period from continuing operations		<u>69,192</u>	<u>37,720</u>	<u>69,207</u>	<u>38,878</u>
Discontinued operations					
Loss for the period from discontinued operations					(688)
Profit for the year/period		<u>69,192</u>	<u>37,720</u>	<u>69,207</u>	<u>38,190</u>
Attributable to:					
Owners of the parent				69,192	37,720
Non-controlling interests				15	470
				<u>69,207</u>	<u>38,190</u>
Earnings (loss) per share attributable to owners of the parent during the year/period (in reais)	26				
Basic earnings (loss) per share					
From continuing operations				1.28271	1.07876
From discontinued operations					(0.01932)
				<u>1.28271</u>	<u>1.05943</u>
Earnings (loss) per share					
From continuing operations				1.28105	1.07876
From discontinued operations					(0.01932)
				<u>1.28105</u>	<u>1.05943</u>

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

Ouro Fino Saúde Animal Participações S.A.

Statement of comprehensive income

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Year ended 12/31/2015</u>	<u>Period from 4/10/2014 to 12/31/2014</u>	<u>Year ended 12/31/2015</u>	<u>Period from 4/10/2014 to 12/31/2014</u>
Profit for the year/period	69,192	37,720	69,207	38,190
Other components of comprehensive income				
Items that will be reclassified to profit or loss				
Exchange variation of investment in subsidiary located abroad	633	111	658	111
Total comprehensive income for the year/period	<u>69,825</u>	<u>37,831</u>	<u>69,865</u>	<u>38,301</u>
Attributable to:				
Owners of the parent			69,825	37,831
Non-controlling interests			40	470
			<u>69,865</u>	<u>38,301</u>

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

Ouro Fino Saúde Animal Participações S.A.

Statement of changes in equity

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent									Non-controlling interests	Total equity	
	Capital	Capital reserve	Options granted	Revenue reserves			Carrying value adjustments	Retained earnings	Total			
				Legal reserve	Profit retention reserve							
Contributions by owners												
		1						1			1	
		188,626					15,208			203,834	203,834	
20 (a)		3,819				(2,746)				1,073	1,073	
20 (a)						(3,368)				(3,368)	(3,368)	
20 (a)		106,443								106,443	106,443	
20 (b)			(6,275)							(6,275)	(6,275)	
										(382)	(382)	
Total contributions by owners												
		298,889	(6,275)			(6,114)	15,208			301,708	(382)	301,326
Comprehensive income for the period												
								37,720	37,720		470	38,190
							111		111			111
Total comprehensive income for the period												
							111	37,720	37,831		470	38,301
Distributions to owners												
Allocation of profit:												
	20(c)			1,886				(1,886)				
	20 (c)							(9,470)	(9,470)			(9,470)
	20 (c)					26,364		(26,364)				
Total distributions to owners												
				1,886		26,364		(37,720)	(9,470)			(9,470)
At December 31, 2014												
		298,889	(6,275)	1,886	20,250	15,319			330,069		88	330,157
At January 1, 2015												
		298,889	(6,275)	1,886	20,250	15,319			330,069		88	330,157
Comprehensive income for the period												
								69,192	69,192		15	69,207
							633		633		25	658
Total comprehensive income for the period												
							633	69,192	69,825		40	69,865
Contributions by owners												
	20 (c)					(3,931)			(3,931)			(3,931)
	20 (e)		1,491						1,491			1,491
			(117)						(117)			(117)
Total contributions by owners												
			(117)	1,491		(3,931)			(2,557)			(2,557)
Distributions to owners												
Allocation of profit:												
	20 (c)			3,460				(3,460)				
	20 (c)							(17,156)	(17,156)			(17,156)
	20 (c)					48,576		(48,576)				
Total distributions to owners												
				3,460		48,576		(69,192)	(17,156)			(17,156)
At December 31, 2015												
		298,889	(6,392)	1,491	5,346	64,895	15,952		380,181		128	380,309

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

Ouro Fino Saúde Animal Participações S.A.

Statement of cash flows

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Cash flows from operating activities				
Profit before income tax and social contribution	69,192	37,720	87,267	53,417
Adjustments for:				
Provision for impairment of trade receivables			1,105	190
Provision (Reversal of provision) for inventory losses and write-offs			(679)	2,842
Equity in the results of investees	(71,332)	(44,813)		
Depreciation and amortization			20,132	11,313
Provision for impairment of intangible assets			407	776
Gains on disposal of property, plant and equipment and intangible assets			(1,855)	(151)
Interest and monetary and exchange variations, net			22,310	18,656
Unrealized derivative financial instruments			(11,098)	(7,552)
Reversal of provision for contingencies			(27)	(1,254)
Other losses/gains			(377)	420
Share options granted	21		1,491	
Changes in working capital				
Trade receivables			(48,164)	(55,315)
Inventories			(22,723)	4,783
Taxes recoverable	3	(8)	(9,841)	6,358
Other assets	23	(1,011)	(175)	(1,682)
Trade payables			4,864	(16,747)
Taxes and charges payable	54	433	976	(1,514)
Other liabilities	(230)	(4,102)	1,504	242
Cash provided by (used in) operations	(2,269)	(11,781)	45,117	14,782
Interest paid			(7,785)	(7,914)
Income tax and social contribution paid			(21,823)	(6,015)
Net cash provided by (used in) operating activities	(2,269)	(11,781)	15,509	853
Cash flows from investing activities				
Advances for future capital increase	(28,400)	(104,260)		
Purchase of investments			(387)	
Investments in intangible assets			(21,965)	(15,498)
Purchase of property, plant and equipment			(35,087)	(14,271)
Receipts of dividends and interest on capital	44,015	15,884		
Proceeds from sale of property, plant and equipment			1,056	10,867
Net cash provided by (used in) investing activities	15,615	(88,376)	(56,383)	(18,902)
Cash flows from financing activities				
Capital increase		106,443		106,443
Funding costs		(6,275)		(6,275)
Proceeds from borrowings			97,158	61,369
Repayment of borrowings			(112,888)	(61,589)
Borrowings received - related parties				8,600
Borrowings repaid - related parties				(32,640)
Payment of dividends and interest on capital	(12,889)		(12,889)	
Realized derivative financial instruments			19,860	
Net cash used in (provided by) financing activities	(12,889)	100,168	(8,759)	75,908
Net increase (decrease) in cash and cash equivalents	457	11	(49,633)	57,859
Cash and cash equivalents at the beginning of the year/period	11		72,453	14,424
Exchange gains on cash and cash equivalents			175	170
Cash received on acquisition of investments			385	
Cash and cash equivalents at the end of the year/period	468	11	23,380	72,453

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

Ouro Fino Saúde Animal Participações S.A.

Statement of value added

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Revenues				
Gross sales and services			586,158	362,558
Other income			1,120	326
Income related to the construction of own assets			16,457	11,715
Provision for impairment of trade receivables			(1,105)	(190)
			602,630	374,409
Inputs acquired from third parties				
Cost of sales and services			(194,695)	(107,083)
Materials, electricity, third-party services and other	(652)	(6,385)	(135,182)	(92,996)
Gains (losses) on assets, net			679	(3,618)
	(652)	(6,385)	(329,198)	(203,697)
Gross value added	(652)	(6,385)	273,432	170,712
Depreciation and amortization			(20,539)	(11,313)
Net value added generated by the entity	(652)	(6,385)	252,893	159,399
Value added received through transfer				
Equity in the results of investees	71,332	44,813		
Finance income	4	51	26,932	22,638
Royalties	100	41	100	41
Other	26		1,591	924
Total value added to distribute	70,810	38,520	281,516	183,002
Distribution of value added				
Personnel				
Salaries and wages	864	318	96,000	59,001
Benefits	4	2	18,374	10,643
Government Severance Indemnity Fund for Employees (FGTS)			7,234	3,992
Taxes, charges and contributions				
Federal	695	430	46,884	32,907
State	1		1,009	5,694
Municipal			207	66
Remuneration of third parties' capital				
Interest	54	50	37,099	30,183
Rentals			4,656	1,760
Other			846	566
Remuneration of own capital				
Profits reinvested	52,759	28,761	52,759	28,761
Interest on capital and dividends	16,433	8,959	16,433	8,959
Non-controlling interests			15	470
Value added distributed	70,810	38,520	281,516	183,002

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

(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Notes to the financial statements at December 31, 2015

All amounts in thousands of reais unless otherwise stated

Section A - General information

1.1 Operations

Ouro Fino Saúde Animal Participações S.A. (the "Company") is a listed corporation headquartered in Cravinhos, state of São Paulo. The Company has shares traded on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category.

The Company and its subsidiaries (together the "Group") operate in the animal health industry, specifically in the development, production and sale of veterinary drugs, vaccines and other products for production and companion animals.

It was established on April 10, 2014, and at the Extraordinary General Meeting held on June 30, 2014, the stockholders approved the merger of net assets of Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de México, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., at their book values, in the net amount of R\$ 188,626. Therefore, the consolidated financial statements for the year ended December 31, 2015 are not fully comparable with those related to the period from April 10 to December 31, 2014.

The issue of these parent company and consolidated financial statements was authorized by the Board of Directors on March 17, 2016.

1.2 Basis of preparation

The parent company and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and present all and only the significant information that is inherent to the financial statements, which are consistent with those used by management in its activities.

The main accounting policies applied in the preparation of these financial statements are set out in Note 30.

The financial statements have been prepared under the historical cost convention, and adjusted to reflect the "deemed cost" of land on the transition date to IFRS/CPCs and which, as regards available-for-sale financial assets, other financial assets and liabilities (including derivative instruments) is adjusted to reflect measurement at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated financial statements, are disclosed in Note 2.

Ouro Fino Saúde Animal Participações S.A.

Notes to the financial statements at December 31, 2015

All amounts in thousands of reais unless otherwise stated

The presentation of the parent company and consolidated Statement of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies. The International Financial Reporting Standards (IFRS) do not require the presentation of this statement. Consequently, for IFRS purposes, this statement is presented as supplementary information.

1.3 Changes in accounting policies and disclosures

The following amendment to standards and interpretations, effective as from January 1, 2015, which was adopted by the Group is:

- Revision of CPC 07 - Equity accounting method.

The following amendments to standards and interpretations, effective as from January 1, 2015, did not have material impacts on the Group:

- CPC 15/IFRS 3 - Business combinations;
- CPC 46/IFRS 13 - Fair value measurement;
- CPC 05/IAS 24 - Related parties;
- CPC 22/IFRS 8 - Segment reporting.

Other amendments and interpretations, which are effective for the financial year beginning on January 1, 2015 are not material to the Group.

1.4 Consolidation

The Company consolidates all entities which it controls, as described in Note 5 (b), in accordance with the description in Note 30.1.

Section B - Risks

2 Critical accounting estimates, assumptions and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of derivative financial instruments

The fair value of derivative financial instruments is determined by using valuation techniques. The Group uses judgment to select among a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Ouro Fino Saúde Animal Participações S.A.

Notes to the financial statements at December 31, 2015

All amounts in thousands of reais unless otherwise stated

(b) Provision for impairment of trade receivables

Impairment is established when there is objective evidence that the companies will not be able to recover all the amounts due. The calculation of the provision is based on a reasonable estimate to cover probable losses on the realization of receivables, taking into consideration the situation of each customer and respective guarantees.

(c) Deferred income tax and social contribution

The balances of deferred income tax and social contribution assets, arising from income tax and social contribution losses, were recognized based on the expectation of future realization, supported by projections of results made by management, which consider the typical development of business and markets, according to the currently known scenarios.

(d) Review of the useful lives of property, plant and equipment

The recovery capacity of the assets that are used in the Group's activities is evaluated whenever events or changes in circumstances indicate that the carrying amount of assets or group of assets may not be recoverable based on future cash flows. If the carrying amount of these assets is higher than their recoverable value, the carrying amount is adjusted and the useful lives revised to new levels.

(e) Provision for contingencies

The Group is a party to labor, civil and tax lawsuits at various court levels. Provisions for contingencies, to cover expected losses on proceedings in progress are established and updated based on management's assessment, according to the opinion of its legal counsel, and require a high level of judgment on the matters involved.

(f) Fair value of the share option plan

The fair value attributed to the options granted was determined using the Black-Scholes-Merton pricing model, which takes into consideration the value of the share, the price of exercise, the time to elapse up to the exercise of the option, the likelihood of the option being exercised, the historical volatility, the dividend rate and the risk-free interest rate.

(g) Impairment of intangible assets

The Group annually tests product development balances in intangible assets for impairment, whenever possible through the discounted cash flow method, considering, among other aspects:

- (i) assumptions of future revenue generation, based on market dimensions (current and expected) and on the Group's planned market share;
- (ii) estimates of direct and indirect manufacturing costs; and
- (iii) commercial expenditures, such as marketing, commission, freight and storage expenses.

Ouro Fino Saúde Animal Participações S.A.

Notes to the financial statements at December 31, 2015

All amounts in thousands of reais unless otherwise stated

The projection period covers five or more years as from the estimated launching date, depending on the estimates of the product's life cycle, market development and level of associated technological innovation. Provisions are recorded when the recoverable amount (net present value of cash flow) is below the amount of the recorded asset, pursuant to the Company's accounting policy presented in Note 30.8.

3 Financial risk management

3.1 Financial risk factors

The activities of the Group companies expose them to financial risks mainly related to foreign exchange variations, fluctuation in interest rates, credit and liquidity. The objective of risk management is to reduce potential unexpected variations in the results arising from the aforementioned risks. The Group manages financial risks as the basis for its growth strategy and satisfactory cash flows. The Group has a Finance Committee that establishes management strategies regarding such exposures, which could include the utilization of derivative or non-derivative financial instruments for hedging potential risks.

The Group monitors the levels of exposure to each market risk (foreign exchange variation and interest rate) through an analysis based on accounting exposure and future cash flow projections.

(a) Market risk

(i) Foreign exchange risk

This risk arises from the possibility of the Group incurring unexpected losses due to fluctuations in foreign exchange rates which reduce the amount of assets and increase liabilities. The Group is mainly exposed to the fluctuation in the U.S. dollar exchange rate.

In order to protect from foreign exchange risks, when necessary, the Group utilizes derivative transactions, mainly exchange rate swap.

Swaps, classified as derivatives at fair value through profit or loss, were contracted to exchange the charges on borrowings initially obtained in foreign currency for charges based on the Interbank Deposit Certificate (CDI) rate variation, as well as to exchange interest rates initially contracted as fixed for variable rates. Gains and losses are recognized in "Finance result" in the statement of income, because hedge accounting is not currently adopted.

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The following table presents the carrying amount of the assets and liabilities denominated in U.S. dollars:

	<u>2015</u>	<u>2014</u>
Assets in foreign currency		
Cash and cash equivalents	2,221	2,266
Trade receivables	18,941	13,965
Advances to suppliers	3,113	10,820
	<u>24,275</u>	<u>27,051</u>
Liabilities in foreign currency		
Borrowings (*)	810	817
Trade payables	12,826	11,330
Advances from customers		1
	<u>13,636</u>	<u>12,148</u>
Net exposure - assets	<u>10,639</u>	<u>14,903</u>

(*) The balance of borrowings in foreign currency does not consider working capital amounting to R\$ 57,005 (2014 - R\$ 63,648), because exchange rate swap has been contracted.

The assets and liabilities denominated in foreign currency are regularly monitored through the estimated cash flows of incoming and outgoing foreign exchange assets and liabilities. The amount of assets and liabilities in foreign currency fluctuates during a year, which may or may not cause a mismatch. Consequently, in order to mitigate risks arising from foreign exchange variations, whenever required, derivative transactions may be contracted.

In the table below five scenarios are presented, considering the changes in the quotation of the real against the U.S. dollar.

		Impact of the appreciation/depreciation of the U.S. dollar on the portfolio balance					
		3.90	4.23	3.17	2.12	5.29	6.35
Assets/liabilities	Risk	2015	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
			<i>(pro babk)</i>	(US\$ depreciation - 25%)	(US\$ depreciation - 50%)	(US\$ appreciation - 25%)	(US\$ appreciation - 50%)
Cash and cash equivalents	US\$ depreciation	2,221	185	(602)	(1,203)	602	1,203
Trade receivables	US\$ depreciation	18,941	1,581	(5,130)	(10,261)	5,130	10,261
Advances to suppliers	US\$ depreciation	3,113	260	(843)	(1,686)	843	1,686
Borrowings	US\$ appreciation	810	(68)	219	439	(219)	(439)
Trade payables	US\$ appreciation	12,826	(1,070)	3,474	6,948	(3,474)	(6,948)
Net effect		<u>10,639</u>	<u>888</u>	<u>(2,882)</u>	<u>(5,763)</u>	<u>2,882</u>	<u>5,763</u>

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(ii) Interest rate risk

This risk arises from the possibility that the Group may incur losses due to adverse fluctuations in interest rates. The Group's interest rate risk primarily arises from borrowings. The indebtedness is mainly subject to the fixed interest rates and the Interbank Deposit Certificate (CDI) rate. The Group seeks to maintain a stable relation between its long and short-term indebtedness, maintaining a higher proportion in the long-term. As regards financial investments, the index is the CDI rate.

The Group continuously monitors market interest rates in order to assess the need to contract new derivatives to hedge against the volatility risk of these rates.

The Group understands that at present the fluctuations in interest rates do not significantly affect its finance result, since in 2015, 56.4% (2014 - 49.3%) of its borrowings are subject to fixed interest rates.

(b) Credit risk

The Group is potentially subject to credit risk related to trade receivables, financial investments and derivatives. To limit the risk associated with financial assets, especially financial investments, the Group carries out transactions only with prime financial institutions.

The credit risk is mitigated through the broad customer base and careful selection of customers by business segment (production animals and companion animals), in addition to the utilization of guarantees, establishment of individual exposure limits and a well-defined credit policy that utilizes credit risk modeling, through which a rating and credit risk level is attributed to each customer, based on the Group's 28 years of experience in the market.

The Group has a Credit Committee that establishes guidelines and assesses and monitors the levels of credit risk that the Group is willing to accept in the course of its business.

In addition to the risk mitigations established in credit policies, the Group has credit insurance coverage contracted for a portion of its sales.

The Group classifies its customers portfolio through risk evaluation methodologies developed with the purpose of expressing the real risk of its customers. Weights are attributed to each indicator and a rating is defined based on their combination. The Group's synthetic credit risk rating for its customers is defined according to ratings ranging from "AA" (the lowest risk) to "E" (the highest risk) (Note 8).

(c) Liquidity risk

This is the risk of the Group not having sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

The Group adopts a responsible policy for managing its financial assets and liabilities, which is monitored by the Chief Financial Officer through operating strategies to ensure liquidity, profitability and security.

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Cash flow forecasting is based on the approved budget and subsequent adjustments, which takes into consideration, besides all the operating plans, the plan for raising funds to support planned investments and the maturity schedule of the debts. The treasury area monitors daily the forecasts included in the cash flow projections to ensure the Group has sufficient cash to meet operational needs. Additionally, the Group has pre-approved credit facilities available to increase and strengthen its liquidity position.

Cash and cash equivalents are primarily invested in Bank Deposit Certificates (CDBs) and Repurchase Agreements, corresponding to highly liquid instruments.

The Group maintains its gearing ratio in a manner that does not jeopardize its payment capacity and investments. As established by a guideline, the highest percentage of indebtedness should be allocated to the long-term.

The table below analyzes the financial liabilities into relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Consolidated			
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
At December 31, 2015				
Trade payables	29,450			
Borrowings (*)	70,870	138,263	24,644	15,327
Derivative financial instruments, net	1,275	(1,713)		
Dividends and interest on capital	16,433			
Other liabilities	45,554	1,153	2,688	
	<u>163,582</u>	<u>137,703</u>	<u>27,332</u>	<u>15,327</u>
At December 31, 2014				
Trade payables	22,390			
Borrowings (*)	113,048	60,987	59,139	339
Derivative financial instruments, net	(10,364)	1,164		
Dividends and interest on capital	8,959			
Other liabilities	39,248	799	1,001	7,878
	<u>173,281</u>	<u>62,950</u>	<u>60,140</u>	<u>8,217</u>

(*) As the amounts included in the table are the contractual undiscounted cash flows, and therefore include future financial charges, these amounts will not reconcile to the amounts disclosed on the balance sheet for borrowings.

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3.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders, maintaining a strong credit classification in order to support business and maximize value for the stockholders.

The Group manages the capital structure and adjusts it considering changes in the economic situation. The capital structure arises from the selection between own capital (capital contributions and profit retention) and third-party capital to finance the Group's operations. The Group monitors capital on the basis of the gearing ratio, which can be measured using several indexes.

The gearing ratios in 2015 and 2014 are as follows:

		Consolidated	
	Note	2015	2014
Borrowings	18	216,487	215,653
Derivative financial instruments, net	10	(438)	(9,200)
Cash and cash equivalents	9	(23,380)	(72,453)
Net debt		192,669	134,000
Equity	20	380,309	330,157
Total capital		572,978	464,157
Gearing ratio (%)		33.63	28.87

3.3 Fair value estimation

The fair value of the financial instruments contracted by the Group is measured based on information obtained from the financial institutions and prices quoted in an active market based on the standard market pricing methodology, which comprises measuring their nominal value up to the due date and discounting this to present value at future market rates.

The Group evaluates, at the reporting date, if there is objective evidence that a financial asset or a group of financial assets is impaired in relation to its recoverable value.

The carrying amounts of trade receivables, less provision for impairment, and payables are assumed to approximate their fair values, especially considering term and nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial instruments are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of hierarchy.

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All the Group's financial instruments have been classified as Level 2 "Other observable significant data", as shown below.

As per balance sheet	Classification	Consolidated	
		2015	2014
Assets - Derivative financial instruments			
Exchange rate swap	Level 2	1,735	10,376
Liabilities - Derivative financial instruments			
Interest rate swap	Level 2	(1,297)	(1,176)
		<u>438</u>	<u>9,200</u>

Section C - Segment reporting

4 Segment reporting

The Board of Directors is the chief decision-maker and has determined the operating segments based on strategic business decisions. The segments are:

- Production animals - sale in the domestic market of veterinary drugs, vaccines and other products for cattle, pigs, poultry, sheep, horses and goats.
- Companion animals - sale in the domestic market of veterinary drugs and other products for dogs and cats.
- International operations - sale in the foreign market, mainly to Latin American countries, of veterinary drugs, vaccines and other products for production and companion animals.

The manufacture of the products takes place at industrial facilities in the city of Cravinhos, State of São Paulo.

Sales are widely dispersed and, therefore, there are no customers representing more than 10% of net revenue.

Assets and liabilities, general and administrative expenses, other income, net, finance result and income tax and social contribution are analyzed on a joint basis and, therefore, are not presented by business segment.

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The results by segment are as follows:

	Year ended 12/31/2015			
	Business segment			Total
	Production animals	Companion animals	International operations	
Net revenue	435,717	62,378	35,950	534,045
Cost of sales	(209,210)	(15,264)	(12,210)	(236,684)
Gross profit	226,507	47,114	23,740	297,361
Selling expenses	(130,390)	(19,634)	(11,594)	(161,618)
Result - Segmented	96,117	27,480	12,146	135,743
Result - Not segmented				(66,536)
Profit for the year				69,207

	Period from 4/10/2014 to 12/31/2014			
	Business segment			Total
	Production animals	Companion animals	International operations	
Net revenue	264,084	43,699	19,577	327,360
Cost of sales	(118,861)	(6,913)	(7,637)	(133,411)
Gross profit	145,223	36,786	11,940	193,949
Selling expenses	(89,054)	(10,736)	(3,807)	(103,597)
Result - Segmented	56,169	26,050	8,133	90,352
Result - Not segmented				(52,162)
Profit for the period				38,190

The breakdown, by country, of revenues from international operations is as follows:

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Mexico	12,674	4,499
Arab Emirates	4,326	728
Colombia	3,517	2,004
Bolivia	3,040	567
Paraguay	2,621	1,486
Ecuador	2,159	250
Venezuela		5,131
Other	7,613	4,912
	35,950	19,577

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Section D - Group structure

5 Investments

(a) Changes in investments

	Parent company	
	2015	2014
At the beginning of the year/period	231,169	
Net assets merged (*)		203,834
Equity in the results of investees	71,332	44,813
Acquisitions of quotas (**)		1,222
Capital payment with advances for future capital increase (***)	132,660	
Capital payment with investments		1,073
Share options granted	1,470	
Interest on capital	(5,539)	(4,000)
Dividends received	(40,615)	(15,884)
Exchange variation of foreign investments	633	111
At the end of the year/period	<u>391,110</u>	<u>231,169</u>

(*) Refers to the merger of net assets consisting of investments of Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de México, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., based on an appraisal report at book value as of April 30, 2014, issued by independent appraisers.

(**) Refers to the repurchase of 990,117 quotas from minority stockholders of the subsidiary Ouro Fino Agronegócio Ltda. and 738 quotas from the subsidiary Ouro Fino Pet Ltda., as resolved in the Stockholders' Extraordinary General Meeting held on September 25, 2014. The acquisition amount differs from the book value of the share of the investments acquired by R\$ 3,347 and R\$ 21, respectively. The difference (loss) was recognized directly in the Company's equity, pursuant to item 23 of CPC 36 (R3), because it relates to a transaction with minority stockholders.

(***) On February 10, 2015, an increase in the capital of the subsidiary Ouro Fino Agronegócio Ltda. from R\$ 79,772 to R\$ 80,622 was approved, with advances for future capital increase made by the Company in the amount of R\$ 850. On February 25, July 6 and December 31, 2015, increases in the capital of the subsidiary Ouro Fino Saúde Animal Ltda. from R\$ 87,064 to R\$ 218,874 were approved, with advances for future capital increase made by the Company in the amounts of R\$ 103,410, R\$ 25,000 and R\$ 3,400, respectively.

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(b) Equity interest in investments

Name	Country	Business	Direct holding	Indirect holding
(i) Ouro Fino Saúde Animal Ltda.	Brazil	Research, development, production and sale of veterinary drugs, vaccines and other products. The sales in the domestic market are carried out through the companies mentioned in items (ii and (iii) below. The sales in the foreign market are carried out directly with third parties and through the companies mentioned in items (iv) and (v) below. This company also provides manufacturing services to order from third parties.	100.00%	
(ii) Ouro Fino Agronegócio Ltda.	Brazil	Sale in the domestic market of veterinary drugs, vaccines and other products for production animals purchased from the company mentioned in item (i) and from third parties.	100.00%	
(iii) Ouro Fino Pet Ltda.	Brazil	Sale in the domestic market of veterinary drugs and products and related goods for companion animals purchased from the company mentioned in item (i).	100.00%	
(iv) Ouro Fino de México, S.A. de CV	Mexico	Sale, exclusively in Mexico, of veterinary drugs and other products purchased from the company mentioned in item (i).		96.43%
(v) Bracol Agronegócio S.A.S	Colombia	Sale, exclusively in Colombia, of veterinary drugs and other products purchased from the company mentioned in item (i).		100.00%

(c) Summarized financial information

Set out below is the summarized financial information for subsidiaries.

(i) Summarized balance sheet

	2015				
	Subsidiaries				
	Direct			Indirect	
Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S	
Current					
Assets	176,630	217,371	26,915	11,273	6,995
Liabilities	(84,606)	(82,709)	(3,658)	(8,135)	(8,040)
Current assets (liabilities), net	92,024	134,662	23,257	3,138	(1,045)
Non-current					
Assets	288,616	24,040	569	439	1,190
Liabilities	(131,637)	(33,318)	(179)		(2,205)
Non-current assets (liabilities), net	156,979	(9,278)	390	439	(1,015)
Equity (net capital deficiency)	249,003	125,384	23,647	3,577	(2,060)

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	2014			
	Subsidiaries			
	Direct			Indirect
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.
Current				
Assets	186,359	221,786	35,603	5,077
Liabilities	(149,317)	(90,909)	(7,537)	(2,696)
Current assets, net	37,042	130,877	28,066	2,381
Non-current				
Assets	239,504	22,619	355	98
Liabilities	(170,070)	(54,132)	(258)	
Non-current assets (liabilities), net	69,434	(31,513)	97	98
Equity	106,476	99,364	28,163	2,479

(ii) Summarized statement of income

	Year ended 12/31/2015				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S
Net sales revenue	304,960	420,057	66,052	12,674	2,798
Profit (loss) before income tax and social contribution	6,598	63,184	25,712	665	(1,960)
Income tax and social contribution	2,246	(19,634)	(2,685)	(250)	156
Profit (loss) for the year	8,844	43,550	23,027	415	(1,804)

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	Period from 4/10/2014 to 12/31/2014			
	Subsidiaries			
			Direct	Indirect
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.
Net sales revenue	168,212	265,533	43,699	4,499
Profit before income tax and and social contribution	3,628	39,512	19,712	1,610
Income tax and social contribution	(471)	(13,771)	(1,633)	(812)
Profit for the period from continuing operations	3,157	25,741	18,079	798
Loss from discontinued operations		(688)		
Profit for the period	<u>3,157</u>	<u>25,053</u>	<u>18,079</u>	<u>798</u>

(iii) Statement of comprehensive income

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Ouro Fino Saúde Animal Ltda. (direct subsidiary)		
Profit for the year/period	8,844	3,157
Other comprehensive income	633	111
Total comprehensive income	<u>9,477</u>	<u>3,268</u>

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(iv) Summarized statement of cash flows

	Year ended 12/31/2015				
	Subsidiaries				
	Direct		Indirect		
Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S	
Cash flows from operating activities					
Cash provided by (used in) operating activities	(3,920)	23,870	26,441	1,577	(571)
Interest paid	(4,793)	(2,993)			
Income tax and social contribution paid		(19,259)	(2,564)		
Net cash provided by (used in) operating activities	(8,713)	1,618	23,877	1,577	(571)
Net cash used in investing activities	(53,584)	(2,967)	(206)	(509)	(89)
Net cash provided by (used in) financing activities	42,738	(26,227)	(27,615)		581
Net increase (decrease) in cash and cash equivalents	(19,559)	(27,576)	(3,944)	1,068	(79)
Cash and cash equivalents at the beginning of the year	30,274	32,660	9,206	302	385
Exchange gains on cash and cash equivalents	105	70			
Cash and cash equivalents at the end of the year	10,820	5,154	5,262	1,370	306

	Period from 4/10/2014 to 12/31/2014			
	Subsidiaries			
	Direct		Indirect	
Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	
Cash flows from operating activities				
Cash provided by (used in) operating activities	(66,256)	65,732	25,682	(87)
Interest paid	(2,403)	(5,511)		
Income tax and social contribution paid		(4,935)	(1,080)	
Net cash provided by (used in) operating activities	(68,659)	55,286	24,602	(87)
Net cash provided by (used in) investing activities	(24,788)	7,657	(280)	
Net cash provided by (used in) financing activities	119,571	(39,571)	(15,883)	
Net increase (decrease) in cash and cash equivalents	26,124	23,372	8,439	(87)
Cash and cash equivalents at the beginning of the period	3,994	9,273	768	389
Exchange gains on cash and cash equivalents	155	15		
Cash and cash equivalents at the end of the period	30,273	32,660	9,207	302

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(d) Reconciliation of financial information of investments

	Ouro Fino Saúde Animal Ltda.		Ouro Fino Agronegócio Ltda.		Ouro Fino Pet Ltda.		Subsidiaries Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Equity at January 1	106,476	103,208	99,364	78,311	28,163	25,967	234,003
Profit for the year/period	8,844	3,157	43,550	25,053	23,027	18,079	75,421	46,289
Payment of capital with advances for future capital increase	131,810		850				132,660	
Share options granted	1,240		159		71		1,470	
Distribution of dividends and interest on capital			(18,539)	(4,000)	(27,615)	(15,883)	(46,154)	(19,883)
Foreign exchange variation of foreign investments	633	111					633	111
Equity at December 31	249,003	106,476	125,384	99,364	23,646	28,163	398,033	234,003
Percentage holding (%)	100%	100%	100%	100%	100%	100%		
Share of investments	249,003	106,476	125,384	99,364	23,646	28,163	398,033	234,003
Unrealized profit in inventories	(6,923)	(2,834)					(6,923)	(2,834)
Carrying amount of the investment in the parent company	242,080	103,642	125,384	99,364	23,646	28,163	391,110	231,169

6 Business combinations

On September 15, 2015, the subsidiary Ouro Fino Saúde Animal Ltda. acquired all of the shares of Bracol Agronegócio S.A.S ("Bracol") for R\$ 387. As a result of the acquisition, the Group expects to expand its share in the Colombian market, in line with its strategic plan for growth in Latin America.

Goodwill of R\$ 618, arising from the acquisition is attributable to expected profitability in the investee. According to the current legislation, the goodwill recognized is not expected to be deductible for income tax purposes.

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The following table summarizes the consideration paid for the share acquired, the fair value on the acquisition date of the identifiable assets acquired and liabilities assumed and the goodwill determined:

	Carrying amounts	Adjustments to fair value	Adjusted values	Purchase price composition
(a) Consideration paid				387
Fair values of identifiable assets acquired and liabilities assumed				
Cash and cash equivalents	385		385	
Trade receivables	403		403	
Inventories	591	262	853	
Taxes recoverable	212		212	
Deferred income tax and social contribution		417	417	
Intangible assets	2	940	942	
Property, plant and equipment	28		28	
Other assets	276		276	
Trade payables	(1,121)		(1,121)	
Borrowings	(577)		(577)	
Salaries and social charges	(11)		(11)	
Taxes payable	(3)		(3)	
Provision for contingencies		(1,204)	(1,204)	
Other liabilities	(831)		(831)	
(b) Total amount of assets and liabilities of the investee	<u>(646)</u>	<u>415</u>	<u>(231)</u>	
(c) Interest acquired				100.00%
(d) Investment - (b x c)			<u>(231)</u>	
(e) Goodwill arising from acquisition (a - d)				<u>618</u>

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Section E - Selected significant notes

7 Financial instruments by category

	2015			2014		
	Parent company	Consolidated	Parent company	Consolidated	Parent company	Consolidated
	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables
Assets as per balance sheet						
Cash and cash equivalents	468		23,380	11		72,453
Derivative financial instruments		1,735			10,376	
Accounts receivable			225,740			178,111
Related parties	5,615		1,870	108,658		998
Other assets, except for prepaid expenses			10,124	12		5,458
	<u>6,083</u>	<u>1,735</u>	<u>261,114</u>	<u>108,681</u>	<u>10,376</u>	<u>257,020</u>
	2015			2014		
	Parent company	Consolidated	Parent company	Consolidated	Parent company	Consolidated
	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities
Liabilities as per balance sheet						
Trade payables			29,450			22,390
Derivative financial instruments		1,297			1,176	
Borrowings			216,487			215,653
Dividends and interest on capital	16,433		16,433	8,959		8,959
Related parties	119		660			
Commissions on sales			7,313			5,669
Other liabilities	16		4,790	420		5,468
	<u>16,568</u>	<u>1,297</u>	<u>275,133</u>	<u>9,379</u>	<u>1,176</u>	<u>258,139</u>

8 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The balances of bank current accounts, repurchase agreements and bank deposits (CDBs) amounting to R\$ 23,344 (2014 - R\$ 72,400) were held in prime financial institutions rated as BB+ by Standard & Poor's.

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The balances of trade receivables are evaluated as described in Note 3.1 (b), as follows:

	Consolidated	
	2015	2014
AA	70,081	57,652
A	83,036	55,468
B	32,773	31,631
C	21,910	22,987
D	17,631	11,275
E	3,069	2,508
	228,500	181,521

9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, as well as investments in Bank Deposit Certificates (CDBs) earning up to 100.0% of the Interbank Deposit Certificate (CDI) rate variation.

	Parent company		Consolidated	
	2015	2014	2015	2014
Cash				
In local currency			6	6
In foreign currency			30	47
			36	53
Banks				
In local currency	14	11	2,746	2,232
In foreign currency			2,191	2,219
	14	11	4,937	4,451
Financial investments				
Repurchase agreements	454		18,365	40,030
Bank Deposit Certificates (CDB)				27,865
Other			42	54
	454		18,407	67,949
	468	11	23,380	72,453

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10 Derivative financial instruments

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Exchange rate and interest rate swap	1,735	1,297	10,376	1,176
Non-current	(1,713)			(1,164)
Current	22	1,297	10,376	12

The notional principal amounts of the outstanding exchange rate swap contracts in 2015 correspond to US\$ 14,500 thousand (2014 - US\$ 23,750 thousand) and of the interest rate swap contracts to R\$ 20,400 thousand (2014 - R\$ 20,400 thousand).

11 Trade receivables

	2015	2014
Domestic customers	209,559	167,556
Foreign customers	18,941	13,965
Provision for impairment of trade receivables	(2,760)	(3,410)
Current	225,740	178,111

The analysis of the maturity of trade receivables is as follows:

	2015	2014
Falling due		
Up to 3 months	133,399	107,816
From 3 to 6 months	60,683	46,199
Over 6 months	17,954	10,760
	212,036	164,775
Past due		
Up to 3 months	7,631	10,126
From 3 to 6 months	2,079	341
Over 6 months	6,754	6,279
	16,464	16,746
	228,500	181,521

The provision for impairment of trade receivables was constituted for receivables overdue over 180 days and without guarantees. Management maintains the appropriate collection procedures in relation to the other overdue receivables and believes that the Group will not incur losses.

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Changes in the provision were as follows:

Merged balance	3,220
Additions, net	190
At December 31, 2014	<u>3,410</u>
Additions, net	1,105
Final write-off	(1,755)
At December 31, 2015	<u><u>2,760</u></u>

12 Inventories

	<u>2015</u>	<u>2014</u>
Finished products	49,386	33,254
Raw materials	34,403	24,347
Packaging materials	9,189	10,431
Semi-finished goods	6,288	6,568
Imports in transit	695	6,021
Advances to suppliers	4,382	3,672
Other	6,765	5,137
Provision for inventory losses	(1,845)	(2,582)
	<u>109,263</u>	<u>86,848</u>

13 Taxes recoverable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
ICMS			32,108	26,161
ICMS, PIS and COFINS on acquisitions of property, plant and equipment			1,010	743
IRRF	201	96	3,747	521
IPI			703	510
PIS and COFINS			1,199	1,402
Other			1,026	97
	<u>201</u>	<u>96</u>	<u>39,793</u>	<u>29,434</u>
Non-current			(32,322)	(22,529)
Current	<u>201</u>	<u>96</u>	<u>7,471</u>	<u>6,905</u>

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Value-Added Tax on Sales and Services (ICMS) credits, which amounted to R\$ 31,698 in 2015 (2014 - R\$ 22,058), were substantially generated by Ouro Fino Saúde Animal Ltda. These credits are generated by exempted sales in intrastate transactions and sales with a sixty-percent reduction in the calculation basis in interstate transactions, with the full/partial maintenance of credits on inputs, pursuant to the ICMS Agreement 100/97.

After the credit balances were inspected, they were considered to be appropriate according to the applicable legislation and can be utilized in the purchase of inputs and machinery and equipment and/or transferred to other Group companies with an interdependence relationship and which regularly calculate ICMS payable. Currently, most of these credits have been subjected to regular inspection processes.

ICMS credits related to 2010, 2011, 2012 and 2013 amounting to R\$ 18,846 were approved by the tax authorities, and R\$ 11,048 were released for immediate use. The residual balance of R\$ 7,798 was temporarily withheld in connection with tax assessment notices which have been discussed at an administrative level and obligations related to the submission of electronic files under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009. Up to 2015, all released credits had already been used.

With respect to fiscal years 2014 and 2015, the requests for accumulated credits will be made through the delivery of the electronic files under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009, which have been prepared by the Company, on the dates established in law.

14 Current and deferred income tax and social contribution (consolidated)

The Company and its subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. determine income tax and social contribution on the taxable profit method, calculated at the rates of 25% for income tax and 9% for social contribution, whereas Ouro Fino Pet Ltda. adopts the deemed profit method. The companies located in Mexico and Colombia calculate their taxes based on the regulations of those countries. Therefore, there is no direct correlation between the amounts presented in the consolidated statement of income and the results that would have been obtained by applying the standard rates mentioned above.

Deferred tax credits related to income tax and social contribution arise substantially from temporary differences.

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(a) **Composition, nature and realization of taxes**

(i) **Deferred income tax and
social contribution assets, net**

	<u>2015</u>	<u>2014</u>
Tax credits on:		
Accumulated income tax and social contribution losses - Business combination	645	
Temporary differences		
Provisions	7,422	2,841
Unrealized profit in inventories	3,567	
Foreign exchange variations - cash basis	738	
Pre-operating expenses written-off	960	
Derivative financial instruments	441	
Provision for contingencies - business combination	482	
	<u>14,255</u>	<u>2,841</u>
Tax liabilities on:		
Temporary differences		
Deemed cost of land	(7,878)	
Derivative financial instruments	(590)	(921)
Appreciation - business combination	(229)	
	<u>(8,697)</u>	<u>(921)</u>
Total assets, net	<u>5,558</u>	<u>1,920</u>

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(ii) Deferred income tax and social contribution liabilities, net

	<u>2015</u>	<u>2014</u>
Tax credits on:		
Temporary differences		
Provisions		(4,311)
Unrealized profit in inventories		(1,460)
Pre-operating expenses written-off		(1,152)
		<u>(6,923)</u>
Tax liabilities on:		
Deemed cost of land		7,878
Foreign exchange variations - cash basis		430
Derivative financial instruments		2,208
Accelerated depreciation		219
		<u>10,735</u>
Total liabilities, net		<u>3,812</u>
Total deferred tax credits	<u>14,255</u>	<u>9,764</u>
Total deferred tax liabilities	<u>8,697</u>	<u>11,656</u>

The deferred income tax and social contribution are presented net, by entity, in the balance sheet.

The net changes in the deferred tax account were as follows:

	<u>2015</u>	<u>2014</u>
Opening balance	(1,892)	3,495
Pre-operating expenses written-off	(192)	(128)
Accumulated income tax and social contribution losses		(5,650)
Derivative financial instruments	2,980	(3,605)
Provisions	270	2,274
Unrealized profit in inventories	2,107	1,460
Exchange rate variations - taxation on cash basis	1,168	239
Provision for contingencies - business combination	482	
Appreciation - business combination	(229)	
Accumulated income tax and social contribution losses - business combination	645	
Accelerated depreciation	219	23
Closing balance	<u>5,558</u>	<u>(1,892)</u>

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The amounts by estimated offset period are as follows:

	<u>2015</u>	<u>2014</u>
Deferred tax assets to be recovered		
within 1 year	12,293	8,899
from 2 to 5 years	1,962	865
	<u>14,255</u>	<u>9,764</u>
Deferred tax liabilities to be settled		
within 1 year	217	3,778
from 2 to 5 years	602	
after 5 years	7,878	7,878
	<u>8,697</u>	<u>11,656</u>

15 Intangible assets

	Merged balance	Additions	Provision for impairment	Write-offs	Amortization	At December 31, 2014
Trademarks and licenses purchased	716				(222)	494
Development and registration of products	37,063	10,497	(776)		(1,953)	44,831
Computer software	17,744	4,601		(37)	(2,497)	19,811
Other	764	400				1,164
	<u>56,287</u>	<u>15,498</u>	<u>(776)</u>	<u>(37)</u>	<u>(4,672)</u>	<u>66,300</u>
At January 1, 2015	Additions	Provision for impairment	Purchase of investments	Write-offs	Amortization	At December 31, 2015
Goodwill on the acquisition of subsidiaries			618			618
Trademarks and licenses purchased	494		942		(759)	677
Development and registration of products	44,831	17,881	(407)	(1,354)	(3,374)	57,577
Computer software	19,811	3,820		(23)	(5,054)	18,554
Other	1,164	264			(164)	1,264
	<u>66,300</u>	<u>21,965</u>	<u>(407)</u>	<u>1,560</u>	<u>(1,377)</u>	<u>78,690</u>

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				2014
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,200		(1,706)	494
Development and registration of products	56,492	(1,285)	(10,376)	44,831
Computer software	25,924		(6,113)	19,811
Other	1,164			1,164
	<u>85,780</u>	<u>(1,285)</u>	<u>(18,195)</u>	<u>66,300</u>
				2015
	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on the acquisition of subsidiaries	618			618
Trademarks and licenses purchased	3,142		(2,465)	677
Development and registration of products	72,612	(1,692)	(13,343)	57,577
Computer software	29,696		(11,142)	18,554
Other	1,428		(164)	1,264
	<u>107,496</u>	<u>(1,692)</u>	<u>(27,114)</u>	<u>78,690</u>

The development and registration of products substantially refer to expenditures for new veterinary drugs of R\$ 52,166 (2014 - R\$ 38,668) and expenditures for the development of a vaccine against foot-and-mouth disease of R\$ 5,411 (2014 - R\$ 6,163). The amortization of intangible assets related to product development and registration was recognized within "Cost of sales".

In 2015, the Group recognized losses for impairment amounting to R\$ 407 (2014 - R\$ 776).

The assumptions utilized to analyze evidence of impairment are disclosed in Note 30.8.

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16 Property, plant and equipment (consolidated)

	Merged balance	Additions	Transfers	Write-offs	Depreciation	At December 31, 2014
Land	24,947					24,947
Buildings and improvements	66,696	1,591	9,260	(1,527)	(1,431)	74,589
Machinery, equipment and industrial facilities	48,462	4,690	4,835	(658)	(2,960)	54,369
Vehicles, tractors and aircraft	10,989	2,669		(7,559)	(1,037)	5,062
Furniture and fittings	2,753	851	1	(153)	(373)	3,079
IT equipment	3,549	641		(149)	(676)	3,365
Construction in progress	14,058	3,704	(14,103)	(630)		3,029
Other	2,648	125	7	(421)	(164)	2,195
	<u>174,102</u>	<u>14,271</u>		<u>(11,097)</u>	<u>(6,641)</u>	<u>170,635</u>

	At January 1, 2015	Additions	For acquisition of investee	Transfers	Write-offs	Depreciation	At December 31, 2015
Land	24,947	38					24,985
Buildings and improvements	74,589			1,735		(2,225)	74,099
Machinery, equipment and industrial facilities	54,369	8,379		3,722	(66)	(5,012)	61,392
Vehicles, tractors and aircraft	5,062	2,058			(711)	(1,546)	4,863
Furniture and fittings	3,079	587		(168)	(14)	(564)	2,920
IT equipment	3,365	1,311			(33)	(1,078)	3,565
Construction in progress	3,029	21,268		(4,597)			19,700
Other	2,195	1,446	28	(692)	(50)	(356)	2,571
	<u>170,635</u>	<u>35,087</u>	<u>28</u>		<u>(874)</u>	<u>(10,781)</u>	<u>194,095</u>
				At December 31, 2014			At December 31, 2015

	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,947		24,947	24,985		24,985	
Buildings and improvements	88,322	(13,733)	74,589	88,359	(14,260)	74,099	2.57%
Machinery, equipment and industrial facilities	81,964	(27,595)	54,369	93,315	(31,923)	61,392	6.12%
Vehicles, tractors and aircraft	14,543	(9,481)	5,062	7,291	(2,428)	4,863	21.07%
Furniture and fittings	6,245	(3,166)	3,079	6,462	(3,542)	2,920	10.30%
IT equipment	9,515	(6,150)	3,365	9,654	(6,089)	3,565	20.65%
Construction in progress	3,029		3,029	19,700		19,700	
Other	4,182	(1,987)	2,195	4,914	(2,343)	2,571	11.72%
	<u>232,747</u>	<u>(62,112)</u>	<u>170,635</u>	<u>254,680</u>	<u>(60,585)</u>	<u>194,095</u>	

The balances of construction in progress substantially refer to the construction of the new plant of the biological products unit amounting to R\$ 10,444 (2014 - R\$ 1,799) and to the works related to the refurbishment/increase in the capacity of the plant for manufacturing vaccines against foot-and-mouth disease of R\$ 5,796. In the period ended December 31, 2014, the reduction in construction in progress refers to the completion of the first phase of the works of the new plant of the biological products unit (laboratories).

The amounts related to operating and financial lease are not significant.

During 2015, borrowing costs totaling R\$ 546 (2014 - R\$ 541) were capitalized, at an average rate of 4.35% (2014 - 4.44%)

Land, buildings and machinery and equipment amounting to R\$ 88,470 (2014 - R\$ 89,087) are pledged as collaterals for borrowings (Note 18).

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17 Trade payables

	<u>2015</u>	<u>2014</u>
Domestic customers	16,624	11,060
Foreign customers	12,826	11,330
	<u>29,450</u>	<u>22,390</u>

18 Borrowings

	<u>Finance charges incurred</u>	<u>Final maturity</u>	<u>2015</u>	<u>2014</u>
In foreign currency				
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.37% p.a. (December 31, 2014 - 2.57% p.a.)	2016	228	817
Export credit note	Exchange variation and weighted average rate of 4.28% p.a.			10,111
Working capital	Exchange variation and Libor rate of 1.15% p.a.	2016	582	
Working capital	Exchange variation and weighted average rate of 2.97% p.a. (December 31, 2014 - 1.68% p.a.)	2018	57,005	53,537
In local currency				
FINEP (Technological innovation)	Weighted average rate of 4.35% p.a. (December 31, 2014 - 4.44% p.a.)	2024	132,890	122,555
BNDES - FINEM	Weighted average rate of 9.80% p.a. (December 31, 2014 - 7.89% p.a.)	2016	1,151	6,268
BNDES - FINAME	Weighted average rate of 6.09% p.a. (December 31, 2014 - 4.50% p.a.)	2023	1,364	1,276
Export credit note	Weighted average rate of 8% p.a. (December 31, 2014 - 8% p.a.)	2016	22,306	20,889
Finance lease	Weighted average fixed interest rate of 16.88% p.a. and variable interest rate of 16.79% p.a. (December 31, 2014 - 12.32% p.a.)	2018	961	200
			216,487	215,653
Current			<u>(57,260)</u>	<u>(103,093)</u>
Non-current			<u>159,227</u>	<u>112,560</u>

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(a) Guarantees for borrowings

The borrowings for research, innovation and development of products obtained from the Fund for Financing of Studies and Projects (FINEP) and which, in 2015 totaled R\$ 132,890 (2014 - R\$ 122,555), are guaranteed by a surety of the related parties Ouro Fino Participações e Empreendimentos S.A., Ouro Fino Saúde Animal Participações S.A. and bank guarantees of R\$ 27,714. No amounts are charged for the guarantees provided.

For the loan obtained with the National Bank for Economic and Social Development (BNDES), mainly for the construction of industrial facilities, purchases of Brazilian equipment and working capital, the Group offered as guarantee the industrial plant of animal health products located in the city of Cravinhos, state of São Paulo, up to the limit of the debit balance of the borrowings, as well as the financed equipment items themselves, in addition to sureties of the controlling interests.

Borrowings for working capital and leases are collateralized by sureties of the parent company and/or controlling interests. Borrowings from the Government Agency for Machinery and Equipment Financing (FINAME) are guaranteed through the statutory lien of the assets financed, in addition to sureties of the parent company and/or controlling interests.

The carrying amounts of borrowings approximate their fair values.

The composition of non-current borrowings is as follows:

	<u>2015</u>	<u>2014</u>
2016		53,682
2017	53,937	31,985
2018	69,043	26,555
2019	7,323	223
2020	7,163	94
2021	7,069	15
2022	7,059	6
2023 to 2024	7,633	
	<u>159,227</u>	<u>112,560</u>

(b) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for working capital borrowings in foreign currency (US\$), which amounted to R\$ 57,005 (2014 - R\$ 63,648), to exchange the charges for those based on the CDI rate variation (Note 10).

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19 Provision for contingencies

Some Group companies are parties to tax, labor and civil lawsuits at various court levels. The provisions for contingencies against potentially unfavorable outcomes of litigation in progress are established and updated based on management's evaluation, as supported by external legal counsel. The provisions are as follows:

	<u>2015</u>	<u>2014</u>
Labor	2,981	2,561
Civil, social security and tax	860	103
	<u>3,841</u>	<u>2,664</u>

In addition, some Group companies are parties to other administrative and judicial disputes, including those related to tax assessments. No provisions were constituted to cover possible losses, based on the opinion of the legal advisors. Disputes for which a favorable outcome was considered as possible totaled R\$ 44,761 (2014 - R\$ 38,938), and mainly corresponded to tax (ICMS) and labor claims.

The changes in the provision for contingencies were as follows:

	<u>2015</u>	<u>2014</u>
Opening balance	2,664	3,918
Additions	1,521	(87)
Acquisition of investee	1,204	
Write-offs	(1,548)	(1,167)
Closing balance	<u>3,841</u>	<u>2,664</u>

20 Equity

(a) Capital

Capital was paid on April 10, 2014 in the amount of R\$ 1, corresponding to 500 shares. After the merger described in Note 1.1, capital was represented by 188,627,485 common shares without par value, fully subscribed and paid in the amount of R\$ 188,626.

At the Extraordinary General Meeting held on August 20, 2014, the stockholders approved the reverse split of all of the common shares representing the capital of the Company, in the ratio of three shares for one share of the same type, and the number of common shares totaled 62,875,828 but the ownership interest remained the same.

At the Extraordinary General Meeting held on September 25, 2014, the following resolutions were approved by the stockholders: (i) a capital increase in the Company by R\$ 3,819, with the issue of 209,521 common shares. The payment was made through the contribution of net assets representing 764,874 quotas issued by the subsidiary Ouro Fino Agronegócio Ltda. and 4,262 quotas of the subsidiary Ouro Fino Pet Ltda., in the amounts of R\$ 3,545 and R\$ 274, respectively, according to the appraisal reports issued on September 19, 2014 by a specialized company, and (ii) the reverse split of all of the common shares representing the capital of the Company, in the ratio of 1.26170698 shares for one share

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of the same type, and the number of common shares totaled 50,000,000, but the ownership interest remained the same.

The amount of the payment made with the contribution of assets of the subsidiaries Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., differed from the book value of the share of the investments acquired (Note 5) by R\$ 2,623 and R\$ 123, respectively. The difference (loss) was recognized directly in the Company's equity, because it relates to a transaction with minority stockholders.

At the Board of Directors' meeting held on October 17, 2014, the issue of 1,923,077 shares was approved, which resulted in a capital increase of R\$ 51,923.

At the Board of Directors' meeting held on November 18, 2014, the issue of 2,019,230 common shares was approved, which resulted in a capital increase in the amount of R\$ 54,520 as a result of the full exercise of the option for distribution of an additional lot of shares within the context of the offering.

In 2015, the Company had 53,942,307 common shares.

(b) Capital reserves

The amounts considered as "Capital reserves" relate to expenditures incurred for the Initial Public Offering (IPO), as shown below:

Description	Basic Operation
Capital increase	106,443
Funding costs	(6,392)
Direct costs (commissions)	(4,264)
Indirect costs (lawyers, auditors, consultants and other)	(8,187)
Costs proportionate to the secondary offering reclassified to profit or loss	6,059
	<u>100,051</u>

(c) Allocation of profit

Profit is allocated as follows, according to the bylaws:

- 5% to the legal reserve, with the balance limited to 20% of the capital;
- minimum dividend of 25% of profit adjusted according to article 202 of Law 6404; and

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- the remaining balance will be distributed by the stockholders representing not less than two-thirds of the voting shares, in accordance with the applicable legal provisions.

Allocation of profit	<u>2015</u>	<u>2014</u>
Profit for the year/period	69,192	37,720
Legal reserve (5%)	<u>(3,460)</u>	<u>(1,886)</u>
Calculation basis for minimum dividends	65,732	35,834
Distributed dividends (25%)	(16,433)	(8,959)
Interest on capital	(5,025)	(3,630)
Withholding tax on interest on capital	723	512
Minimum mandatory dividends	(12,131)	(5,840)

At the Annual General Meeting held on April 28, 2015, the stockholders approved an additional dividend distribution of R\$ 3,931 (R\$ 0.07286693 per share), totaling a dividend distribution of R\$ 12,889 (R\$ 0.23893959 per share) of the profit for the year ended December 31, 2014.

(d) Carrying value adjustments

These refer to the effect of the adoption of the deemed cost for land in subsidiaries on January 1, 2009, as well as to all exchange rate differences resulting from the translation of the balance sheet and the statement of income of the foreign subsidiaries.

(e) Share option plan

At the Extraordinary General Meeting held on December 30, 2014, the stockholders approved the Share Option Plan (the "Plan"), aiming at: (i) stimulating the Company's growth, success and achievement of objectives; (ii) aligning the interests of the Company's stockholders with those of the eligible individuals; (iii) enabling attracting and retaining professionals and service providers, thus stimulating the generation of value for the Company, and (iv) sharing risks and gains equally between stockholders, officers and employees.

The plan is managed by the Board of Directors and, according to its rules, the following can be eligible as beneficiaries: Officers, Employees and Service Providers of the Company or of other companies under its control. The total number of common shares for which options may be granted shall not exceed 1.5% of the total number of common shares of the Company's share capital. The Company's Share Option Plan is available at the Brazilian Securities Commission (CVM).

The vesting period considers that the beneficiaries may exercise their rights in installments of 1/5 (one fifth) of the total shares granted as from the end of the first year from the date of the signature of the Adhesion Agreements, and the same number of shares annually up to the end of the fifth year, provided that the beneficiaries remain continually linked to the Company.

The exercise price will be set based on the average price of the quotations of the Company's shares on the Commodities, Futures and Securities Exchange (BM&FBOVESPA), weighted by the trading volume, within the 60 (sixty) trading sessions prior to the grant, monetarily restated for inflation according to the General Market Price Index (IGP-M).

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The maximum term for the exercise of these share options is 4 (four) years as from the end of the vesting period. Options not exercised according to the terms and conditions established will be automatically canceled, without any compensation.

(i) Options granted

At December 30, 2014, the Board of Directors approved the Plan's Regulations and Adhesion Contracts, as well as defined those elected for the first grant, totaling 809,135 share options, distributed among 17 beneficiaries, as follows:

	Vesting period closing				
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Number of options	161,827	161,827	161,827	161,827	161,827
Exercise price at launch (strike price)	28.22	28.22	28.22	28.22	28.22
Fair value of options granted	9.65	11.16	12.48	13.74	14.9
Maximum exercise price	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023

The fair value attributed to these options was determined based on the Black-Scholes-Merton pricing model, which takes into consideration the value of the share, the price of exercise, the time to elapse up to the exercise of the option, the likelihood of the option being exercised, the historical volatility, the dividend rate and the risk-free interest rate, according to the assumptions below:

	General assumptions and information on the evaluation				
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Vesting period closing					
Price of the share on the granting date	30.61	30.61	30.61	30.61	30.61
Estimated exercise price (strike price)	33.45	35.41	37.46	39.35	41.38
Estimated life time (in years)	3.0	4.0	5.0	6.0	7.0
Expected volatility	26.20%	26.20%	26.20%	26.20%	26.20%
Risk-free interest rate	12.80%	12.60%	12.40%	12.30%	12.20%

In 2015, expenses amounting to R\$ 1,491 with share options were recognized.

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21 Revenue

The reconciliation between gross and net sales and services revenue is as follows:

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Domestic customers		
Gross sales and services	559,192	350,870
Taxes and deductions on sales	(61,097)	(43,087)
	<u>498,095</u>	<u>307,783</u>
Foreign customers		
Gross sales	36,172	19,577
Taxes and deductions on sales	(222)	
	<u>35,950</u>	<u>19,577</u>
	<u>534,045</u>	<u>327,360</u>

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22 Costs and expenses by nature

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Cost of sales				
Variable costs (raw and consumption materials)			152,109	82,053
Personnel expenses			45,218	20,605
Depreciation and amortization			12,167	6,290
Outsourced services			12,269	7,793
Electricity			6,569	2,729
Change in the provision for inventory losses and write-offs			(679)	2,842
Provision for impairment			407	776
Other			8,624	10,323
			<u>236,684</u>	<u>133,411</u>
Selling expenses				
Personnel expenses			62,870	39,118
Sales team expenses			54,694	37,813
Outsourced services			15,855	8,254
Freight charges			13,136	10,490
Depreciation and amortization			4,473	2,732
Telecommunications and electricity			1,584	793
Other			9,006	4,397
			<u>161,618</u>	<u>103,597</u>
General and administrative expenses				
Personnel expenses	1,035	380	27,927	18,260
Funding costs - IPO (Note 20 (b))		6,059		6,059
Depreciation and amortization			3,492	2,291
Outsourced services	450	107	3,669	(2,392)
Travel expenses	24	49	1,087	694
Telecommunications and electricity			852	658
Vehicle expenses	1	81	245	435
Donations and sponsorship			217	329
Other	178	87	2,393	1,834
	<u>1,688</u>	<u>6,763</u>	<u>39,882</u>	<u>28,168</u>
	<u>1,688</u>	<u>6,763</u>	<u>438,184</u>	<u>265,176</u>

23 Other income (expenses), net

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Gains on sale and write-off of PP&E			210	151
Gains on disposal of intangible assets			1,645	
Gains (losses) on sales of scrap, rentals	121	42	(67)	476
Special Tax Refund Regime for Exporters (REINTEGRA)			994	
Federal, state and municipal taxes and charges (*)	(11)	(371)	(493)	(564)
Other losses		(2)	(248)	(68)
	<u>110</u>	<u>(331)</u>	<u>2,041</u>	<u>(5)</u>

(*) In 2015, includes expenses of discontinued operations of R\$ 667.

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24 Finance result

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Interest income				
Gains on derivatives (foreign exchange variation)			14,219	11,068
Foreign exchange variation			7,946	9,113
Income from financial investments	2	51	3,632	1,555
Interest receivable			723	365
Monetary variation			265	274
Other	2		87	263
	<u>4</u>	<u>51</u>	<u>26,872</u>	<u>22,638</u>
Finance costs				
Foreign exchange variation		(9)	(23,691)	(19,169)
Interest payable	(2)		(8,485)	(6,541)
Losses on derivatives (interest)			(2,557)	(3,516)
Finance charges			(1,149)	
Losses on derivatives (foreign exchange variation)			(564)	(893)
Other	(564)	(41)	(1,061)	(593)
	<u>(566)</u>	<u>(50)</u>	<u>(37,507)</u>	<u>(30,712)</u>
Finance result	<u>(562)</u>	<u>1</u>	<u>(10,635)</u>	<u>(8,074)</u>

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25 Income tax and social contribution expense

The income tax and social contribution expense is reconciled to the standard rates as shown below:

	Parent company		Consolidated	
	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Profit before income tax and social contribution	69,192	37,720	87,267	53,417
Standard rates	34%	34%	34%	34%
	(23,525)	(12,825)	(29,671)	(18,162)
Reconciliation to the effective rate:				
Permanent differences:				
Equity in the results of investees	24,253	15,236		
R&D incentive			6,010	600
Adjustment related to the calculation of subsidiary taxed based on the deemed profit method			6,058	5,069
Adjustment related to the calculation of foreign subsidiary taxed based on the rate in effect in that country			(535)	(265)
Interest on capital	(175)		1,708	1,360
Derivative financial instruments				(1,887)
Deferred taxes, not recorded	(553)	(2,386)	(553)	(2,386)
Other permanent differences		(25)	(1,077)	444
Income tax and social contribution			(18,060)	(15,227)
Reconciliation with the statement of income:				
Current			(25,237)	(9,840)
Deferred			7,177	(5,387)
			(18,060)	(15,227)

As required by Law 12,973/14, which became effective on January 1, 2015 (taking into consideration that the Company decided not to early adopt this law), sub-accounts were opened to record the positive and negative differences between the amounts of the assets measured according to the corporate legislation and the amounts measured in accordance with existing accounting policies at December 31, 2007 (Transitional Tax System - RTT), so that the tax effect of these adjustments is recognized only upon the realization of these assets.

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26 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of common shares outstanding during the year/period.

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Profit for the year/period attributable to owners of the parent	69,192	37,720
Weighted average number of common shares in the year/period	53,942	35,604
Basic earnings per share	<u>1.28271</u>	<u>1.05943</u>

(b) Diluted

Diluted earnings per share is calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of common shares during the period, adjusted by the weighted average number of instruments with dilutive effects.

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Profit for the year/period attributable to owners of the parent	69,192	37,720
Weighted average number of common shares in the year/period, considering instruments with dilutive effects	54,012	35,604
Diluted earnings per share	<u>1.28105</u>	<u>1.05943</u>

27 Employee benefits

(a) Private pension plan - defined contribution

The Group sponsors a defined contribution pension plan for employees. The plan was implemented in August 2008 and is managed by Itaú Vida e Previdência S.A. The contributions of the companies into the plan in 2015 totaled R\$ 1,070 (period from April 10, 2014 to December 31, 2014 - R\$ 659).

(b) Profit sharing

The Group offers employees a variable remuneration program, calculated based on quantitative and qualitative goals established by management. In 2015, the amount of the profit-sharing provision was R\$ 8,678 (period from April 10, 2014 to December 31, 2014 - R\$ 7,449).

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28 Balances and transactions with related parties

(a) Main balances and transactions

	Parent company					
						2015
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Pet Ltda.	Ouro Fino Química Ltda.	Stockholders	Other	Total
Main balances						
Current assets						
Other assets (i)			42	448	417	907
Interest on capital		4,708				4,708
Current liabilities						
Dividends and interest on capital				16,433		16,433
Other liabilities (i)	41			78		119
						Year ended 12/31/2015
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino Química Ltda.	Total	
Main operations						
Reimbursement - Shared Services Center		(154)	4	6		(144)
Royalty income					100	100
Other expenses, net		(2)				(2)
						2014
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Química Ltda.	Stockholders	Other	Total
Main balances						
Current assets						
Other assets (i)			44	448	506	998
Interest on capital		3,400				3,400
Non-current assets						
Advances for future capital increase	103,410	850				104,260
Current liabilities						
Other liabilities (i)	41	151	3	78		273
Dividends and interest on capital				8,959		8,959
						Period from 4/10/2014 to 12/31/2014
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Química Ltda.	Total		
Main operations						
Reimbursement - Shared Services Center			(94)	(157)		(251)
Royalty income					42	42
Other expenses, net			(59)	(114)	(49)	(222)

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	Consolidated						
	2015						
	Ouro Fino Participações e Empr. S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	BNDES	Stockholders	Other	Total
Main balances							
Current assets							
Other assets (i)	29	952	24		448	417	1,870
Current liabilities							
Other liabilities (i)		582			78		660
Borrowings				2,743			2,743
Year ended 12/31/2015							
	Ouro Fino Participações e Empr. S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	BNDES	Stockholders	Other	Total
Main operations							
Gross profit from sales of goods					84		84
Reimbursement - Shared Services Center			66	3,171			3,237
Royalty income				100			100
Other income (expenses), net			142	(740)	(855)		(1,453)
Finance income			46				46
Interest on borrowings						(652)	(652)
2014							
	Ouro Fino Participações e Empr. S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	BNDES	Stockholders	Other	Total
Main balances							
Current assets							
Other assets (i)	28	880	78		448	506	1,940
Current liabilities							
Other liabilities (i)		222			78		300
Dividends and interest on capital					8,959		8,959
Borrowings				8,361			8,361
Period from 4/10/2014 to 12/31/2014							
	Ouro Fino Participações e Empr. S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	BNDES	Stockholders	Other	Total
Main operations							
Gross profit from sales of goods					37		37
Reimbursement - Shared Services Center			199	6,934			7,133
Other income (expenses), net			96	278	(609)		(235)
Income from disposal of property, plant and equipment				18			18
Royalty income				42			42
Finance costs				(83)			(83)
Interest on borrowings						(1,487)	(1,487)

(i) Other assets and liabilities

Other assets and liabilities are represented by the reimbursement of expenses, especially expenditures with the Shared Services Center ("CSC"), according to the expense sharing agreement entered into on June 30, 2014.

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(b) Key management compensation

Key management members include directors (executive and non-executive), whose compensation is approved at the Stockholders' Ordinary General Meeting. The compensation paid or payable to key management for their services is shown below:

	Year ended 12/31/2015	Period from 4/10/2014 to 12/31/2014
Salaries	2,563	1,437
Labor charges	176	79
Direct and indirect benefits	146	126
Variable compensation	486	
Share-based payments (i)	515	
	<u>3,886</u>	<u>1,642</u>

- (i) Despite the fact that management does not consider share-based payments as compensation, the amounts under this heading are recorded in this Note, as required by the Technical Pronouncement CPC 05 - Related-party Disclosures.

29 Insurance coverage

The Group had insurance coverage for operating risks and comprehensive civil liability, with a maximum indemnity of R\$ 295,800 in 2015.

Section F - Accounting policies

30 Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the periods presented, unless otherwise stated.

30.1 Consolidation

The following accounting policies are applied in the preparation of the financial statements:

- (a) Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

- (b)** Transactions, balances and unrealized gains between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

30.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"), which is substantially the Brazilian real, except as mentioned in item (c) below. Therefore, the parent company and consolidated financial statements are presented in this currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation, when items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income, as finance income or cost.

(c) Group companies with a functional currency different from the Brazilian real

The results and the financial position of Ouro Fino de México, S.A. de CV and Bracol Agronegócio S.A.S (subsidiaries of Ouro Fino Saúde Animal Ltda.), whose functional currency is different from the presentation currency are translated into the presentation currency as follows:

- (i)** Assets and liabilities for each balance sheet presented are translated at the closing rate of the balance sheet date.
- (ii)** Income and expenses for each statement of income are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- (iii)** All resulting exchange differences are recognized as a separate component of equity, in the account "Carrying value adjustments".

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30.3 Financial assets

30.3.1 Classification

The Group classifies its financial assets, upon initial recognition, in the following categories: loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and which are not classified in the "at fair value through profit or loss" category. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets in this category are classified as current assets. Derivatives are also classified as "held for trading".

30.3.2 Recognition and measurement

Normal purchases and sales of financial assets are recognized on the trade date. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are carried at amortized cost using the effective interest rate method.

30.3.3 Impairment of financial assets

Assets carried at amortized cost

Management assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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30.4 Derivative financial instruments

Derivative financial instruments are contracted with the purpose of hedging transactions against the risks of fluctuations in foreign exchange and interest rates, and are not used for speculative purposes. The Group mainly operates with exchange rate and interest rate swap contracts. Derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Since the Group does not adopt hedge accounting, the changes in the fair value of derivative instruments are recognized immediately in the statement of income within "Finance result".

30.5 Trade receivables

Trade receivables are stated at the original sales amount, plus, when applicable, monetary and foreign exchange variations, and less the provision for impairment of trade receivables. If collection is expected in one year or less, the receivables are classified as current assets. If not, they are presented as non-current assets.

30.6 Inventories

Inventories are stated at the lower of average cost of purchase or production and net realizable value. Cost is determined using the weighted average fixed method. The cost of finished products and work in process comprises raw materials, direct labor, other direct costs and related general production expenses (based on the normal operational capacity). Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and estimated selling expenses. Imports in transit are stated at the accumulated cost of each transaction.

30.7 Current and deferred income tax and social contribution

The income tax and social contribution expenses for the period comprise current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity. In this case, the taxes are also recognized directly in equity.

The current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income. The currently defined tax rates in Brazil of 25% for income tax and 9% for social contribution are utilized to calculate deferred taxes.

The current and deferred income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized on accumulated income tax and social contribution losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. They are determined based on tax rates in effect at the balance sheet date and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Ouro Fino Pet Ltda. calculates income tax and social contribution under the deemed profit method. The deemed profit system is a simplified taxation method to determine the calculation basis of taxes for corporate entities that are not obliged, in the calendar year, to determine taxable income, or whose total gross revenue does not exceed R\$ 78,000.

30.8 Intangible assets

(a) Research and development of products

Research expenditures are recognized as expenses when incurred. Expenditures incurred in the development of products are recognized as intangible assets only if the cost can be reliably measured and when it is probable that they will bring future economic benefits.

The Group evaluates projects based on its own methodology, which considers various analysis structures, and the projects will be successful from the development of "pilots" of the products made according to the requirements of regulatory bodies, accompanied by analyses of financial feasibility.

Capitalized development expenditures are amortized as from the beginning of the sale of the product, using the straight-line method over the period of the expected benefit, which is, on average, 10 years.

The finance charges on borrowings to finance a project are capitalized during the period required to develop the products.

(b) Trademarks and licenses purchased

Separately purchased trademarks and licenses are initially stated at historical cost. Since trademarks and licenses have a defined useful life, they are subsequently carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of approximately 10 years.

Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Amortization is calculated using the straight-line method over the estimated useful lives of between 10 and 18 months.

(c) Computer software

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years on the straight line method.

Costs associated with maintaining computer software are recognized as an expense, as incurred.

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(d) Goodwill on the acquisition of subsidiaries

Goodwill arises from the acquisition of subsidiaries and represents the excess of (i) the consideration transferred, and (ii) the acquisition-date fair value of identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

30.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. This cost was adjusted in subsidiaries to reflect the deemed cost of land on the date of transition to IFRS/CPCs. Depreciation is calculated on the straight-line method, considering the estimated useful lives of the respective assets. The annual depreciation rates are disclosed in Note 16. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part or item is derecognized. All other repairs and maintenance are charged to the statement of income when incurred.

If the carrying amount of an asset is higher than its recoverable value, the Group records a provision for impairment to adjust the carrying amount to the estimated recoverable value.

The costs of borrowings used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for its intended use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income (expenses), net" in the statement of income.

30.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

30.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recorded at the amount of the related invoice.

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30.12 Borrowings

Borrowings are initially recognized on the receipt of funds, net of transaction costs, and are subsequently presented at cost plus charges and interest in proportion to the period elapsed, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

30.13 Employee benefits

(a) Private pension plan

The Group companies sponsor a defined contribution pension plan for their employees. In the defined contribution plan, the companies pay contributions to private pension plans on contractual bases. After the contributions have been made, the companies have no further obligations for additional payments. The regular contributions comprise the net periodic costs for the period in which they are due and are included in personnel expenses.

(b) Profit sharing

The Group recognizes a liability and an expense for profit-sharing in the statement of income. These provisions are calculated based on quantitative and qualitative targets established by management and are recorded as personnel expenses in the statement of income.

(c) Share-based payments

The Company has one share-based compensation plan (stock option plan), duly approved by the Board of Directors, under which it receives services from its executives and third parties as consideration for the share options granted. The premium of these options, calculated on the grant date, is recognized as an expense against equity during the vesting period.

30.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group. Revenue is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of its activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales revenues are adjusted to reflect the effects of a significant financing component when it is expected, at the beginning of the contract, that the period between the sale of products and services and the time the customer pays for those products or services exceeds one year. Where applicable, the adjustment to present value in long-term sales transactions has a corresponding entry in "accounts receivable" and its realization is recorded in "Finance income," according to maturity.

Ouro Fino Saúde Animal Participações S.A.

Notes to the financial statements at December 31, 2015

All amounts in thousands of reais unless otherwise stated

30.15 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to stockholders is recognized as a liability in the financial statements based on the Company's bylaws. Any amount that exceeds the minimum required is only provisioned on the date it is approved by the stockholders at the Ordinary General Meeting.

The tax benefit of interest on capital is recognized in the statement of income, because in substance it represents a decrease in the effective rate of income tax and social contribution.

30.16 New standards that are not yet effective

The following new standards were issued by IASB but are not effective for 2015. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective as from January 1, 2018. It replaces the orientation included in IAS 39 related to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the current incurred loss impairment model. IFRS 9 relaxes the requirements for hedge effectiveness. It also requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually uses for risk management purposes. Management is yet to assess IFRS 9's full impact
- IFRS 15, "Revenue from Contracts with Customers", replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and related interpretations and introduces the principles to be applied by an entity to determine the measurement and recognition of revenue. Effective date is January 1, 2018. Management is yet to assess IFRS 15's full impact.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group's financial statements.

* * *



Management Report - 2015

To Stockholders:

The management of Ouro Fino Saúde Animal Participações S.A. (the “Company”) and its subsidiaries (jointly referred to as “Ouro Fino” or the “Group”) submits for your appreciation the Management Report, the parent company and consolidated financial statements for the year ended December 31, 2015 and the independent auditor's report thereon.

These financial statements have been prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

MESSAGE FROM MANAGEMENT

At the end of 2015 the Company had achieved expected results and a consistent growth. Our revenues increased by 23.6% and reached R\$ 534.0 million. We also had an increase of 21.3% in EBITDA, which totaled R\$ 119.1 million, and an increase of 27.7% in profit, which totaled R\$ 69.2 million.

The production animals segment had an increase in revenues of 25.9%, and totaled R\$ 435.7 million, reflecting a share gain in several lines, as well as an increase in the net sales of the seven new products launched. We would highlight the launches, in August, of Voss Performa, an Eprinomectin-based endectocide focusing on the cattle finishing period, and, in November, of Superhion, an innovative ectoparasiticide, which combines the knock-out effect of the Fipronil molecule with the lasting protection of the Fluzuron molecule.

As regards the companion animals segment, in late 2015 we implemented the “Ouro Fino Pet Distribution” project, which comprises direct sales to pet shops and vet clinics in the Southern and Western regions of the city of São Paulo and aims to be a benchmark for the other 42 distributors of the current network, as well as to hold training courses for the improvement of management practices for various audiences in the companion animals market in Brazil.

In 2015, our international strategic process developed. Our operations in Mexico were extended, with an increase in the sales team and in the customer base. In Colombia, we acquired the local distributor in September, increased the sales team and started the process for registration of new products. We continued working to consolidate our international presence and show consistent results over the next periods.

We had a substantial development in the construction of the new plant of biological products and maintained our planned schedule to obtain the licenses and start the production of the new vaccines in early 2017.

Lastly, as a result of our work, we were considered as the best veterinary company in Latin and South America in 2015, and received the Animal Pharm award.

We continue to be enthusiastic about our business and thank all of you for your confidence in our work.

Dolivar Coraucci Neto
CEO

Fábio Lopes Júnior
CFO and Investor Relations Officer



Management Report - 2015

Brief History

The Company is a listed corporation headquartered in Cravinhos, state of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. in the Novo Mercado (New Market) category. It was established on April 10, 2014 and its objective and main activity is the investment in companies operating in the animal health industry (production and sale of veterinary drugs, vaccines and other products) through three business segments:

- **Production Animals:** Represents the production and sale in the domestic market of veterinary drugs, vaccines and other products for cattle, pigs, poultry, sheep, horses and goats and the rendering of processing services for other companies operating in the same segment;
- **Companion Animals:** Represents the production and sale in the domestic market of veterinary drugs and other products for dogs and cats;
- **International Operations:** Represents the production and sale in the foreign market, mainly to Latin American countries, of veterinary drugs, vaccines and other products for production and companion animals.

To serve its customers the Company has a complete portfolio of animal health products, composed of 119 veterinary products and approximately 4,200 customers, including agricultural product resellers, cooperatives, agribusinesses, farmers and distributors that are present throughout the national territory and abroad. Among the customers, the largest one represents only about 2% of the Company's revenue, and, therefore, there is no concentration that may result in dependence on specific customers.

The economic group of which the Company is part was established in 1987 by its founding partners, Norival Bonamichi and Jardel Massari, initially exclusively for the production of veterinary drugs and other products for production animals (cattle, horses, poultry and pigs).

In the period from 1987 to 1999, the growth was organic and substantially in the production animals line. In 2000, Ouro Fino took the first step towards diversification by also operating in the companion animals market (dogs and cats).

From 2001 to 2004, based on the idea that innovation and technological development are distinguishing features of strategy, Ouro Fino invested in the construction, in the city of Cravinhos, state of São Paulo, of a new and modern technology and industrial complex, considering that the former facilities were no longer appropriate for the expanded operations.

In 2007, investments for entering the biological segment started, with the construction of a modern industrial plant (factory and biosafety level laboratory) for the production of vaccines against foot-and-mouth disease. Works were completed in October 2008, and certification by the Biosafety Committee of the Ministry of Agriculture, Cattle Breeding and Supply (MAPA) was granted in December of the same year. This certification entitled Ouro Fino to receive virus seeds and initiate the development of the vaccine. The license for selling the vaccine was granted by MAPA in October 2010, after two years of development.



Management Report - 2015

Also in 2007, Ouro Fino began the construction of the industrial plant of hormonal therapeutic products, with the objective of developing a portfolio for full Fixed-Time Artificial Insemination protocol. Construction of the plant was completed in early 2008 and the sales of the Company's own production started in the second half of that year.

In 2014, after complying with all legal requirements, the Group completed the public offering process for the primary and secondary distribution of its common shares. The public offering was carried out on the OTC market, as established in CVM Instruction 400.

In 2015, we extended our actions in the foreign market, strengthening our presence in Mexico by increasing the number of the sales team members and our customer base. Also, in September we completed the process for acquisition of our local distributor in Colombia, with a view to expanding our presence in that country.

As a result of our work, we were considered as the best company in Latin and South America in 2015, and received the Animal Pharm award. The award considered aspects such as innovation, development and international strategies in the animal health business.

About the market

The animal health industry comprises the production and sale of veterinary drugs, vaccines and other products for production animals and companion animals. In this market, national and multinational companies operate, and the major multinational players also are (or have been) large companies of the pharmaceutical industry focusing on human health with global operations. This market is primarily divided into ruminants, poultry, pigs, dogs and cats, horses and others.

Considering that ruminants represent 55% of the total animal health market in Brazil (Source: Sindan), the sales of veterinary products for production animals are impacted by a seasonality that is a characteristic of the market, where more significant sales are concentrated in two periods: April/May and October/November. This is due to vaccination campaigns against foot-and-mouth disease in cattle held on a national basis, except in the state of Santa Catarina. Considering that vaccination is mandatory, the farmer usually tries to associate the application of other veterinary products with the FMD vaccine, thus streamlining the management of animals.

In this scenario, Ouro Fino manufactures solutions for cattle, horses, poultry, pigs, goats, dogs and cats in all pharmaceutical forms, including solid, liquid, semi-solid, oral and injectable drugs, pills and vaccines.

In the production animals segment, the solutions comprise anti-inflammatory, anticoccidial drugs, antibiotics, anti mastitis medicines, disinfectants, ectoparasiticides, endectocides, endoparasiticides, hemoparasiticides, inoculants, probiotics, supplements, therapeutic products and products for animal reproduction and vaccines.

For the companion animals segment, solutions include anesthetics, sedatives, anti-inflammatory and antimicrobial drugs, antibiotics, ear and skin products, disinfectants, ectoparasiticides, endoparasiticides and supplements.

The demand for products of the production animals segment has growth potential by factors such as low level of use of proper techniques in the properties, diffusion potential of the use of reproduction protocols, such as the technique of artificial insemination in fixed time (TAI), and potential genetic improvement of Brazilian livestock.



Management Report - 2015

The process for expansion of the agricultural limits over the area formerly designed for cattle breeding and the increase in land prices, which will lead to a reduction in extensive cattle breeding, require that farmers increasingly use proper techniques to get best results in their properties. In this context, the increase in the demand for technology becomes essential for farmers to maintain their businesses competitive in terms of profitability, considering the opportunities presented by agriculture.

According to data from Agroconsult consultancy, this trend can be seen when comparing the pasture areas in relation to the production of arrobas per hectare, where one can note a reduction in the area intended for pastures and an increase in the number of arrobas produced per hectare. This inversely proportional curve shows the trend to use more techniques, that is, to use more animal health products to increase productivity.

Another aspect to be considered is the low use of TAI protocols, which increase the productivity of farmers. The offtake rate, that is, the production in arrobas or heads in any given time period in relation to the initial livestock, is low if compared to more developed countries. The higher the offtake rate, the higher the internal production of the livestock. Therefore, encouraging the use of reproduction techniques such as TAI presents advantages like greater control of management in the properties by reducing the interval between births, optimizing the use of labor, systemic monitoring of the livestock, less disposal of animals for lack of pregnancy, factors directly related to productivity in properties. There is, therefore, room for expansion of the market and the Company.

In this scenario, Ouro Fino maintains a Training and Qualification Center in Guatapar (SP) that receives, on a weekly basis, students for animal breeding courses, which include theoretical and practical classes and a visit to the Company's headquarters. The TAI training course lasts five days and is accredited by the Brazilian Association of Artificial Insemination (Asbia), which provides a certificate to the students. Therefore, the company contributes to the development of the properties and builds relationships and loyalty with customers who benefit from the structure offered by the Company.

Combining products and services is a marketing trend and Ouro Fino considers it already in its mission, when it proposes to offer to the market the best solutions in animal health, contributing to the high performance of the protein production chain. In short, all the investment in technology must be accompanied by investments in labor qualification, another market opportunity.

Furthermore, the Brazilian livestock has been undergoing a genetic improvement, with increased use of European breeds, thus bringing precocity and improving the quality of meat and production of milk, among other advantages. The dissemination of this genetically improved breed results in the use of more inputs, considering the higher susceptibility of these animals to the health challenges faced in Brazil.

For companion animals, the factors to be considered are the increase in the number of companion animals in Brazilian households: the age group of the fastest growing population is between 30 and 49 years; the average number of children per woman has fallen dramatically; the number of elderly has risen; the share of single-person households has risen, according to the National Household Sample Survey (PNAD) (Source: Pnad). There is a trend of this part of the population to acquire companion animals because in this context, there is the fact that the relationship between families and their pets have become increasingly emotional. The change in the status of pets is clear. They are no longer seen as pets, the "friends" of the owners, but have become companion animals, "family members", and no one leaves a "dear one" without basic items such as food, bath, health care, vaccines, etc.



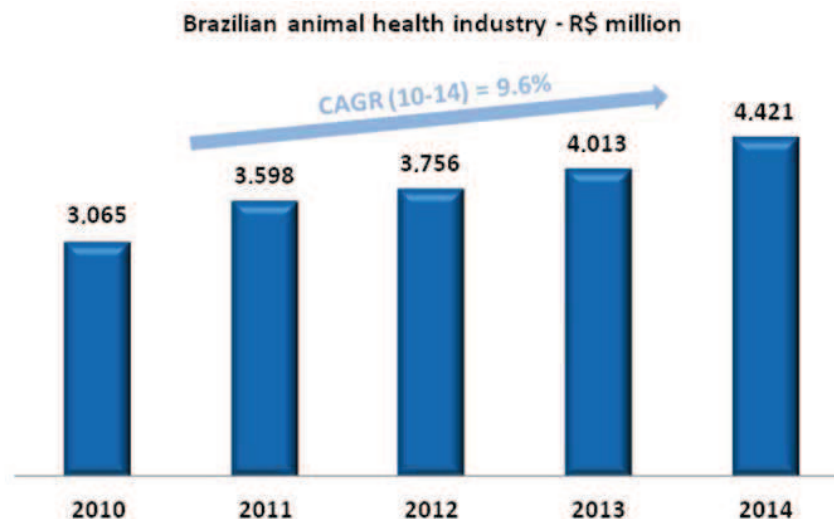
Management Report - 2015

The National Health Survey (PNS 2013) conducted by the Brazilian Institute of Geography and Statistics (IBGE) shows that there are more companion dogs than children in Brazil. In almost 45% of the Brazilian households, the equivalent to 29 million households, there is at least one dog.

In its mission, Ouro Fino states that it works for the longevity of companion animals and is directly inserted in this context.

This scenario and change in the population profile has led to a significant expansion of the pet market, which has been increasing by an average rate of approximately 18% in the last five years (Source: Brazilian Association of Animal Health Product Manufacturers (SINDAN)).

Net Sales in the Veterinary Market



Source: Sindan website

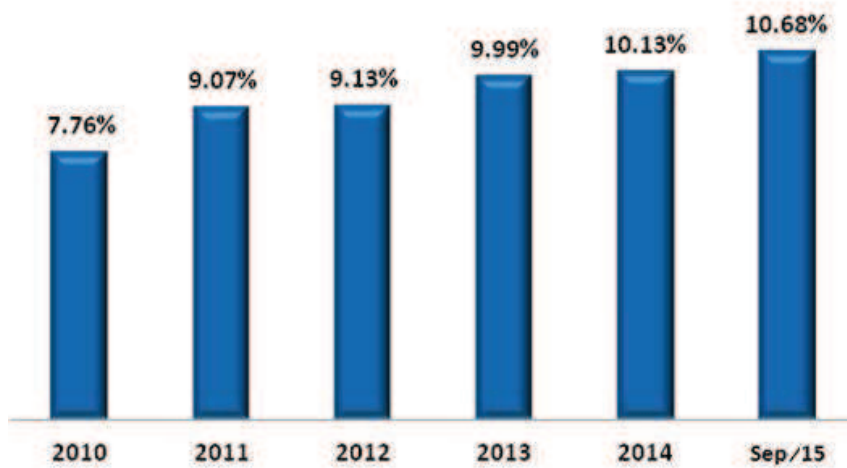
Ouro Fino ranks third in the national ranking of animal health and holds a 9.93% share of this market, based on figures for FY2014, according to SINDAN data.



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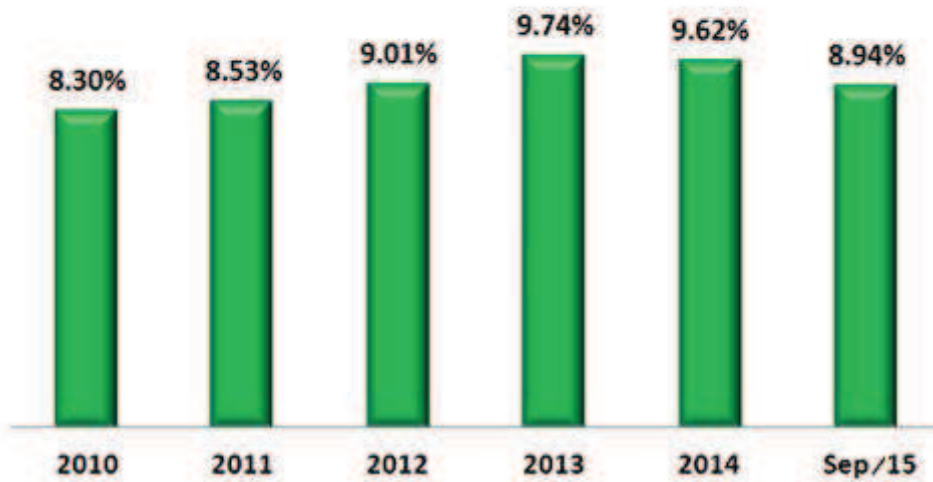
Market Share Evolution

Production Animals



Source: PPE (Sindan (Ouro Fino))

Companion Animals



Source: PPE Sindan (Ouro Fino)



Management Report - 2015

Economic and financial performance

Information on the financial statements

Considering that the Company was established on April 10, 2014, the parent company and consolidated financial statements ("consolidated") for 2015 include information on results for comparison purposes, which do not properly represent all of the operations of the Group. In this context, for 2014, management decided to present in its report information derived from the combined consolidated financial statements ("combined") of the Company's subsidiaries.

This combined financial information for 2014 was also adjusted to better reflect profit from continuing operations, adjusted for extraordinary events, especially to consider expenses of the parent company, not included in combined figures, and to disregard specific expenses related to the process to become a listed company.

Financial performance

<i>R\$ million</i>	2014	2015	Var %
Net revenue	432.2	534.0	23.6%
Cost of sales	(171.9)	(236.6)	37.6%
Gross profit	260.3	297.4	14.3%
<i>(gross margin)</i>	60.2%	55.7%	-4.5 p.p.
Expenses (*)	(179.6)	(199.5)	11.1%
Operating profit	80.7	97.9	21.3%
<i>(operating margin)</i>	18.7%	18.3%	-0.4 p.p.
Finance result	(11.4)	(10.6)	-7.0%
Income tax and social contribution	(15.1)	(18.1)	19.9%
Profit from continuing operations, adjusted	54.2	69.2	27.7%
<i>(adjusted profit margin)</i>	12.5%	13.0%	0.5 p.p.
Adjusted EBITDA	98.2	119.1	21.3%
<i>(adjusted EBITDA margin)</i>	22.7%	22.3%	-0.4 p.p.

(*) In 2014, considers adjustments for operating expenses of the parent company, not included in the combined figures, and IPO related expenses.

Net revenue

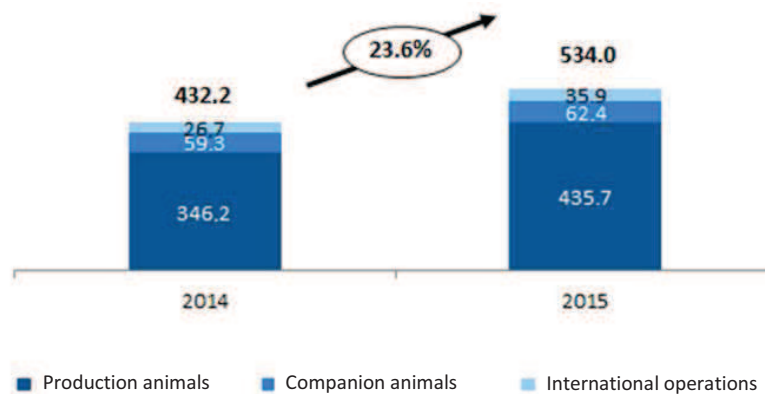
<i>R\$ million</i>	2014	2015	Var %
Net sales revenue	432.2	534.0	23.6%
Production animals	346.2	435.7	25.9%
Companion animals	59.3	62.4	5.2%
International operations	26.7	35.9	34.5%

The Company presented net revenues of R\$ 534.0 million in 2015, which represented an increase of 23.6% in comparison with 2014.



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Net revenue - Evolution (R\$ million)



- The **Production Animals** segment presented net revenues of R\$ 435.7 million in 2015, an increase of 25.9%. In 2015, it is worth highlighting the increase in revenues related to the seven new products launched, and the increase in the sales of the current product line with share gain in various therapeutic classes, especially the antiparasiticides line.
- The **Companion Animals** segment presented net revenues of R\$ 62.4 million in 2015, with an increase of 5.2% in comparison with 2014. Performance below the historical performance levels mainly reflects the Company's decision to bring forward the "Ouro Fino Pet Distribution" project for direct sales to pet shops and vet clinics in the southern and western regions of the city of São Paulo and it also aims to be a benchmark for the other 42 distributors of the current network, with sales in the 1st quarter of 2016.
- The **International Operations** segment presented net revenues of R\$ 35.9 million in 2015, with an increase of 34.5%. This growth was mainly due to the increase in the sales of the subsidiary in Mexico, which grew by 72.2% in Mexican pesos over the prior year, thus reflecting the result of the increase in the number of the sales team members and the expansion of the customer base. Also it is worth highlighting the resumption of sales in Colombia, following the acquisition of the former local distributor in September.

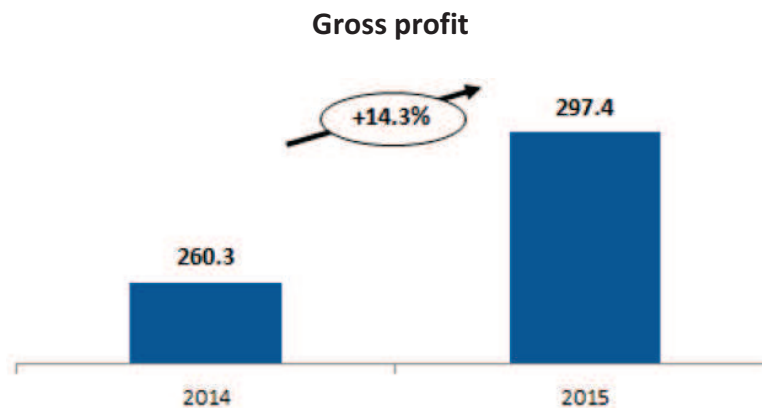


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Cost of sales, gross profit and gross margin

<i>R\$ million</i>	2014	2015	Var %
Cost of sales	(171.9)	(236.6)	37.6%
Gross profit	260.3	297.4	14.3%
<i>(gross margin)</i>	60.2%	55.7%	-4.5 p.p.

Gross profit reached R\$ 297.4 million in 2015, an increase of 14.3% in comparison with 2014. The gross margin decrease in the periods presented is substantially due to not transferring to prices the full increases in costs resulting from the appreciation of the U.S. dollar and the inflation rate for 2015, the strategy for prioritization of the share gain in some products, the sale of a less favorable mix, with higher participation of poultry and pigs and a worst scenario for the prices of vaccines against foot-and-mouth disease.



Selling, general and administrative expenses

<i>R\$ million</i>	2014	2015	Var %
Selling, general and administrative and other expenses	(179.6)	(199.5)	11.1%
<i>Percentage on net revenue</i>	41.6%	37.4%	-4.2 p.p.

Reflecting the Company's efforts for more efficiency in operations and aiming to reduce expenses, in 2015 total selling, general and administrative expenses increased less than net revenues through dilution of expenses. In 2015, these expenses totaled R\$ 199.5 million, a dilution of 4.2 p.p. on net revenues.

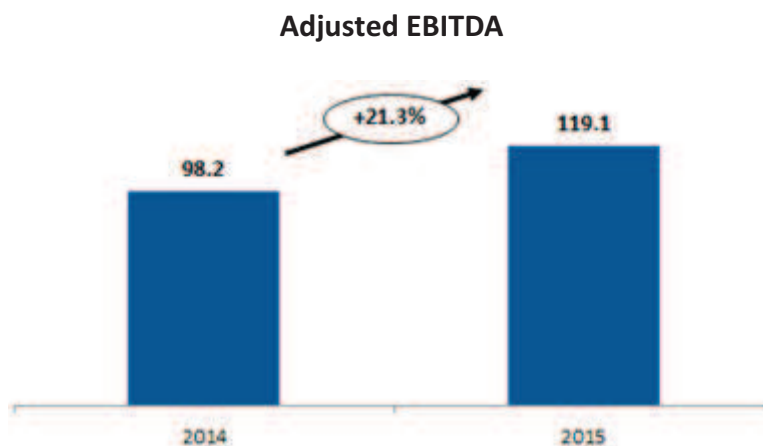


Management Report - 2015

EBITDA and EBITDA margin

<i>R\$ million</i>	2014	2015	Var %
Profit from continuing operations	54.2	69.2	27.7%
(-) Discontinued operations	(1.2)		-100.0%
(+) Operating expenses incurred by parent company	7.1		-100.0%
(-) IPO related expenses	(8.8)		-100.0%
Profit for the period	51.3	69.2	34.9%
(+) Finance result, net	11.4	10.6	-7.0%
(+) Income tax and social contribution	15.1	18.1	19.9%
(+) Depreciation and amortization	16.7	20.1	20.4%
EBITDA	94.5	118.0	24.9%
(+) Discontinued operations	1.2		-100.0%
(-) Operating expenses incurred by parent company	(7.1)		-100.0%
(+) IPO related expenses	8.8		-100.0%
(+) Other	0.8	1.1	37.5%
Adjusted EBITDA	98.2	119.1	21.3%
Net sales revenue	432.2	534.0	23.6%
EBITDA margin	21.9%	22.1%	0.2 p.p.
adjusted EBITDA margin	22.7%	22.3%	-0.4 p.p.

In 2015, adjusted EBITDA was R\$ 119.1 million, an increase of 21.3% in comparison with 2014, with an adjusted EBITDA margin of 22.3%. This result reflects an increase in revenues and the dilution of SG&A expenses, which offset the decrease in gross margin.





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Finance result

R\$ million	2014	2015	Var %
Finance result	(11.4)	(10.6)	-7.0%

Net finance costs in 2015 totaled R\$ 10.6 million against R\$ 11.4 million in 2014. The contribution related to the IPO was partially used to settle debts indexed to the CDI, thus helping the Company to achieve a better finance result in 2015 in comparison with 2014.

Income tax and social contribution

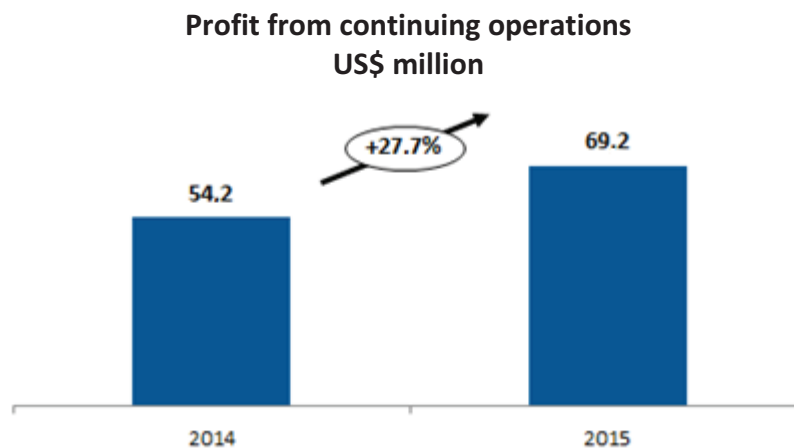
R\$ million	2014	2015	Var %
Income tax and social contribution	15.1	18.1	19.9%
<i>Percentage on profit before income tax and social contribution</i>	<i>21.8%</i>	<i>20.7%</i>	<i>-1.1 p.p.</i>

In 2015, income tax and social contribution totaled R\$ 18.1 million, with the effective rate of 20.7% and decrease of 1.1 p.p. in comparison with 2014.

Profit

R\$ million	2014	2015	Var %
Profit from continuing operations	54.2	69.2	27.7%
<i>(profit margin)</i>	<i>12.5%</i>	<i>13.0%</i>	<i>0.5 p.p.</i>

In 2015, profit totaled R\$ 69.2 million, an increase of 27.7% in comparison with 2014, reflecting a substantial increase in the adjusted EBITDA for the year, as a result of a better business performance in the year.





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Indebtedness

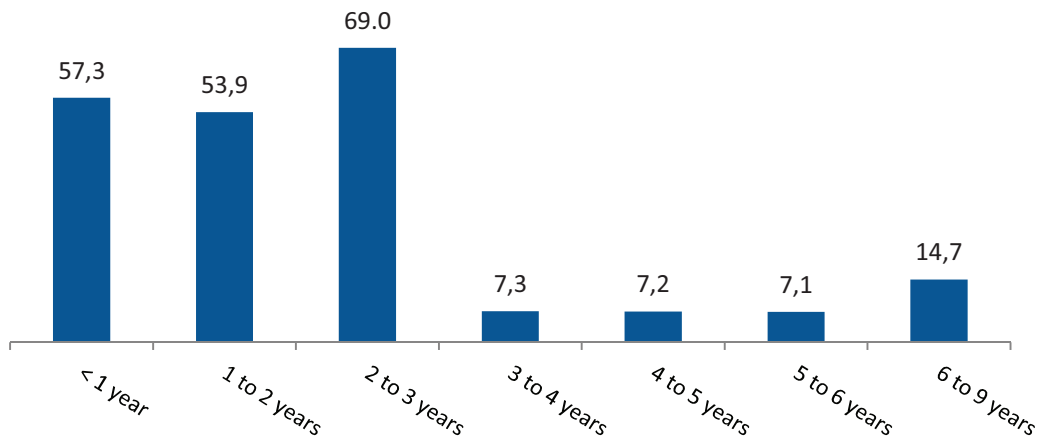
In R\$ million	December 31, 2014	December 31, 2015
Current	103.1	57.3
Non-current	112.6	159.2
Gross debt	215.7	216.5
(-) Derivative financial instruments, net	9.2	0.4
Derivatives net debt	206.5	216.1
(-) Cash and cash equivalents ¹	72.5	23.4
Net debt	134.0	192.7
Average cost of debt (in December)²	7.54%	7.98%
Net debt/Adjusted annual EBITDA	1.37	1.62

Notes:

¹ In 2014, includes R\$ 6.1 in cash of the holding, which was not included in the combined statements.

² Average cost calculated taking into account derivative financial instruments for hedging purposes.

Aging of bank debt



Aging of debt considers the year between January 1 and December 30.



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Industrial Units

Our plants are located in Cravinhos, São Paulo, and are as follows:

- Plant for manufacturing animal health drugs, considered one of the most modern in Latin America, with a built area of approximately 24,840m². The project was conceived under the provisions of Good Manufacturing Practices (GMP). It complies with the concepts established in applicable rules by the Ministry of Agriculture (MAPA), including the most strict world regulatory rules, such as those issued by the Food and Drugs Administration (FDA) in the United States and the European Medicines Agency (EMA) of the European Union.
- A plant for the production of FMD vaccine, with a built area of approximately 5,651m², which is equipped with a biosafety level laboratory (BSL-4), certified by the Ministry of Agriculture and Supply (MAPA), with a capacity to manufacture 50 million doses/year.
- The Plant of Biological Products (scheduled to be completed at the end of 2016), with approximately 6,842m² of built area. It complies with the provisions of Good Manufacturing Practices (GMP) and includes the most strict world regulatory rules, such as those issued by the Food and Drugs Administration (FDA) in the United States and the European Medicines Agency (EMA) of the European Union.

Research, Development and Innovation – RD&I









One of the main targets of the Group is to remain at the technological forefront of the segment, continuously investing in research, development and innovation. The RD&I structure has 6 internal laboratories for the development of new products and an internal team of approximately 120 people, made up of pharmacists, chemists, veterinarians, biologists and engineers.

Furthermore, the Group has partnerships with renowned universities and research centers, including the University of São Paulo – USP, University of Franca - UNIFRAN, Technological Research Institute - IPT, Brazilian Agricultural Research Corporation - EMBRAPA, Oswaldo Cruz Foundation - FIOCRUZ, Butantan Institute, State University of Campinas - UNICAMP, Federal University of São Carlos - UFSCAR, Dom Bosco Catholic University - UCDB, Federal University of Viçosa - UFV and Julio de Mesquita Filho São Paulo State University - UNESP. Partnerships and agreements provide access to significant intellectual capital, innovation and technology, and help recycling methods used in processing our products.



Management Report - 2015

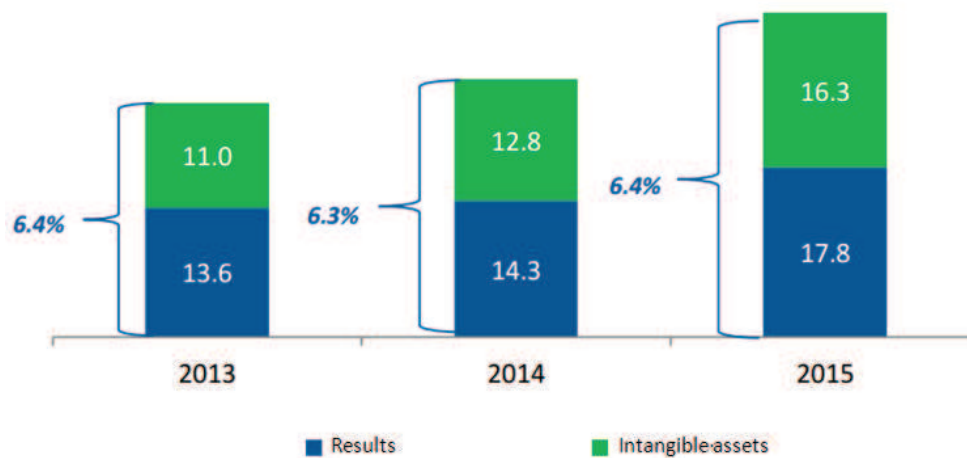
In line with these investments, we launched nine products in 2015:

Launches during 2015					
	Name	Indication	Category	Line	Launched in
	Lactofur	For the treatment of severe infections in dairy and beef cattle and pigs.	Antimicrobial	Production Animals	Mar/15
	Ciprolac Vaca Seca	For the prevention and healing of mastitis (mammary gland infection) in the dry period, for the cows to produce more milk of a better quality.	Antimicrobial	Production Animals	Mar/15
	Isocox	For treatment of black diarrhea.	Other	Production Animals	Apr 15
	Trissulfin SID	For the treatment of infections in intestinal, urinary and respiratory tracts, skin and ear infections and also for the treatment of isospora canis, caused by agents that are sensitive to its spectrum of action	Antibiotic & Therapeutic	Companion Animals	Jun 15
	Enfrent	Prescribed for the treatment and prevention of parasitic sadness in cattle.	Parasiticide	Production Animals	Aug/15
	Voss Performa	Eprinomectin-based broad-spectrum endectocide for cattle	Parasiticide	Production Animals	Aug/15
	Doxifin Tabs	Doxycycline-based palatable antimicrobial for dogs and cats	Antimicrobial	Companion Animals	Aug/15
	Superhion	Includes two of the most modern active ingredients in the market, Fluzaron and Fipronil, for control of external parasites, ticks, botflies and horn flies	Parasiticide	Production Animals	Nov/15
	Colosso Avicultura	Used in the control of pests in poultry houses, combines highly safe active substances	Parasiticide	Production Animals	Dec/15



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In 2015, approximately 6.4% of the net revenue was invested in RD&I, totaling R\$ 34.1 million. The chart below shows the Company's total investments from 2013 to 2015.



Corporate Governance

New market: We conducted in October 2014 our initial public offering (IPO) on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. in the Novo Mercado (New Market) category, which imposes the highest requirements for transparency and corporate governance practices. The listing in this special segment implies the adoption of a set of corporate rules that expand the rights of stockholders, and also of a more transparent and comprehensive information disclosure policy.

Board of Directors/Statutory Board: The Board of Directors comprises five directors, including three external and independent members, according to the new market provisions. The Company's Statutory Executive Board comprises two officers. A list with the name, job description and brief resume of our directors and officers can be found in the Company's Reference Form, in the Investor Relations section on our Website at www.ourofino.com/ri.

Statutory Audit Board: The Statutory Audit Board is an independent oversight body of the Executive Board and the Board of Directors, which seeks, through the principles of transparency, fairness and accountability, to contribute to the better performance of the organization. It consists of three independent external members and their duties are established in Article 163 of Law 6,404/76 and the Company's Bylaws.

Statutory Audit Committee: Advisory body directly linked to the Board of Directors, for the purpose of: (i) analyze the engagement and dismissal of independent auditors, (ii) review and supervise the activities of internal and external audit, (iii) monitor the quality and integrity of the mechanisms of internal controls and accounting information, (iv) evaluate and monitor risk exposure, and (v) review and monitor, together with management and internal auditors the appropriateness of transactions with related parties. Currently, the Audit Committee comprises three independent external members elected by the Board of Directors and is chaired by an independent member of the Board of Directors.



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Compensation Committee: Assists the Board of Directors in defining the compensation and benefit policy for directors and officers. The Compensation Committee has three members elected by the Board of Directors, of which 2 are external members, and is chaired by an independent member of the Board of Directors.

Relationship with independent auditors: In accordance with CVM Instruction 381/03, the Company and its subsidiaries adopt a formal procedure, prior to the hiring of other professional services not related to external audit, of consulting with the independent auditors, in order to ensure that the execution of these other services does not affect the independence and objectivity that are necessary for the performance of independent audit services. In this context, during the year ended December 31, 2015, the following additional services were contracted:

Contracted on	Nature of service	Fees	% in relation to the audit services
Apr/2015	Issuance of bringdown letter upon the exercise of the greenshoe IPO.	R\$ 58.3 thousand	11.96%
Aug/2015	Due Diligence of financial, tax, legal and labor aspects in the process of business combination with Bracol Agronegócio SAS.	R\$ 159.4 thousand	32.68%
Sep/2015	Evaluation of Risks of Information Security and Strategy for Protection of Sensitive Information.	R\$ 25.8 thousand	5.29%

Arbitration: Under the New Market's regulations and the Company's bylaws, the controlling shareholder, the management, the Company itself and the members of the Supervisory Board should undertake to resolve any and all dispute or controversy related to or resulting from these rules of the Regulation of the New Market, the Agreement to Participate in the New Market, the Arbitration Commitment Clauses, especially as regards their application, validity, effectiveness, interpretation, breach and effects, through arbitration. The differences related to the sale of the Company's control shall also be resolved by arbitration.

Statement of Statutory Board: In compliance with item VI of Article 25 of the Brazilian Securities Commission (CVM) Regulatory Instruction 480/09, the Company's officers represent that they have reviewed and discussed and are in agreement with the financial statements for the year ended December 31, 2015 and the conclusions expressed in the independent auditors' report thereon.

Human Resources

The satisfaction of our employees is very important for us and our greatest competitive advantage. Once satisfied, our employees become motivated to generate value to the business. In this context, Human Resources policies based on a set of actions founded on principles aimed at attracting and retaining professionals according to the demands of business through proper remuneration, constant professional development, safety and well-being of employees. At December 31, 2015, the number of employees was approximately 1,300, characterized by a diverse, young and dynamic profile, considering that 59% of our employees have less than 35 years old.

It is worth mentioning their good educational level, considering that 55% have bachelor's or higher degrees (15% have graduate courses, 29% hold bachelor's degrees and 11% have not finished or are presently taking undergraduate courses). Management, in particular, is formed by professionals of recognized professional experience in the market and in the Company.



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Social Responsibility

In 2015, we began the study for implementation of the social responsibility requirements established in standard SA 8000, by structuring mechanisms to assess the positive social impacts of the projects developed.

The purpose of the standard is to define and guide the commitment of Ouro Fino to social responsibility. This commitment implies the definition of the performance levels expected by the Company in relation to each requirement in standard SA8000 and its social responsibility management system, both internally (aspects that are controllable and influenced by Ouro Fino) and in terms of compliance standards expected from its customers, suppliers and subcontractors. We hope that the management and commitment to social responsibility are continually enhanced, covering the entire Company value chain.

We are aware of our role in the social and economic development of the environment in which we operate. In this regard, we allocated own resources, or those arising from tax incentive laws to various social and educational projects, thus contributing to social inclusion and improving the community's quality of life.

We are involved in several social programs and projects, thus intensifying our commitment to work with the community.

With the "Golden Youth" program we annually serve 130 children in Ouro Fino's headquarters, with a mission to contribute to the development and social inclusion of disadvantaged children of public schools through actions where children spend their idle time with sports practices, the development of artistic activities, environmental responsibility, and food and support for their families. The project "Golden Citizens" is an extension of this program and annually serves 30 adolescents through the formation of an orchestra of flutes and citizenship classes. At this stage of continuity, young people are registered to work in the future as apprentices (as from 14 years of age) in companies located in the region and in Ouro Fino.

Another program focusing on social development is the course of artificial insemination offered to professionals from all over Brazil providing access to technical knowledge, with certification from the Brazilian Association of Artificial Insemination (ASBIA) about the bovine reproduction. We invest in the training of these personnel bearing all the expenses, such as accommodation, food and materials used in the course. We have the support of six universities and research centers that contribute to the practical application of the concepts learned in the classroom. On the last day of the training, we offer participants a visit to our headquarters, so that they can know the process of manufacture of the products they have used. A total of 645 individuals were trained in 2015 and 567 individuals in 2014.

With the hippotherapy project we annually serve 35 people with physical or mental disabilities, in partnership with the Cavalry Platoon of the 3rd Battalion of the Military Police of the Interior, located in Ribeirão Preto (SP). Our participation includes providing an educator for the implementation of therapies, the uniform of practitioners and therapists and medications for the treatment of the horses used.

Through tax incentives we also collaborate with several projects entitled to tax benefits, including: the Cancer Hospital in Barretos, the "Ring-around-the-rosy in the square" project, the "Heirs of the future" project and the Hippotherapy project developed by the Hospital of the School of Medicine of Ribeirão Preto (FAEPA / USP).



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Environment

Considering everything we have achieved over the years, the objective of Ouro Fino now is to ensure the continuity of business coupled with environmental preservation. Our effort is linked both to internal actions, with the management of environmental aspects and impacts, and to external actions, with the development of new products and markets.

In carrying out our activities we comply with all applicable environmental laws and seek to reduce the main ecological "footprints", by encouraging energy and water efficiency, and reducing waste generation. The result of this search can be seen in the daily practices of our employees, as well as in investments in more efficient equipment and processes.

The Brazilian agricultural sector is at the center of several environmental sensitive and important issues, such as illegal pasture expansion on areas of high biodiversity (deforestation of the Amazon and the Cerrado region) and the relation with the increased greenhouse gas emissions, due to increased livestock. Operating in this market, we direct our efforts to develop products that increase production efficiency and minimize impacts. We understand this challenge and consider in our business vision the development of an agricultural sector with less environmental impact.

Working in this way allows value generation in products, because reducing the environmental impact of livestock producers is made through increasing performance, that is, to produce more in smaller areas and using fewer resources. To accomplish this, we are next to the producer through our commercial team and different communication channels, promoting the understanding of the performance improvements when properly using the products offered.

Acting in the value chain, understanding the real and significant impacts of rural production, in addition to being able to measure them, will be the challenge and the commitment we make for the coming years. Will direct our efforts to reduce environmental risks in the value chain, spreading the conditions for improved productivity, measuring and monitoring the effectiveness of these actions and reaping the results in environmental analytical and accurately.

Our main challenge will be to stimulate a market culture that understands the value of environmental preservation for the prosperity of the agricultural sector, allowing the reduction of the numerous environmental risks we are exposed when neglecting the value of natural resources and ecosystems.

For 2016, we are adopting a position in relation to climate change management through an inventory of greenhouse gas emissions with short, medium and long-term targets.



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Final comments

Ouro Fino is confident and, based on its historical good performance, maintains its commitment to devote continuous efforts for a sustainable growth. In our continuous search for business excellence, we thank our customers, suppliers, financing agents, stockholders and associates for their trust in the actions carried out by Ouro Fino, and we invite all of you to continue sharing our ideals in the coming years.