



Management Report - 2014

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 and the parent company and consolidated financial statements for the period from April 10 to December 31, 2014, accompanied by the independent auditor’s report.

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPCs), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

MESSAGE FROM MANAGEMENT

2014 was undoubtedly one of the most important years in the history of Ouro Fino, because it represented the consolidation of various management efforts, improvements in operational processes and developments in corporate governance, which resulted in the Initial Public Offering (IPO) conducted in October, the only one that took place in Brazil in 2014.

Among the major efforts and developments we highlight the launch of 10 new products, the SAP go live at the beginning of the year, the split-off transaction to form the new corporate structure of the animal health business and the creation of statutory audit, innovation and human resources committees. Our net revenue increased by 12.6% and adjusted EBITDA by 15.4%, showing the Company’s capacity to grow and generate value, even in a very adverse macroeconomic scenario.

With the IPO proceeds, we are prepared for the development of a new growth cycle based on the expansion of the product portfolio, including the launch of new biological products (vaccines), the expansion of our international operations, especially in Latin America, and the selective analysis of market opportunities, including the possibility of acquiring technology platforms. We believe in a scenario where technology is becoming more widely implemented, in order to increase the productivity of livestock and have a strong growth of the pet market, driven by the strengthening of the emotional character involved in the relationship with these pets.

As regards the relationship with the market, the Company reiterates its commitment to devote its best efforts to meet expectations and develop a strong, close and reliable relationship with it.

We will continue to focus on implementing our strategic plan and be attentive to environmental changes and any opportunities that may add value to our business. Our team is motivated and committed to this new growth cycle.

Dolivar Coraucci Neto
CEO

Fábio Lopes Júnior
CFO and Investor Relations Officer



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Brief History

Ouro Fino Saúde Animal Participações S.A. (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. ("BM&FBovespa") 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 for livestock and pets).

On June 30, 2014, through the partial split-off of the related party Ouro Fino Participações e Empreendimentos S.A. ("Ouro Fino Participações"), specifically related to its subsidiaries that operate in the animal health industry, the Company became the parent company of Ouro Fino Saúde Animal Ltda. (and, indirectly, its subsidiary Ouro Fino de México, S.A. de C.V.), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda.

On October 17, 2014, the Group, after complying with all legal requirements, completed the public offering process for the primary and secondary distribution of its common shares. The public offering was carried out on an OTC market, as established in CVM Instruction 400. In this context, 1,923,077 common shares were issued at R\$ 27.00 per share, resulting in a capital increase of R\$ 51,923. Also, on November 18, 2014, the exercise of the Supplementary Stock Option took place, with the issue of 2,019,230 common shares by the Company, at R\$ 27.00 per share, resulting in a capital increase of R\$ 54,520.

The economic group of which the Company today is part was established in 1987 by its founding partners, Norival Bonamichi and Jardel Massari, initially for the production of veterinary drugs and other products for livestock (beef cattle, dairy cattle, horses, poultry and pigs). Ouro Fino had in the last 28 years, a history of strong organic growth, driven mainly by the expansion of its share in various niches of the veterinary market.

In the period from 1987 to 1999, the growth was organic and substantially in the livestock line, and in 2000, Ouro Fino took the first step towards diversification by also operating in the pet market.

Between 2001 and 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 information technology and industrial complex, considering that the former facilities were no longer appropriate for the expanded operations.

In 2005, in recognition of continuous efforts and investments in innovation, Ouro Fino received the FINEP Technological Innovation award in the "Large Company" category.

In 2007, twenty years after its establishment, Ouro Fino was already the seventh largest company in the Brazilian veterinary market (the second largest company including only Brazilian partners in its capital structure), with a market share of approximately 5%. Until then, the Company operated substantially in the drugs segment (representing approximately 67% of the total veterinary market). It did not operate in the segment of biological (vaccines) and hormonal therapeutic products.



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Therefore, considering the need to expand in the veterinary market, and also the opportunity to penetrate other markets in the Brazilian agribusiness sector, in 2007, Ouro Fino and BNDES Participações e Empreendimentos S.A. ("BNDESPar") signed an agreement whereby BNDESPar acquired 20% of the capital of Ouro Fino Participações.

Investments for entering the biological segment started in 2007, with the beginning of the construction of a modern industrial plant (factory and biosafe laboratory) for the production of a vaccine against foot-and-mouth disease, which represented at that time approximately 35% of the Brazilian veterinary biological market, and also had a strong synergy with the main products of the Company's drug line.

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.

Also in 2007, the construction of the industrial plant of hormonal therapeutic products began, 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.

It should be noted that in 2010, in addition to the completion of the major investments established in the business plan entered into with BNDESPar, Ouro Fino was ranked first in the veterinary products sector on the Carta Capital magazine's list of "Brazil's Most Admired Companies" (November 2010 edition) for the quality of its products, customer service and business management.

In 2012, Ouro Fino became the fourth largest company of the animal health sector in the national ranking, according to the Brazilian Union of Animal Health Product Manufacturers Industry (SINDAN).

In 2013, the Group moved up one position in the national ranking, becoming the third largest veterinary company in the Brazilian market, the first including only Brazilian partners in its capital structure, according to data from SINDAN, with total sales of R\$ 384.0 million and 9.7% market share. Also in 2013, the migration to the ERP SAP system, which is recognized as one of the most reliable systems in the world, was initiated. The Company also implemented a number of developments in the ongoing efforts to improve the corporate governance practices, especially the creation of a Supervisory Board and the election of two independent directors for the Board of Directors (formed in 2012).

As a result, since 2008 the Company has been included in the list of the twenty best places to work among the largest companies in Brazil, according to Época magazine. In addition, in 2013, the Company was chosen as the best company of the pharmaceutical segment to work for in Brazil, according to the "Best Companies to Work For" guide, issued by the Você S/A magazine.



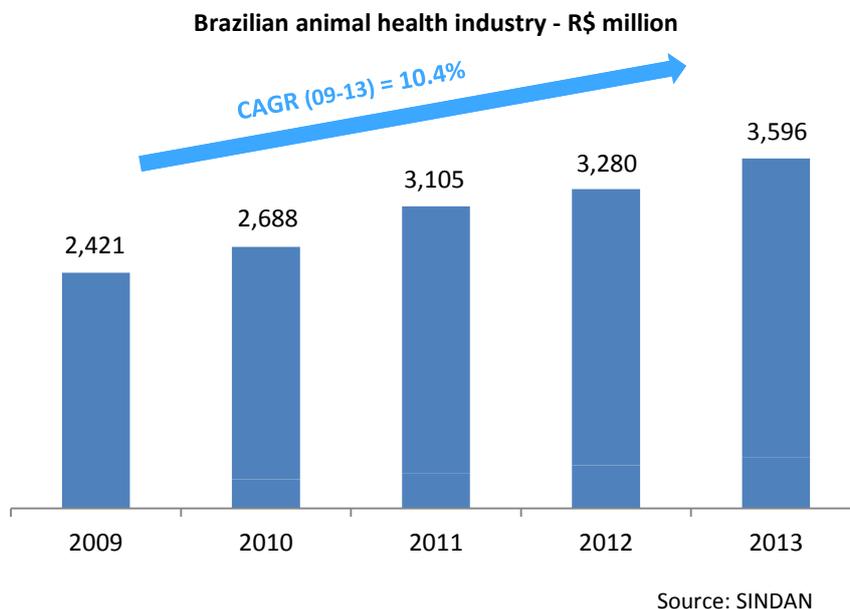
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About the market

The animal health industry comprises the production and sale of veterinary drugs, vaccines and other products for livestock and pets.

In the segment of livestock, the demand for these products has growth potential because of a few factors. There is a need for greater technological improvement by the farmer, as there is a process of expansion of the agricultural frontier over the area formerly designed for cattle breeding, which will lead to a reduction in extensive cattle breeding. There is little use of Fixed-Time Artificial Insemination protocols, which can increase the productivity of producers. The offtake rate for cattle is low as compared to more developed countries. In this scenario, there is room for expansion of the market and the Company.

As for pets, there are different factors that must be considered. The relationship between the families and their pets has become increasingly emotional. This scenario enables the expansion of the market significantly, at an average growth of about 20% during the past 5 years (Source: SINDAN).



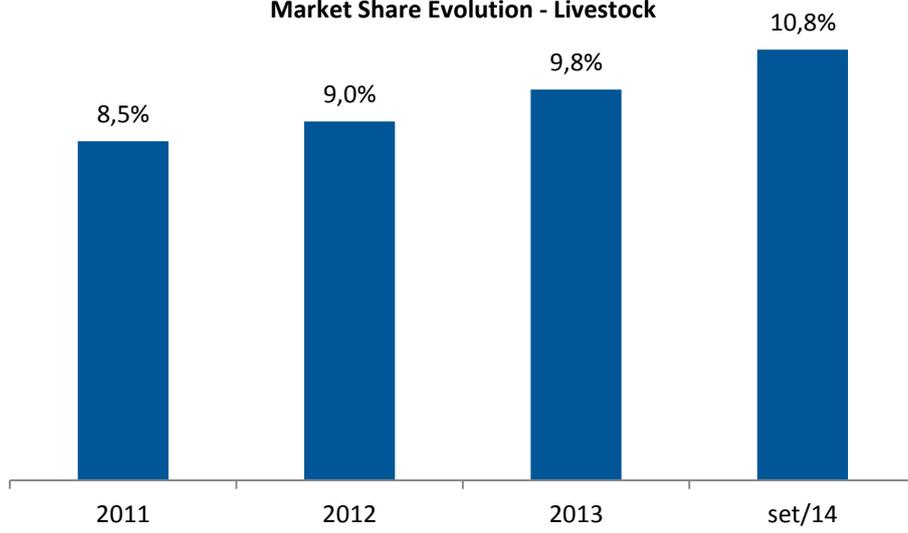
Ouro Fino ranks third in the national ranking of animal health and holds a 10.7% share of this market, which is highly dispersed, according to SINDAN data.

The Company has a complete portfolio of animal health products, composed of 129 veterinary products - 10 new products only in 2014 - and serves approximately 4,405 customers, including agricultural product resellers, cooperatives, agribusinesses, distributors and farmers that are present throughout the national territory. Among the customers, the largest one represents only about 3.43% of the Company's revenue, and, therefore, there is no concentration that may result in dependence on specific customers.

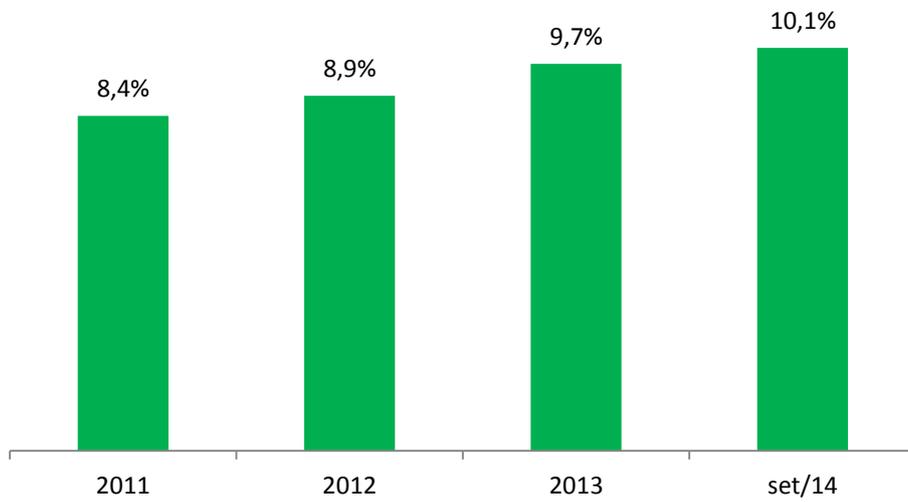


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Market Share Evolution - Livestock



Market Share Evolution - Pets





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Economic and financial performance

Information on the financial statements

Considering that the Company was incorporated on April 10, 2014, its parent company and consolidated financial statements ("consolidated") for the period from the date of its incorporation to the end of the year do not include the result of total operations for the year 2014. In this context, management decided to present in these comments on performance, where applicable, information derived from the combined consolidated financial statements ("combined") of the Company's subsidiaries for the twelve-month period ended December 31, 2014, and the pro forma combined consolidated financial statements ("pro forma") for the twelve-month period ended December 31, 2013. The pro forma information for 2013 was prepared only to illustrate the impacts on the Company's combined-consolidated statement of income of the sharing of expenses adopted in 2014 related to administrative services between its subsidiaries and other companies under common control, in the event this sharing arrangement had also occurred in 2013. All financial statements used as a basis for these comments on performance are available in the Investor Relations section of our Web site at www.ourofino.com/ri.

The financial information presented in these comments on performance was also adjusted to better reflect profit and EBITDA from continuing operations, adjusted by extraordinary events, especially controllership expenses, not included in the combined figures, and expenses related to the IPO process, considered as special expenses, as follows:

R\$ million	2014	2013	Variation %
Combined profit	51.3	42.0	22.1%
(+) Discontinued operations	1.2	11.9	-89.9%
(-) Operating expenses incurred by parent company	(7.1)		
(+) IPO related expenses	8.8		
(+) Pro Forma adjustments (apportionment of corporate services)		3.4	-100.0%
Adjusted profit	54.2	57.3	-5.4%
(+) Finance result, net	11.4	8.7	31.0%
(+) Income tax and social contribution	15.1	5.9	155.9%
(+) Depreciation and amortization	16.7	12.4	34.7%
(+) Other	0.8	0.8	
Adjusted EBITDA	98.2	85.1	15.4%
Net sales revenue	432.2	384.0	12.6%
Adjusted EBITDA margin	22.7%	22.2%	0.5 p.p.



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Financial performance

Results (R\$ million)	2014	2013	Variation %
Net revenue	432.2	384.0	12.6%
Cost of sales	(171.9)	(149.1)	15.3%
Gross profit	260.3	234.9	10.8%
<i>(gross margin)</i>	<i>60.2%</i>	<i>61.2%</i>	<i>-1.0 p.p.</i>
Expenses (*)	(179.6)	(163.0)	10.2%
Operating profit	80.7	71.9	12.2%
<i>(operating margin)</i>	<i>18.7%</i>	<i>18.7%</i>	<i>0.0 p.p.</i>
Finance result	(11.4)	(8.7)	31.0%
Income tax and social contribution	(15.1)	(5.9)	155.9%
Profit from continuing operations, adjusted	54.2	57.3	-5.4%
<i>(adjusted profit margin)</i>	<i>12.5%</i>	<i>14.9%</i>	<i>-2.4 p.p.</i>
Adjusted EBITDA	98.2	85.1	15.4%
<i>(adjusted EBITDA margin)</i>	<i>22.7%</i>	<i>22.2%</i>	<i>0.5 p.p.</i>

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

Net revenue

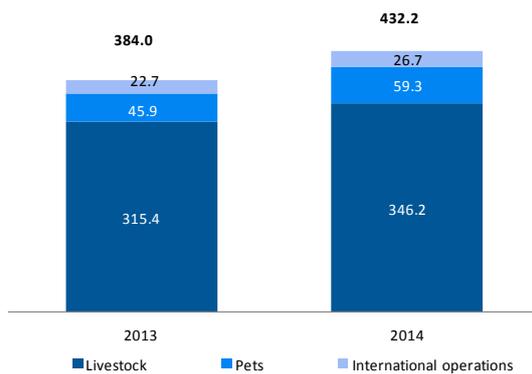
R\$ million	2014	2013	Variation %
Net sales revenue	432.2	384.0	12.6%
Livestock	346.2	315.4	9.8%
Pets	59.3	45.9	29.2%
International transactions	26.7	22.7	17.6%

The Company recorded net revenue of R\$ 432.2 million in 2014, which represented an increase of 12.6% as compared to R\$ 384.0 million in 2013, according to the comments below.

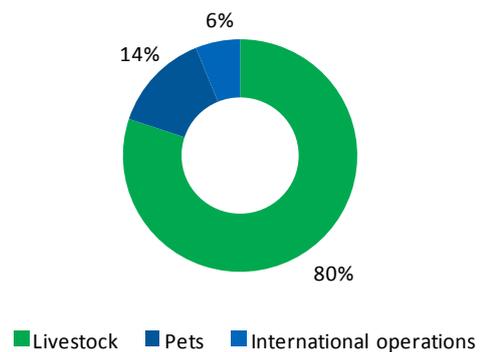


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Net Revenue – Evolution
R\$ million



Net Revenue 2014 – Contribution



- The **Livestock** segment covers the production and sale in the domestic market of veterinary drugs, vaccines and other products for cattle, pigs, poultry and horses. It includes a portfolio of 93 veterinary products available in more than 124 presentations, which is comprised of, among others, antiparasiticides, antibiotics, hormonal therapeutic products, vaccines and nutritional products.

The growth of 9.8% in 2014 reflects the company's ability to develop in the segment, even considering the temporary suspension as from May of sales of long-acting avermectins (Regulatory Instruction 13 of the Ministry of Agriculture, Cattle Breeding and Supply (MAPA)), which affected the market as a whole. In response, the company repositioned products of the same line in order to replace those included in the suspension, and expanded its portfolio to include 7 new products. Most of these products were launched at the end of the second half of the year.

- The **Pet** segment covers the production and sale in the domestic market of veterinary drugs and other products for dogs and cats. The segment serves 45 distribution areas in the country, reaching more than 22,000 points of sale, with a portfolio of 36 veterinary products available in more than 75 presentations, which include, among others, ear and skin and nutrition products, antibiotics, anti-inflammatories, disinfectants and antiparasiticides.

The growth observed in 2014 reflects the successful expansion strategy in this segment, focusing on the sales force with the increase in the points of sale, stimulated by the launches of new antiparasiticides at the end of 2013 and 2014.

- **International Transactions** it is the segment that covers the production and sale in the foreign market, specially Latin America, of veterinary drugs, vaccines and other products for livestock.

The increase of 17.6% in revenues from foreign sales in 2014 as compared to the previous year is due, substantially, to the increase in sales to Mexico and Colombia, which is aligned with the Company's strategy.



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Cost of sales

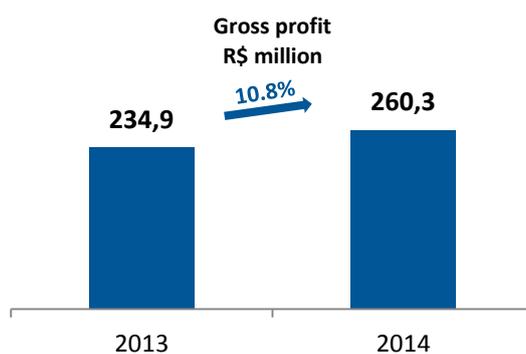
R\$ million	2014	2013	Variation %
Cost of sales	(171.9)	(149.1)	15.3%

In 2014, the cost of sales totaled R\$ 171.9 million, an increase of 15.3% as compared to 2013. The growth above the variation in profit is mainly due to the repositioning of the product mix.

Gross profit and gross margin

R\$ million	2014	2013	Variation %
Gross profit	260.3	234.9	10.8%
(gross margin)	60.2%	61.2%	-1.0 p.p.

In 2014, gross profit totaled R\$ 260.3 million, 10.8% above R\$ 234.9 million in 2013. Gross margin in the same period reached 60.2%, a decrease of 1 percentage point in relation to the 61.2% margin presented in 2013. This reduction is attributed to a mix of less favorable products in the livestock segment, which was partially offset by the pet segment.





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Selling, general and administrative and other expenses

<i>R\$ million</i>	2014	2013	Variation %
Selling, general and administrative and other expenses	(179.6)	(163.0)	10.2%
<i>Percentage on net revenue</i>	<i>41.6%</i>	<i>42.4%</i>	<i>-0.8 p.p.</i>

In 2014, selling, general and administrative and other expenses totaled R\$ 179.6 million, representing an increase of 10.2% as compared to 2013, and a dilution of 0.8 p.p. on the net revenue for the same period.

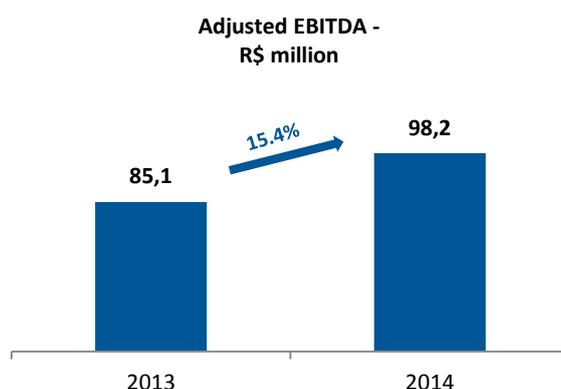
EBITDA and EBITDA margin

<i>R\$ million</i>	2014	2013	Variation %
Adjusted profit	54.2	57.3	-5.4%
(-) Discontinued operations	(1.2)	(11.9)	-89.9%
(+) Operating expenses incurred by parent company	7.1		
(-) IPO related expenses	(8.8)		
(-) Pro Forma adjustments (apportionment of corporate services)		(3.4)	-100.0%
Combined profit	51.3	42.0	22.1%
(+) Finance result, net	11.4	8.7	31.0%
(+) Income tax and social contribution	15.1	4.1	268.3%
(+) Depreciation and amortization	16.7	12.4	34.7%
EBITDA	94.5	67.2	40.6%
(+) Discontinued operations	1.2	11.9	-89.9%
(+) Pro Forma adjustments (apportionment of corporate services) before income tax and social contribution		5.2	-100.0%
(-) Operating expenses incurred by parent company	(7.1)		
(+) IPO related expenses	8.8		
(+) Other	0.8	0.8	
Adjusted EBITDA	98.2	85.1	15.4%
Net sales revenue	432.2	384.0	12.6%
EBITDA margin	21.9%	17.5%	4.4 p.p.
adjusted EBITDA margin	22.7%	22.2%	0.5 p.p.

Adjusted EBITDA for 2014 increased by 15.4% totaling R\$ 98.2 million, and the margin on net revenue for the same period increased by 0.5 p.p.



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Finance result

R\$ million	2014	2013	Variation %
Finance result	(11.4)	(8.7)	31.0%

In 2014, especially in the first nine months of the year, there was an increase in debts indexed to the Interbank Deposit Certificate (CDI) rate in total indebtedness, which increased from 18% at the end of 2013 to 39% at the end of 2014. The higher percentage of these operations, together with the average increase of approximately 3 percentage points in the CDI rate, when comparing the two periods, contributed to an increase in the net expense of R\$ 2.7 million.

Income tax and social contribution

R\$ million	2014	2013	Variation %
Income tax and social contribution	15.1	5.9	155.9%
<i>Percentage on profit before income tax and social contribution</i>	<i>21.8%</i>	<i>9.3%</i>	<i>12.5 p.p.</i>

In 2014, income tax and social contribution totaled R\$ 15.1 million against R\$ 5.9 million in 2013. The variations between the periods reflect the use of tax loss carry forwards related to discontinued operations in continuing operations in 2013.

Adjusted profit

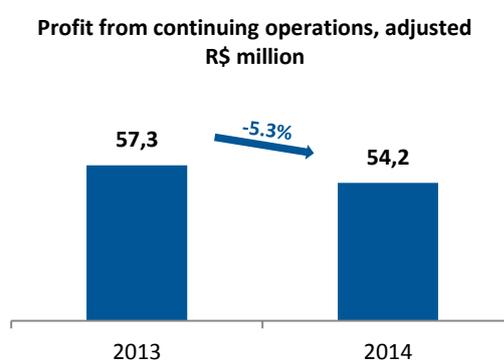
R\$ million	2014	2013	Variation %
Profit from continuing operations, adjusted	54.2	57.3	-5.4%
<i>(adjusted profit margin)</i>	<i>12.5%</i>	<i>14.9%</i>	<i>-2.4 p.p.</i>



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In 2014, adjusted profit from continuing operations reached R\$ 54.2 million against R\$ 57.3 million in 2013. Adjusted net margin of continuing operations decreased from 14.9% in the prior period to 12.5%, reflecting a decrease of 2.4 p.p. on net revenue.

The change resulted, substantially, from the effects of the finance result and income tax and social contribution, as explained above.



Indebtedness

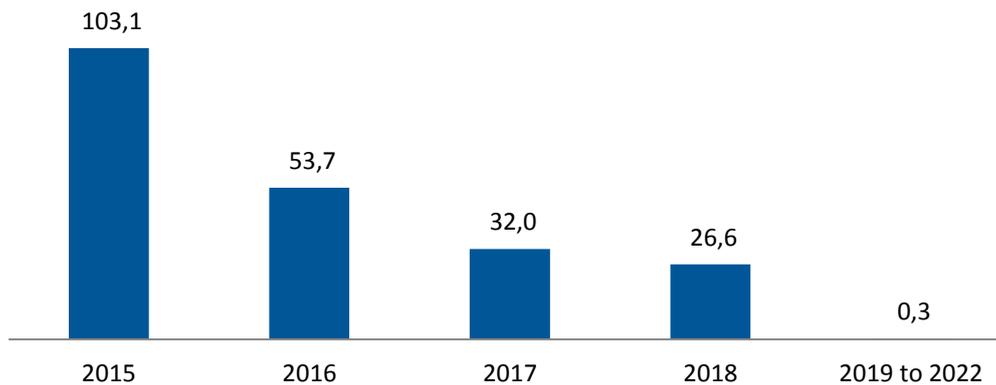
In R\$ million	December 31, 2014
Current	103.1
Non-current	112.6
TOTAL	215.7
Cash	72.5
Net debt	143.2
Average cost of debt (year)¹	7.54%
Net debt/Adjusted EBITDA	1.46

Note¹: Average cost calculated taking into account derivative financial instruments for hedging purposes.



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Aging of debt R\$ million



Continuing the strategic innovation plan, in December 2014 we entered into a new loan agreement with the Fund for Financing of Studies and Projects (FINEP), in the amount of R\$ 107 million. The loan obtained is subject to a fixed interest rate of 4% p.a., 36-month grace period and amortization over 73 months.

Industrial units and production capacity

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

- Animal health drugs plant, considered one of the most modern in Latin America, with an area of approximately 37,000 m², built on the Company's own 178,500 m² of land. The project was conceived under the provisions of *Good Manufacturing Practices (GMP)* and 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 biologic medical products, which is equipped with a biosafe laboratory (3G bio level), certified by the Ministry of Agriculture and Supply (MAPA), with a capacity to produce 50 million of doses/year.
- A new research center for the development of new veterinary vaccines. This center will be part of the new plant for the production of vaccines to be completed in 2016.



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Research, Development and Innovation – RD&I

Out of the 129 veterinary products Ouro Fino owns, 10 were launched in 2014, as described below, exceeding the initial expectation of launching 6 products. For the next years, 42 products, which are in our pipeline, are expected to be launched.

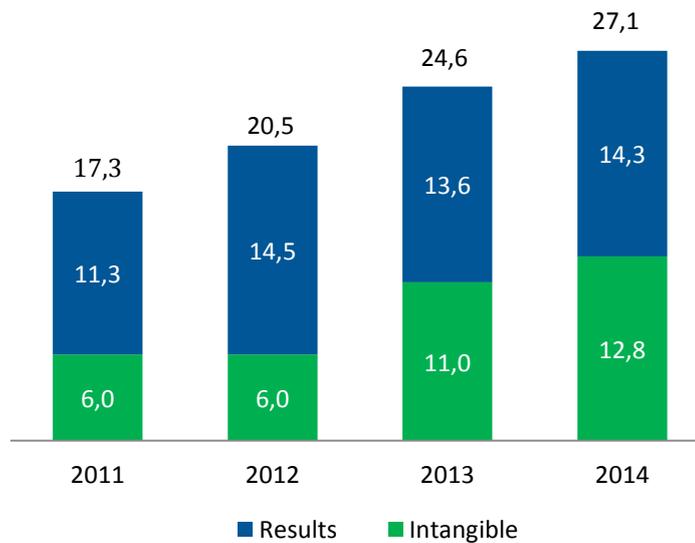
Launches in 2014			Category	Line
	Colosso Spray	Ectoparasiticide used in the treatment of screw-worm infestations on cattle	Antiparasiticides	Livestock
	Fluatac Duo 5 liters	Endectocide for control of ticks, horn fly and human botfly, highly efficient in the treatment of verminosis in cattle	Antiparasiticides	Livestock
	Eqdomin	Calmative for horses	Therapeutic products	Livestock
	SincroCP	Inductor of ovulation in cows	Therapeutic products	Livestock
	Sellat	Intramammary sealant for treatment of mastitis in cows in the dry period	Other	Livestock
	Cemtra	Calmative for dogs and cats	Therapeutic products	PETS
	Propovet	Anesthetic for dogs and cats	Therapeutic products	PETS
	Leevre	Ectoparasiticide collar for prevention of sandflies that transmit canine leishmaniasis and control of ticks and flies in dogs	Antiparasiticides	PETS
	Ourovac BT	Prevention of clostridial diseases and botulism in cattle	Vaccines	Livestock
	Ourovac 10TH	Prevention of clostridial diseases and botulism in cattle	Vaccines	Livestock



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In 2014, approximately 6.3% of the net revenue was invested in R&D, totaling about R\$27.1 million. The chart below shows the Company's investments in R&D in the period from 2011 to December 31, 2014.

Investments in R&D - R\$ million

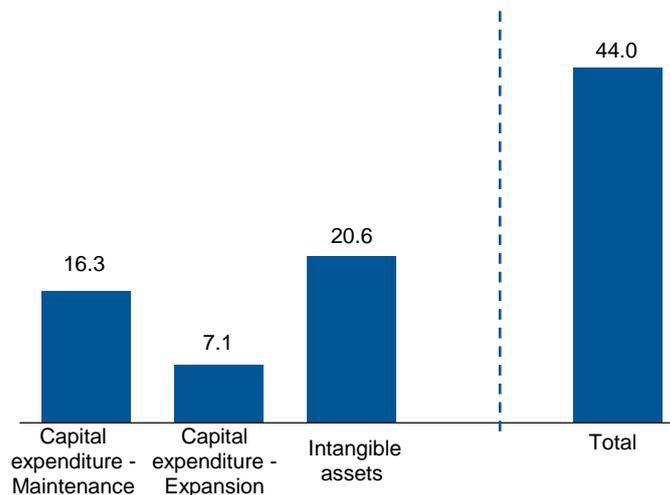


Capital expenditure

The company completed in 2014 the new biotechnology laboratory, in line with the strategic plan for development in the biological market, completed the 2nd wave of investments in SAP, as well as investments in the development of new products. Investments in maintenance remained in line with the company's history.

Investments
(R\$ million)

Accumulated





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Corporate Governance

New market: We completed in October 2014 the public offering process for the primary and secondary distribution of the Company's shares on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") 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: Composed of five directors, of which two external and independent members, according to new market provisions. The Company's Statutory Executive Board consists of 2 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.

Audit Committee: Assists the Board of Directors in the task of conducting in the best way, and following the market best practices, the performance of the Company's internal and external audit. Currently, the Audit Committee is composed of three independent external members elected by the Board of Directors and is chaired by an independent member of the Board of Directors.

Compensation Committee: Assists the Board of Directors in defining the compensation and benefit policy for directors, officers and participants. 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, as well as of obtaining the approval of its Audit Committee.

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 the Executive 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 and the conclusions expressed in the independent auditors' report thereon.



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Human Resources

The satisfaction of our employees is very important for us and our greatest competitive advantage. Once satisfied, our employees become qualified and able to generate value to the business and to engage with the culture of Ouro Fino. At December 31, 2014, the number of employees was approximately 1,250, characterized by a diverse, young and dynamic profile, considering that 65% of our employees have less than 35 years old.

It is worth mentioning their good educational level, considering that 58% have Bachelor's or higher degrees (9% have graduate courses, 42% have bachelor's degrees and 6% 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.

Social Responsibility

Above all, we know of our participation in the social and economic development of the environment in which we are. 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 150 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 with social concern is the course of artificial insemination we offer in a rented farm in Guatapar (SP). We provide training 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 the 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 567 individuals were trained in 2014 and 389 individuals in 2013.

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 Ribeiro 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.



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Projects entitled to tax benefits

Through tax incentives we also collaborate with several projects entitled to tax benefits, including: the Cancer Hospital in Barretos, the "Child 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).

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.

With a strong presence in the rural environment, we believe that we have not only to deal with the impacts of our operations, but we also need to assess the full life cycle of our products. Expand the understanding of the impacts of agribusiness on the environment as a whole is the great challenge of the sector. The aim is to ensure the best balance between increased productivity, animal health and welfare, meeting the demand of society for animal protein and reducing pressure on natural resources.

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 less 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.



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Final comments

Confident and based on its historical good performance, Ouro Fino maintains its commitment and focus on continuous efforts to prepare for a new sustainable growth cycle. In its 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.