(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Quarterly Information (ITR) at September 30, 2014 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Ouro Fino Saúde Animal Participações S.A., included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2014, comprising the balance sheet as at that date and the statements of income and comprehensive income for the quarter then ended and for the period from April 10 (date of constitution - Note 1) to September 30, 2014, and the statements of changes in equity and cash flows for the period from April 10 (date of constitution - Note 1) to September 30, 2014, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

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Ouro Fino Saúde Animal Participações S.A.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the Quarterly Information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

We have also reviewed the parent company and consolidated statements of value added for the period from April 10 2014 (date of constitution - Note 1) to September 30, 2014. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information, taken as a whole.

Ribeirão Preto, November 11, 2014

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

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

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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)

		Parent		Consolidated	
Assets	**Note**	**September 30, 2014**	**April 10, 2014**	**September 30, 2014**	**April 10, 2014**
Current assets					
Cash and cash equivalents	7	6,108		22,069	
Trade receivables	9			139,453	
Derivative financial instruments	8			6,857	
Inventories	10			99,756	
Taxes recoverable	11			3,112	
Income tax and social contribution recoverable				3,307	
Related parties	13	954		954	
Other assets	12	2,304	1	8,694	1
		9,366	1	284,202	1
Non-current assets					
Long-term receivables					
Taxes recoverable	11			26,863	
Deferred income tax and social contribution	14			2,371	
Related parties	13	3,950			
Other assets	12			335	
		3,950		29,569	
Investments in subsidiaries	15	221,927			
Intangible assets	16			62,134	
Property, plant and equipment	17			169,740	
Total non-current assets		225,877		261,443	
Total assets		235,243	1	545,645	1

Ouro Fino Saúde Animal Participações S.A.

Balance sheet

All amounts in thousands of reais **(continued)**

Liabilities and equity	Note	Parent September 30, 2014	Parent April 10, 2014	Consolidated September 30, 2014	Consolidated April 10, 2014
Current liabilities					
Trade payables				24,947	
Derivative financial instruments				10	
Borrowings	18			98,359	
Salaries and social charges		102		26,339	
Taxes payable		40		3,372	
Income tax and social contribution payable				1,067	
Commissions on sales				5,004	
Related parties	13	7,097		24,257	
Other liabilities	12	225		6,343	
		7,464		189,698	
Non-current liabilities					
Derivative financial instruments	8			1,002	
Borrowings	18			121,994	
Provision for contingencies	19			2,954	
Deferred income tax and social contribution	14			2,123	
				128,073	
Total liabilities		7,464		317,771	
Equity	20				
Capital		192,446	1	192,446	1
Carrying value adjustments		15,362		15,362	
Retained earnings		19,971		19,971	
		227,779	1	227,779	1
Non-controlling interests				95	
Total equity		227,779	1	227,874	1
Total liabilities and equity		235,243	1	545,645	1

The accompanying notes are an integral part of this Quarterly Information.

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		Consolidated	
		Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Continuing operations					
Net sales revenue	22			103,706	191,914
Cost of sales	23			(37,144)	(75,603)
Gross profit				66,562	116,311
Selling expenses	23			(37,241)	(61,746)
General and administrative expenses	23	(267)	(267)	(9,122)	(11,651)
Equity in the results of investees		11,294	26,352		
Other expenses (income), net	24			82	(55)
Operating profit		11,027	26,085	20,281	42,859
Finance income				7,577	9,210
Finance costs				(12,849)	(16,174)
Finance result	25			(5,272)	(6,964)
Profit before income tax and social contribution		11,027	26,085	15,009	35,895
Income tax and social contribution	26				
Current				(2,248)	(5,512)
Deferred				(1,031)	(3,211)
Profit for the period from continuing operations		11,027	26,085	11,730	27,172
Discontinued operations					
Loss on discontinued operations	27			(555)	(612)
Profit for the period		11,027	26,085	11,175	26,560
Attributable to:					
Owners of the parent				11,027	26,085
Non-controlling interests				148	475
				11,175	26,560
Basic and diluted earnings per share - R$	28			0.23	1.00
				0.23	1.00

The accompanying notes are an integral part of this Quarterly Information.

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)

	Parent		Consolidated	
	Quarter ended 9/30/2014	**Period from 4/10/2014 to 9/30/2014**	**Quarter ended 9/30/2014**	**Period from 4/10/2014 to 9/30/2014**
Profit for the period	11,027	26,085	11,175	26,560
Other components of comprehensive income				
Items that will be reclassified to profit or loss				
Exchange variation of investment in subsidiary located abroad	170	154	170	154
Total comprehensive income for the period	11,197	26,239	11,345	26,714
Attributable to:				
Owners of the parent			11,197	26,239
Non-controlling interests			148	475
			11,345	26,714

The accompanying notes are an integral part of this Quarterly Information.

Ouro Fino Saúde Animal Participações S.A.

Statement of changes in equity
Period from April 10, 2014 (date of constitution) to September 30, 2014

All amounts in thousands of reais (A free translation of the original in Portuguese)

		Attributable to owners of the parent					
	Note	**Capital**	**Carrying value adjustments**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Contributions by owners							
Payment of capital on April 10, 2014		1			1		1
Net assets merged	1	188,626	15,208		203,834		203,834
Capital increase with merger of shares	20(a)	3,819		(2,746)	1,073		1,073
Negative goodwill on acquisition of investment	15			(3,368)	(3,368)		(3,368)
Non-controlling interests						(380)	(380)
Total contributions by owners		192,446	15,208	(6,114)	201,540	(380)	201,160
Comprehensive income for the period							
Profit for the period				26,085	26,085	475	26,560
Exchange variation of subsidiary located abroad			154		154		154
Total comprehensive income for the period			154	26,085	26,239	475	26,714
At September 30, 2014		192,446	15,362	19,971	227,779	95	227,874

The accompanying notes are an integral part of this Quarterly Information.

Ouro Fino Saúde Animal Participações S.A.

Statement of cash flows
Period from April 10, 2014 (date of constitution) to September 30, 2014
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent	Consolidated
Cash flows from operating activities			
Profit before income tax and social contribution, including discontinued operations		26,085	35,283
Adjustments for:			
Reversal of impairment of trade receivables	9		(97)
Provision for inventory losses	10		1,382
Provision for losses on advances			266
Equity in the results of investees	15	(26,352)	
Depreciation and amortization			6,756
Provision for impairment of intangible assets			776
Gains on disposal of property, plant and equipment			(528)
Interest and monetary and exchange variations, net			11,014
Unrealized derivative financial instruments			(3,885)
Reversal and write-off of provision for contingencies	19		(964)
Changes in working capital			
Trade receivables			(22,466)
Inventories			(6,917)
Taxes recoverable			4,496
Other assets		(3,259)	(846)
Trade payables		2,657	(12,590)
Taxes and charges payable		39	(2,837)
Other liabilities		180	9,226
Cash provided by (used in) operations		(650)	18,069
Interest paid			(6,313)
Income tax and social contribution paid			(2,098)
Net cash provided by (used in) operating activities		(650)	9,658
Cash flows from investing activities			
Advances for future capital increase		(3,950)	
Investments in intangible assets	16		(7,772)
Purchase of property, plant and equipment	17		(7,012)
Receipt of dividends		10,708	
Proceeds from sale of property, plant and equipment			7,752
Net cash provided by (used in) investing activities		6,758	(7,032)
Cash flows from financing activities			
New borrowings			61,369
Repayment of borrowings			(51,303)
Funds received from related parties - intercompany loan			8,600
Repayment of related parties - intercompany loan			(13,780)
Net cash provided by financing activities			4,886
Net increase in cash and cash equivalents		6,108	7,512
Cash and cash equivalents of merged entity			14,424
Exchange gains on cash and cash equivalents			133
Cash and cash equivalents at the end of the period	7	6,108	22,069

The accompanying notes are an integral part of this Quarterly Information.

Ouro Fino Saúde Animal Participações S.A.

Statement of value added
Period from April 10, 2014 (date of constitution) to September 30, 2014
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent	Consolidated
Revenues		
Gross sales and services		213,120
Other revenues		123
Revenues related to the construction of own assets		7,599
Provision for impairment of trade receivables		97
		220,939
Inputs acquired from third parties		
Cost of sales and services		(58,672)
Materials, electricity, third-party services and others	(77)	(50,866)
Reversal of losses (losses) on assets, net		(2,351)
	(77)	(111,889)
Gross value added	(77)	109,050
Depreciation and amortization		(6,756)
Net value added generated by the entity	(77)	102,294
Value added received through transfer		
Equity in the results of investees	26,352	
Finance income		9,210
Others		248
Total value added to distribute	26,275	111,752
Distribution of value added		
Personnel		
Salaries and wages	158	34,138
Benefits	1	6,423
FGTS		2,535
Taxes, charges and contributions		
Federal	31	20,831
State		3,856
Municipal		63
Remuneration of third parties' capital		
Interest		15,831
Rentals		1,122
Others		393
Remuneration of own capital		
Profits reinvested	26,085	26,085
Non-controlling interest in profits reinvested		475
Value added distributed	26,275	111,752

The accompanying notes are an integral part of this Quarterly Information.

All amounts in thousands of reais unless otherwise stated

1 General information

Ouro Fino Saúde Animal Participações S.A. (the "Company"), formerly A.H.N.S.P.E. Empreendimentos e Participações S.A., is a listed corporation headquartered in Cravinhos, in the State of São Paulo. It was established on April 10, 2014 and its objective and main activity is the investment in companies operating in the animal health segment (production and sale of veterinary drugs, vaccines and other products for livestock and pets).

At the Stockholders' Extraordinary General Meeting held on June 30, 2014, the stockholders approved the merger of net assets consisting of investments, net of corresponding carrying value adjustments of Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de Mexico, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., based on an appraisal report at book value as at April 30, 2014, issued by independent appraisers on June 24, 2014, as summarized below:

Component	**Amount**
Assets	
Investments	
Ouro Fino Saúde Animal Ltda.	101,410
Ouro Fino Agronegócio Ltda.	76,586
Ouro Fino Pet Ltda.	25,838
	203,834
Liabilities	
Equity	
Carrying value adjustments	(15,208)
Net assets at book value	188,626

The net assets mentioned above have been determined based on the balance sheets of the investees as of April 30, 2014. Therefore, the results determined in the period from April 30 to June 30, 2014 by the investees have been recognized by the Company on the equity accounting method.

The issue of these parent company and consolidated interim accounting information was authorized by the Company's Board of Directors on November 11, 2014.

All amounts in thousands of reais unless otherwise stated

The Company and its subsidiaries (hereinafter referred to as the “Ouro Fino Group” or the “Group”) comprise the following companies:

(a) Ouro Fino Saúde Animal Participações S.A.

Ouro Fino Saúde Animal Participações S.A. is a listed corporation headquartered in Cravinhos, in the 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. Its objective and main activity is the direct or indirect investment in the subsidiaries listed below.

On October 17, 2014, 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 this context, 1,923,077 common shares were issued at R$ 27.00 per share, resulting in a capital increase of R$ 51,923, which was approved by the Board of Directors at a meeting held on October 17, 2014.

The table below shows the number of the Company's common shares held by holders of not less than 5% of common shares and the members of management, before and after the completion of the offering, without considering the exercise of the Supplementary Stock Option scheduled to be completed by November 17, 2014.

	Before the Offering		After the Offering	
	Common shares	%	Common shares	%
Jardel Massari	18,438,557	36.88	14,834,135	28.57
Norival Bonamichi	18,438,557	36.88	14,834,135	28.57
BNDESPar	9,966,788	19.93	6,666,788	12.84
Dolivar Coraucci Neto	996,679	1.99	801,845	1.54
Fábio Lopes Júnior	996,679	1.99	801,845	1.54
Carlos Henrique	996,678	1.99	356,728	0.69
General Atlantic			7,407,407	14.27
Others	166,062	0.33	6,220,194	11.98
Total	50,000,000	100.00	51,923,077	100.00

(b) Ouro Fino Saúde Animal Ltda.

This subsidiary, headquartered in Cravinhos, in the State of São Paulo, has as its objective and main activity the research, development, production and sale of veterinary drugs, vaccines and products. The sales in the domestic market are carried out through the companies mentioned in items (c) and (d) below. The sales in the foreign market are carried out directly with third parties and through the company mentioned in item (e) below. This company also provides manufacturing services to order from third parties.

On May 30, 2014, the Ministry of Agriculture, Cattle Breeding and Supply (MAPA) published the Regulatory Instruction (IN) 13, effective on the same date, and resolved to "prohibit the manufacture, processing, fractionation, sale, import and use of long-acting veterinary products having macrocyclic lactones (avermectins) as their active ingredients, and that could be used in the food of any animal or insect “and suspended, as from its effectiveness, the registrations granted to finished products for veterinary use until MAPA carries out studies on the subject.

The veterinary division of the Group has in its portfolio some products that, depending on the interpretation to be adopted by the Ministry, could be considered as subject to this IN, but management understands that these products are in full compliance, considering that all tests and studies approved for granting the registrations of the products by MAPA itself proved their efficacy, safety and grace periods and will take all appropriate measures to defend its interests.

At September 30, 2014, despite the understanding of the full compliance of the products containing avermectins in their formula, conservatively, the Company's management decided to record a provision for the risk of a potential non-realization of some inventory balances and intangible assets, in the amounts of R$ 293 and R$ 340, respectively.

(c) Ouro Fino Agronegócio Ltda.

This company is headquartered in Cravinhos, in the State of São Paulo, and has as its main activities the sale in the domestic market of veterinary drugs and products for livestock (cattle, pigs, poultry, sheep, horses and goats) acquired from the company mentioned in item (b) above.

(d) Ouro Fino Pet Ltda.

This subsidiary, headquartered in Vinhedo, in the State of São Paulo, has as its main activity the sale in the domestic market of veterinary drugs and products and related goods for pets (cats, dogs and ornamental birds) purchased from the company mentioned in item (b) above.

(e) Ouro Fino de Mexico, S.A. de CV

A subsidiary of Ouro Fino Saúde Animal Ltda., headquartered in Guadalajara, Mexico. Its main activity is the sale, exclusively in Mexico, of veterinary drugs and products purchased from its parent company.

2 Summary of significant accounting policies

The main accounting policies applied in the preparation of these parent company and consolidated interim accounting information are set out below. These policies have been consistently applied in the parent company and in its subsidiaries.

2.1 Basis of preparation

The interim accounting information was prepared in accordance with the Brazilian Technical Pronouncement CPC 21 - Interim Financial Reporting, and with the International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information (ITR).

The preparation of the interim accounting information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policy. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated interim accounting information, are disclosed in Note 3.

(a) Consolidated accounting information

The consolidated interim accounting information was prepared and is being presented in accordance with the Brazilian Technical Pronouncement CPC 21 - Interim Financial Reporting, and with the International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

(b) Parent company accounting information

The parent company interim accounting information was prepared in accordance with the Brazilian Technical Pronouncement CPC 21 - Interim Financial Reporting .

In the parent company interim accounting information, subsidiaries are recorded based on the equity method of accounting. The same adjustments are made in the parent company and consolidated interim accounting information to obtain the same profit or loss and equity attributable to the owners of the parent company. In the case of Ouro Fino Saúde Animal Participações S.A., the accounting practices adopted in Brazil applicable to the parent company interim accounting information differ from IFRS applicable to consolidated interim accounting information only in relation to the evaluation of investments in subsidiaries based on the equity accounting method, instead of cost or fair value in accordance with IFRS.

(b) Changes in accounting policies and disclosures

In 2014, new standards and revisions of CPCs/IFRS became effective and were adopted by the Company and its subsidiaries, when applicable. Of these standards, the only one that is significant for the Company and its subsidiaries is the following:

CPC 46/IFRS 13 - "Fair Value Measurement". This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated interim accounting information.

(a) Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating and strategic decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the interim accounting information of each of the Group companies 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 interim accounting information 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 exchange rates prevailing at the end of the period 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 Mexico, S.A. de CV (subsidiary 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 at the date of that balance sheet.

(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".

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less and with immaterial risk of change in value.

2.6 Financial assets

2.6.1 Classification

The Group classifies its financial assets, at initial recognition, in the following categories: loans and receivables 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 end of the reporting period, 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".

2.6.2 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.

2.6.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

Assets carried at amortized cost

Management assesses at the end of each reporting period 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.

2.7 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".

2.8 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.

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.

2.9 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 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.

2.10 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 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 tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the accounting information. They are determined based on tax rates in effect on 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.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences/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 corporate entities that are not obliged, in the calendar year, to use the taxable profit method, or whose total gross revenue is equal to or lower than R$ 78,000.

2.11 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 year of the expected benefit, which is, on average, 10 years.

(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.

(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 straightline method.

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

2.12 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 17. 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.

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.

2.13 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.

2.14 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.

2.15 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 year 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 reporting period.

2.16 Provisions

Provisions are recognized when there is a present or constructive obligation as a result of past events, it is probable that assets will be surrendered to settle the obligation, and a reliable estimate of the amount can be made.

2.17 Other assets and liabilities

An asset is recognized in the balance sheet when it is probable that its future economic benefits will flow to the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constituted obligation resulting from a past event and it is probable that economic resources will be required to settle the liability. The assets and liabilities are recorded including accrued income or incurred charges and exchange and monetary variations, when applicable.

Assets and liabilities are classified as current when the realization or settlement is probable within the next 12 months. Otherwise, they are presented as non-current.

2.18 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.

2.19 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.

(a) Sales of products

The Group produces and sells a range of veterinary drugs and products for livestock and pets.

Sales are recognized when a Group entity has delivered products to the customer and the customer has full discretion over the channel and price to resell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Finance income

Finance income is recognized on the accrual basis, using the effective interest rate method.

2.20 Other income and expenses

Other income and expenses are recognized in the statement of income on the accrual basis of accounting.

2.21 Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments.

Lease obligations are included in borrowings.

2.22 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to stockholders is recognized as a liability in the accounting information based on the Company's bylaws. Any amount that exceeds the minimum required is only provided 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.

2.23 New standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards were issued by the IASB but are not effective for the period ended September 30, 2014. 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. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is assessing the full impact of IFRS 9. The standard is applicable as from January 1, 2018.

- IFRS 15 – “Revenue from Contracts with Clients”, specifies how and when revenue must be recognized, as well as defines rules for disclosure of relevant information. IFRS 15 was issued in May 2014 and replaces IAS 18 – “Revenue”, IAS 11 - “Construction Contracts” and several interpretations related to revenue. The application of this standard is mandatory for all the companies that issue accounting information for IFRS purposes and it applies to almost all contracts with clients, the main exceptions being leases, financial instruments and insurance contracts. The Group is yet to assess IFRS 15's full impact. The standard is applicable as from January 1, 2017.

Other standards issued are not relevant to the Group.

3 Critical accounting estimates and judgments

Accounting estimates and assumptions 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.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will 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 year are addressed below:

(a) 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) trading expenditures, such as marketing, commission, freight and storage expenses.

The projection year 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 2.13.

(b) Deferred income tax and social contribution

The 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.

(c) 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.

(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.

4 Financial risk management

4.1 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.

All amounts in thousands of reais unless otherwise stated

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

Assets in foreign currency	
Cash and cash equivalents	2,440
Trade receivables	6,864
Advances to suppliers	5,881
	15,185
Liabilities in foreign currency	
Borrowings (*)	906
Trade payables	12,306
Advances from customers	1,168
	14,380
Net exposure - assets	805

(*) The balance of borrowings in foreign currency does not consider working capital amounting to R$ 58,419, because an exchange rate swap has been contracted.

The assets and liabilities denominated in foreign currency are regularly monitored through the estimated cash flows. 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, the Group contracts derivative transactions when necessary, predominantly exchange rate swap.

In the table below five scenarios are presented, considering the changes in the quotation of the Real against the U.S. dollar. The Group adopts the probable scenario.

		Impact of the appreciation/depreciation of the U.S. dollar on the portfolio balance					
		2.4510	2.4500	1.8383	1.2255	3.0638	3.6765
Assets/liabilities	**Risk**		**Scenario 1** *(probable)*	**Scenario 2** (US$ depreciation - 25%)	**Scenario 3** (US$ depreciation - 50%)	**Scenario 4** (US$ appreciation - 25%)	**Scenario 5** (US$ appreciation - 50%)
Cash and cash equivalents	US$ depreciation	2,440	(1)	(610)	(1,220)	610	1,220
Trade receivables	US$ depreciation	6,864	(3)	(1,716)	(3,432)	1,716	3,432
Advances to suppliers	US$ depreciation	5,881	(2)	(1,470)	(2,941)	1,470	2,941
Borrowings	US$ appreciation	906	(1)	227	453	(227)	(453)
Trade payables	US$ appreciation	12,306	(5)	3,077	6,153	(3,077)	(6,153)
Advances from customers	US$ appreciation	1,168	(1)	292	584	(292)	(584)
Net effect		805	(13)	(200)	(403)	200	403

(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 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 at September 30, 2014, 52% of its borrowings are linked to fixed interest rates and 12% are linked to the long-term interest rate (TJLP), which has a history of low volatility.

(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 (cattle, horses, pigs, poultry and pets), 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 27 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 6).

(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.

All amounts in thousands of reais unless otherwise stated

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

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 (CDB), 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 non-derivative financial liabilities into relevant maturity groups, based on the remaining period from 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 September 30, 2014				
Trade payables	24,947			
Borrowings (*)	108,628	71,172	61,852	318
Derivative financial instruments, net	(6,847)	1,002		
Other liabilities	61,553	(40)	2,068	7,878
	188,281	72,134	63,920	8,196

(*) 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 in the balance sheet for borrowings.

4.2 Capital risk 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.

All amounts in thousands of reais unless otherwise stated

The gearing ratios at September 30, 2014 are as follows:

	Note	Consolidated
Borrowings	18	220,353
Derivative financial instruments, net	8	(5,845)
Cash and cash equivalents	7	(22,069)
Net debt		192,439
Equity	20	227,874
Total capital		420,313
Gearing ratio (%)		45.78

4.3 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.

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
Assets - Derivative financial instruments		
Exchange rate swap	Level 2	6,857
Liabilities - Derivative financial instruments		
Interest rate swaps	Level 2	(1,012)
		5,845

All amounts in thousands of reais unless otherwise stated

5 Financial instruments by category

	Parent		Consolidated
	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables
Assets as per balance sheet			
Cash and cash equivalents	6,108		22,069
Derivative financial instruments		6,857	
Accounts receivable			139,453
Related parties	4,904		954
Other assets, except for prepaid expenses	2,304		5,572
	13,316	6,857	168,048
	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities
Liabilities as per balance sheet			
Trade payables			24,947
Derivative financial instruments		1,012	
Borrowings			220,353
Related parties	7,097		24,257
Commissions on sales			5,004
Other liabilities	225		6,343
	7,322	1,012	280,904

6 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 and bank deposits amounting to R$ 22,053 were held in prime financial institutions rated as A-2 by Standard & Poor's.

All amounts in thousands of reais unless otherwise stated

The balances of trade receivables are evaluated as described in Note 4.1 (b), as follows:

AA	28,139
A	57,240
B	26,829
C	18,708
D	8,001
E	3,659
	142,576

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, as well as investments in Bank Deposit Certificates (CDB) earning up to 100% of the Interbank Deposit Certificate (CDI) rate variation.

	Parent	Consolidated
Cash		
In local currency		3
In foreign currency		13
		16
Banks		
In local currency	198	2,068
In foreign currency		2,427
	198	4,495
Bank Deposit Certificates (CDBs)	5,910	17,558
	6,108	22,069

8 Derivative financial instruments (consolidated)

	Assets	Liabilities
Exchange rate and interest rate swap	6,857	1,012
Non-current		(1,002)
Current	6,857	10

All amounts in thousands of reais unless otherwise stated

The fair value of the derivatives is classified as a non-current asset or liability if the remaining maturity of the item protected by the swap is more than 12 months and, as a current asset or liability, if the remaining period until maturity of the item is less than 12 months.

The notional principal amounts of the outstanding exchange rate swap contracts at September 30, 2014 correspond to US$ 23,835 thousand and of the interest rate swap contracts to R$ 20,548 thousand.

9 Trade receivables (consolidated)

Domestic customers	135,712
Foreign customers (U.S. dollar)	6,864
Provision for impairment of trade receivables	(3,123)
Current	139,453

The foreign trade receivables at September 30, 2014 corresponded to US$ 2,491 thousand.

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

Falling due	
Up to 3 months	84,254
From 3 to 6 months	33,118
Over 6 months	12,089
	129,461
Past due	
Up to 3 months	6,177
From 3 to 6 months	820
Over 6 months	6,118
	13,115
	142,576

The provision for impairment of trade receivables was constituted for receivables overdue more than 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.
Changes in the provision were as follows:

Merged balance	3,220
Reversal of provision	(97)
At September 30, 2014	3,123

All amounts in thousands of reais unless otherwise stated

10 Inventories (consolidated)

Finished products	44,099
Raw materials	26,133
Imports in transit	4,162
Packaging materials	10,647
Advances to suppliers	4,293
Semi-finished products	7,236
Others	5,272
Provision for inventory losses	(2,086)
	99,756

The changes in the provision for inventory losses were as follows:

Merged balance	704
Additions	1,382
At September 30, 2014	2,086

11 Taxes recoverable (consolidated)

ICMS	27,994
ICMS, PIS and COFINS on acquisitions of property, plant and equipment	699
IRRF	329
IPI	511
PIS and COFINS	337
Others	105
	29,975
Non-current	(26,863)
Current	3,112

ICMS credits, which amounted to R$ 25,647 at September 30, 2014, were mainly generated by Ouro Fino Saúde Animal Ltda. These credits are generated by exempted sales on domestic 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.

All amounts in thousands of reais unless otherwise stated

At September 30, 2014, all ICMS credits related to 2010, 2011 and 2012 were approved by the tax authorities, and R$ 10,886 were released for immediate use. The residual balance of R$ 7,960 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. Of the credits released, R$ 4,684 were used and the remaining amount will be used next year.

12 Other assets and liabilities

	Parent		Consolidated	
	September 30, 2014	April 10, 2014	September 30, 2014	April 10, 2014
Other assets				
Notes receivable			2,772	
Prepaid expenses			1,799	
Advances to commercial representatives			534	
Borrowing costs - IPO	2,303		2,474	
Advances to employees			700	
Advances for travel expenses			343	
Others	1	1	673	
Provision for losses on advances			(266)	1
	2,304	1	9,029	1
Non-current			(335)	
Current	2,304	1	8,694	1
Other liabilities				
Provision for freight charges			2,716	
Accounts payable	225		1,330	
Advances from customers			2,073	
Sundry provisions			172	
Others			52	
	225		6,343	

All amounts in thousands of reais unless otherwise stated

13 Related parties

(a) Balances as per balance sheet

	Parent	Consolidated
Assets		
AFAC (i)	3,950	
Accounts receivable (ii)		591
Other assets (ii)	954	954
	4,904	1,545
Liabilities		
Intercompany loans (iii)		18,715
Trade payables (iv)		132
Other payables (iv)	7,097	5,542
Borrowings (v)		9,787
	7,097	34,176

(i) Advances for future capital increase

Advances for future capital increase in the parent company refer to advances to subsidiaries Ouro Fino Saúde Animal Ltda. of R$ 3,100 and Ouro Fino Agronegócio Ltda. of R$ 850. The advances for future capital increase are irrevocable and unconditional and will be utilized to pay up capital, when the corporate documents are registered.

(ii) Accounts receivable and other assets

Accounts receivable in the consolidated are represented by the reimbursement of expenses, substantially expenditures with the Shared Services Center ("CSC"), according to the expense sharing agreement entered into on June 30, 2014 with related parties Ouro Fino Participações e Empreendimentos S.A. (R$ 25) and Ouro Fino Química Ltda. (R$ 487) and other receivables from the related party Condomínio Rural Ouro Fino (R$ 79).

The other assets refer to transactions with minority interests arising from changes in the ownership interest of the subsidiaries Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. amounting to R$ 954.

(iii) Intercompany loan

This balance relates to a loan from the related party Ouro Fino Participações e Empreendimentos S.A. of R$ 18,715, bearing interest of 100% of the CDI rate variation.

(iv) Trade and other payables

Trade payables refer to the reimbursement of expenses in the amount of R$ 132 to the related party Ouro Fino Química Ltda.

The balance of other payables refer to the reimbursement to the related parties Ouro Fino Participações e Empreendimentos S.A. (R$ 1,745), Ouro Fino Saúde Animal Ltda. (R$ 775) and Ouro Fino Agronegócio Ltda. (R$ 780) of expenses and obligations with minority interests arising from the acquisition of quotas of their subsidiaries Ouro Fino Agronegócio Ltda and Ouro Fino Pet Ltda. totalling R$ 3,797.

All amounts in thousands of reais unless otherwise stated

(v) Borrowings

Refers to borrowings from the related party BNDES Participações S.A., under conditions similar to those practiced with third parties, totalling R$ 9,787.

(b) Income (expenses) in the period

	Parent		Consolidated	
	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Collection of expenditures for the CSC	(29)	(29)	1,674	5,660
Sale of property, plant and equipment			17	17
Interest on intercompany loans			(499)	(665)
Interest on borrowings			(220)	(383)
Others	(66)	(66)	14	357
	(95)	(95)	986	4,986

The results for the period between related parties mainly refer to the reimbursement of expenditures incurred with the Shared Services Center (“CSC”) - R$ 5,660, sale of property, plant and equipment to the related party Ouro Fino Química Ltda. - R$ 17 and other income/expenses - R$357.

Interest on loans, which are subject to interest of 100% of the CDI rate variation, as mentioned in Note 12 (a) refers to the related party Ouro Fino Química Ltda. (R$ 166) and the related party Ouro Fino Participações e Empreendimentos S.A. (R$ 499). Interest on borrowings refers to payables to the related party BNDES amounting to R$ 383).

(c) Management remuneration

Key management personnel include members of the Executive Board, whose remuneration is approved at the Ordinary General Meeting. In the period from April 10, 2014 to September 30, 2014 remuneration expenses totaled R$ 1,048, of which R$175 referred to labor charges.

(d) Other transactions with related parties

At July 30, 2014, the Company entered into a contract whereby it granted Ouro Fino Participações e Empreendimentos S.A., Ouro Fino Química Ltda., Ouro Fino Hong Kong Limited. and Shangai Ouro Fino Trading Co., Ltd. a license to use its marks for consideration, for R$ 1,500 for the first 10 years of the contract. The license to use refers to the agrochemicals segment brands, owned by the Company.

On September 26, 2014, the Company entered into an agreement with its controlling interests, Jardel Massari and Norival Bonamichi, whereby it granted a license to use its marks to a rural condominium located in the municipality of Guatapará, in the State of São Paulo, owned by its controlling interests, for consideration, for R$ 5 per annum, and the contract has a term of 10 years.

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

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 Group also has a company located in Mexico, which calculates its taxes based on the regulations of that country. Therefore, there is no 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 arise from accumulated income tax and social contribution losses, as well as from temporary differences. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences and/or tax losses, considering projections of future results based on internal assumptions and future economic scenarios, which are, therefore, subject to changes.

(a) Composition, nature and realization of taxes

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

Tax credits on:	
Temporary differences	
Provisions	1,880
Gain on mark-to-market adjusted swap	491
Total assets, net	2,371

All amounts in thousands of reais unless otherwise stated

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

Tax credits on:	
Accumulated income tax and social contribution losses	(1,418)
Temporary differences	
Provisions	(3,533)
Unrealized profit in inventories	(1,310)
Pre-operating expenses written-off	(1,200)
	(7,461)
Tax liabilities on:	
Deemed cost of land	7,878
Foreign exchange variations - taxation on cash basis	256
Gain on mark-to-market adjusted swap	1,222
Accelerated depreciation	228
	9,584
Total liabilities, net	2,123
Total deferred tax credits	9,832
Total deferred tax liabilities	9,584

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:

Merged balance	3,495
Pre-operating expenses written-off	(80)
Accumulated income tax and social contribution losses	(4,230)
Adjustment to market value	(1,320)
Provisions	647
Unrealized profit in inventories	1,310
Exchange rate variations - taxation on cash basis	412
Accelerated depreciation	14
Closing balance	248

The credits arising from accumulated income tax and social contribution losses will be offset against future taxable profit, limited to 30% thereof each year, considering the current projections of realization prepared by management.

All amounts in thousands of reais unless otherwise stated

The amounts by estimated offset period are as follows:

Deferred tax assets to be recovered	
within 1 year	8,906
from 2 to 5 years	926
	9,832
Deferred tax liabilities to be settled	
within 1 year	1,706
after 5 years	7,878
	9,584

15 Investments in subsidiaries (consolidated)

		Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total
(a)	**Information on subsidiaries**				
	Number of quotas held	87,064,319	79,772,495	1,000,000	
	Percentage holding	99.99%	100.00%	100.00%	
	Equity (*)	98,015	97,804	26,109	221,928
	Profit (loss) for the period	(936)	19,495	10,849	29,408
	Unrealized profit in inventories of the current period	(3,801)			(3,801)
	Unrealized profit in inventories of the prior period	1,187			1,187
(b)	**Changes in investments**				
	Merger of net assets (Note 1)	101,410	76,586	25,838	203,834
	Equity in the results of investees	(3,549)	19,101	10,800	26,352
	Acquisitions of quotas (**)		1,195	27	1,222
	Payment of capital with investments (Note 20(a))		922	151	1,073
	Dividends received			(10,708)	(10,708)
	Foreign exchange variations on foreign investments	154			154
		98,015	97,804	26,108	221,927

(*) The equity of the subsidiary Ouro Fino Saúde Animal Ltda. is adjusted considering the unrealized profit on inventories.

(**) Refers to the repurchase of 990,117 quotas of minority interests of the subsidiary Ouro Fino Agronegócio Ltda. and 738 quotas of the subsidiary Ouro Fino Pet Ltda., according to the Extraordinary General Meeting held on September 25, 2014. The purchase value differs from the equity value of interest in investments purchased by R$ 3,347 and R$ 21, respectively. The difference (loss) was recorded directly in the Company's equity, according to item 23 of CPC 36 (R3), because it relates to a transaction with minority interests.

Summarized financial information

The tables below present a summary of financial information on the subsidiaries.

All amounts in thousands of reais unless otherwise stated

(i) Summarized balance sheet

	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	120,601	182,668	38,462	4,194
Liabilities	(179,199)	(53,744)	(12,455)	(1,649)
Current assets (liabilities), net	(58,598)	128,924	26,007	2,545
Non-current				
Assets	246,521	27,001	361	107
Liabilities	(85,496)	(58,121)	(259)	
Non-current assets (liabilities), net	161,025	(31,120)	102	107
Equity	102,427	97,804	26,109	2,652

(ii) Summarized statement of income

	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.	
	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Net sales revenue	57,856	96,485	88,369	160,911	13,911	26,113	1,380	2,308
Profit (loss) before income tax and social contribution	164	(1,931)	10,787	30,198	6,336	11,821	308	926
Income tax and social contribution	92	995	(3,523)	(10,091)	(535)	(972)		(1)
Profit (loss) for the period from continuing operations	256	(936)	7,264	20,107	5,801	10,849	308	925
Loss on discontinued operations			(555)	(612)				
Profit (loss) for the period	256	(936)	6,709	19,495	5,801	10,849	308	925

All amounts in thousands of reais unless otherwise stated

(iii) Statement of comprehensive income

	Quarter ended 9/30/2014	Period from 4/10/2014 and 9/30/2014
Ouro Fino Saúde Animal Ltda.		
Profit (loss) for the period	256	(936)
Other comprehensive income	170	154
Total comprehensive income	426	(782)

(iv) Summarized statement of cash flows

				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	(31,176)	37,376	11,886	607
Interest paid	(1,662)	(4,652)		
Income tax and social contribution paid		(1,529)	(569)	
Net cash provided by (used in) operating activities	(32,838)	31,195	11,317	607
Net cash provided by (used in) investing activities	(12,620)	5,888	(273)	
Net cash provided by (used in) financing activities	44,455	(35,619)	(10,708)	
Net increase (decrease) in cash and cash equivalents	(1,003)	1,464	336	607
Cash and cash equivalents at the beginning of the period	3,994	9,273	768	389
Exchange gains on cash and bank overdrafts	131	2		
Cash and cash equivalents at the end of the period	3,122	10,739	1,104	996

All amounts in thousands of reais unless otherwise stated

16 Intangible assets (consolidated)

	Merged balance	Additions	Provision for impairment	Amortization	At September 30, 2014
Trademarks and licenses purchased	716			(141)	575
Development and registration of products	37,827	6,647	(776)	(1,046)	42,652
Computer software	17,744	2,602		(1,439)	18,907
	56,287	9,249	(776)	(2,626)	62,134

	Merged balance			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,198		(1,482)	716
Development and registration of products	46,759	(2,141)	(6,791)	37,827
Computer software	21,414		(3,670)	17,744
	70,371	(2,141)	(11,943)	56,287

	At September 30, 2014			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,198		(1,623)	575
Development and registration of products	53,406	(2,917)	(7,837)	42,652
Computer software	24,016		(5,109)	18,907
	79,620	(2,917)	(14,569)	62,134

The amortization of intangible assets with product development and registration was recognized within "Cost of sales".

The development and registration of products substantially refer to expenditures for new veterinary drugs (R$ 36,073) and expenditures for the development of a vaccine against foot-and-mouth disease (R$ 6,579).

At September 30, 2014, the Group recognized impairment losses of R$ 776, of which R$ 340 related to intangible assets of avermectins (Note 1) and R$ 436 to the evaluation of the non-economic feasibility of other products.

The assumptions utilized to analyze evidence of impairment are disclosed in Note 3.1.

All amounts in thousands of reais unless otherwise stated

17 Property, plant and equipment (consolidated)

	Merged balance	Additions	Transfers	Write-offs	Depreciation	At September 30, 2014
Land	24,947					24,947
Buildings and improvements	66,696		1,059		(877)	66,878
Machinery, equipment and industrial facilities	48,462	2,533	(1)	(551)	(1,798)	48,645
Vehicles, tractors and aircraft	10,989	1,164	(2)	(6,581)	(693)	4,877
Furniture and fittings	2,753	503	1	(88)	(230)	2,939
IT equipment	3,549	375		(24)	(424)	3,476
Construction in progress	14,058	2,345	(1,064)			15,339
Others	2,648	92	7		(108)	2,639
	174,102	7,012		(7,244)	(4,130)	169,740

	Merged balance			At September 30, 2014			
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,947		24,947	24,947		24,947	
Buildings and improvements	78,998	(12,302)	66,696	80,057	(13,179)	66,878	2.73%
Machinery and equipment and industrial facilities	73,097	(24,635)	48,462	75,078	(26,433)	48,645	6.18%
Vehicles, tractors and aircraft	19,433	(8,444)	10,989	14,014	(9,137)	4,877	20.19%
Furniture and fittings	5,546	(2,793)	2,753	5,962	(3,023)	2,939	10.29%
IT equipment	9,023	(5,474)	3,549	9,374	(5,898)	3,476	18.73%
Construction in progress	14,058		14,058	15,339		15,339	
Others	4,471	(1,823)	2,648	4,570	(1,931)	2,639	11.05%
	229,573	(55,471)	174,102	229,341	(59,601)	169,740	

The balance of construction in progress mainly comprises the construction of the new plant of the biological products unit of R$ 13,561.

(a) Leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The net book value of leased vehicles totaled R$ 933 at September 30, 2014.

(b) Guarantees

Land, buildings, machinery and equipment amounting to R$ 10,140 are pledged as collaterals for borrowings (Note 18).

All amounts in thousands of reais unless otherwise stated

18 Borrowings (consolidated)

	Finance charges levied	Final maturity	
In foreign currency			
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.57% p.a.	2016	906
Export credit note	Exchange variation and weighted average rate of 4.28% p.a.	2016	9,229
Working capital	Exchange variation and weighted average rate of 1.68% p.a.	2015	49,190
In local currency			
FINEP (Technological innovation)	Weighted average rate of 4.43% p.a.	2018	131,246
BNDES - FINEM	Weighted average rate of 2.89% p.a.	2016	7,546
BNDES - FINAME	Weighted average rate of 4.50% p.a.	2022	1,335
Export credit note	Weighted average rate of 8% p.a.	2016	20,548
Finance lease	Weighted average rate of 12.59% p.a.	2015	353
			220,353
Current			(98,359)
Non-current			121,994

(a) Finance lease liabilities

Finance lease transactions were mainly contracted to renew the vehicle fleet.

Leases are payable as follows:

Within 1 year	331
From 1 to 3 years	22
	353

(b) Guarantees for borrowings

The financing for research, innovation and development of products obtained from the Fund for Financing of Studies and Projects (FINEP) and which, at September 30, 2014 totaled R$ 131,246, are guaranteed by a surety of the related party Ouro Fino Participações e Empreendimentos S.A. and bank guarantees of R$ 11,716.

For the loan contracted 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, in the 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.

All amounts in thousands of reais unless otherwise stated

Borrowings for working capital and leases are collaterized 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.

At September 30, 2014, the subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. are guarantors of some borrowings from the related party Ouro Fino Química Ltda. totaling R$ 34,314, but these guarantees included a redemption clause in the case of public offering of shares issued by the Company, that is, they ceased to exist on October 17, 2014, according to Note 1 (a). The related party Ouro Fino Participações e Empreendimentos S.A., is also the guarantor of three loan agreements of the companies Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. with Finep, amounting to R$ 129,739. No amounts are charged for the guarantees provided.

The carrying amounts of borrowings approximate their fair values.

The composition of non-current borrowings by maturity is as follows:

2015	9,181
2016	53,849
2017	32,043
2018	26,606
2019 to 2022	315
	121,994

(c) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for working capital borrowings contracted in foreign currency (US$), which amounted to R$ 58,419, to exchange the charges for those based on the CDI rate variation (Note 8).

19 Provision for contingencies (consolidated)

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:

Labor	2,614
Civil and social security	340
	2,954

In addition, some Group companies are parties to other administrative disputes, including those which were the object of 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 amounted to approximately R$ 35,604, and mainly corresponded to tax (ICMS) and labor claims.

All amounts in thousands of reais unless otherwise stated

The changes in the provision for contingencies were as follows:

Merged balance	3,918
Filing of new proceedings	186
Write-off of proceedings	(1,150)
Closing balance	2,954

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, capital was represented by 188,627,485 common shares without a 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 AMKS Contadores e Consultores Ltda. (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 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., which was based on the valuation carried out by a specialized company, as mentioned above, differs from the book value of the share of the investments acquired (Note 15) by R$ 2,623 and R$ 123, 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.

The Company is a party to the Stockholders' Agreement and other Covenants entered into between the controlling stockholders, BNDES Participações S.A. - BNDESPAR and other minority interests, which provides that, in specific circumstances, BNDESPAR may require that the controlling stockholders, on a joint basis, purchase all shares owned by BNDESPAR and issued by the Company, in a single batch, under the price and term conditions established in the agreement. At the Board of Directors' meeting held on October 17, 2014, the issue of 1,923,077 new shares was approved, which were the object of the public offering described in Note 1 (a). Therefore, these Stockholders' Agreement ceased to exist on that date.

(b) Allocation of profit

Profit is allocated as follows according to the bylaws,:

- 5% to the legal reserve, limited to 20% of the capital;
- minimum dividend of 25% of profit adjusted according to Article 202 of Law 6,404; and
- the remaining balance will be allocated at the General Meeting by the stockholders representing not less than 2/3 (two thirds) of voting shares, provided that applicable legal provisions are complied with.

(c) Carrying value adjustments

The carrying value adjustments in equity refer to the adoption of the deemed cost for land, because the Group opted for measuring land at fair value at 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.

21 Segment information

The Board of Directors of Ouro Fino Participações e Empreendimentos S.A. is the chief decision-maker and has determined the Group's operating segments according to the markets where it operates, based on strategic business decisions.

The segments are:

- Livestock - production and sale in the domestic market of veterinary drugs, vaccines and other products for livestock (cattle, pigs, poultry, sheep, horses and goats).
- Pets – production and sale in the domestic market of veterinary drugs and other products for pets (dogs, cats and ornamental birds).
- Foreign operations - production and sale in the foreign market of veterinary drugs, vaccines and other products for livestock (cattle, pigs, poultry, sheep, horses and goats). Exports of these products are mainly to Latin America.

As described in Note 4.1 (b), the veterinary segment has a broad customer base and, therefore, the Group does not have customers representing more than 10% of its total net revenues.

The Group has not presented assets and liabilities by business segment, since they do not form part of the analyses realized by management when making strategic decisions.

The results per segment are as follows:

All amounts in thousands of reais unless otherwise stated

	Quarter ended 9/30/2014			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	85,265	13,912	4,529	103,706
Cost of sales	(33,704)	(1,873)	(1,567)	(37,144)
Gross profit	51,561	12,039	2,962	66,562
Selling expenses	(32,049)	(3,719)	(1,473)	(37,241)
General and administrative expenses (not segmented)				(9,122)
Other revenues, net (not segmented)				82
Operating profit				20,281
Finance income (not segmented)				7,577
Finance costs (not segmented)				(12,849)
Finance result (not segmented)				(5,272)
Profit before income tax and social contribution				15,009
Income tax and social contribution				
Current (not segmented)				(2,248)
Deferred (not segmented)				(1,031)
Earnings from continuing operations				11,730

	Period from 4/10/2014 to 9/30/2014			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	158,337	25,707	7,870	191,914
Cost of sales	(68,439)	(4,336)	(2,828)	(75,603)
Gross profit	89,898	21,371	5,042	116,311
Selling expenses	(53,195)	(6,516)	(2,035)	(61,746)
General and administrative expenses (not segmented)				(11,651)
Other revenues, net (not segmented)				(55)
Operating profit				42,859
Finance income (not segmented)				9,210
Finance costs (not segmented)				(16,174)
Finance result (not segmented)				(6,964)
Profit before income tax and social contribution				35,895
Income tax and social contribution				
Current (not segmented)				(5,512)
Deferred (not segmented)				(3,211)
Profit for the period from continuing operations				27,172

All amounts in thousands of reais unless otherwise stated

The table below shows the composition by country of net revenues from foreign customers:

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Mexico	1,371	2,311
Venezuela	1,342	1,342
Others	1,011	2,260
Colombia	472	1,095
Paraguay	111	640
Costa Rica	222	222
	4,529	7,870

22 Revenues (consolidated)

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

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Domestic customers		
Gross sales of products	113,588	210,709
Taxes and deductions on sales	(14,411)	(26,665)
	99,177	184,044
Foreign customers		
Gross sales of products	4,529	7,870
	103,706	191,914

All amounts in thousands of reais unless otherwise stated

23 Costs and expenses by nature (consolidated)

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Personnel expenses	27,775	46,957
Variable costs (raw and consumption materials)	22,839	45,914
Sales team expenses	13,705	22,011
Others	3,204	8,521
Outsourced services	5,965	6,725
Depreciation and amortization	3,928	6,756
Freight charges	3,424	6,074
Provision for inventory losses	611	1,382
Telecommunications and electricity	1,202	2,395
Provision for impairment of intangible assets	10	776
Maintenance and consumption materials	334	559
Travel expenses	175	364
Vehicle expenses	155	291
Donations and sponsorship	180	275
	83,507	149,000
Cost of sales	37,144	75,603
Selling expenses	37,241	61,746
General and administrative expenses	9,122	11,651
	83,507	149,000

24 Other income (expenses), net (consolidated)

	Quarter ended 9/30/2014	Period from 4/10/2014 and 9/30/2014
Gains on sale and write-off of PP&E	217	528
Losses on other sales	(23)	(35)
Sundry charges	(40)	(60)
Sundry taxes	(34)	(102)
Others	(26)	(172)
Sundry losses	(12)	(214)
	82	(55)

All amounts in thousands of reais unless otherwise stated

25 Finance result (consolidated)

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Finance income		
Gains on derivatives	5,002	5,335
Foreign exchange variation	1,901	2,957
Income from financial investments	347	373
Discounts obtained	71	223
Interest receivable	123	189
Monetary variation	133	133
	7,577	9,210
Finance costs		
Foreign exchange variation	(7,528)	(8,392)
Interest payable	(3,668)	(5,539)
Losses on derivatives	(1,120)	(1,450)
Finance charges	(360)	(496)
Bank fees	(134)	(203)
Discounts granted	(4)	(59)
Others	(35)	(35)
	(12,849)	(16,174)
Finance result	(5,272)	(6,964)

All amounts in thousands of reais unless otherwise stated

26 Income tax and social contribution expense

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

	Parent		Consolidated	
	Quarter ended 9/30/2014	**Period from 4/10/2014 to 9/30/2014**	**Quarter ended 9/30/2014**	**Period from 4/10/2014 to 9/30/2014**
Profit before income tax and social contribution	11,027	26,085	14,454	35,283
Standard rates	34%	34%	34%	34%
	(3,749)	(8,869)	(4,914)	(11,996)
Reconciliation to the effective rate:				
Permanent differences:				
Equity in the results of investees	3,840	8,960		
Adjustment related to the calculation of subsidiary taxed based on the deemed profit method			1,619	3,047
Adjustment related to the calculation of foreign subsidiary taxed based on the rate in effect in that country			105	314
Deferred taxes, not recorded	(91)	(91)	(91)	(91)
Other permanent differences			2	3
Income tax and social contribution			(3,279)	(8,723)
Reconciliation with the statement of income:				
Current			(2,248)	(5,512)
Deferred			(1,031)	(3,211)
			(3,279)	(8,723)

Transitional Tax System (RTT) - Law 12,973/2014 - Conversion of Provisional Measure (MP) 627

The Regulatory Instruction (IN) 1,397 of the Federal Revenue Secretariat (RFB) dated September 16, 2013 defined a significant understanding of the federal tax rules with respect to the required adjustments to the Transitional Tax System established by Article 15 of Law 11,941 dated May 27, 2009, especially with regard to the recognition of revenue, costs and expenses that have affected the determination of taxable income after December 31, 2007, including, among others, restrictions on the amount of profit subject to distribution that may be exempt from taxation.

Subsequently, on November 11, 2013 the Provisional Measure (MP) 627 was issued, repealing the Transitional Tax Regime and introducing a number of tax rules aimed to harmonize the recognition of revenue, costs and expenses that affect tax bases, in order to maintain tax neutrality considering the new accounting practices required by Laws 6,404/1976 and 11,638/2007 after December 31, 2007, including exemption rules in connection with the provisions of Regulatory Instruction (IN) 1,397/2013, especially with respect to the distribution of profit. This Provisional Measure will become effective on January 1, 2015, but included election of early adoption by taxpayers on January 1, 2014.

Provisional Measure No. 627 was converted into Law 12,973 on May 13, 2014, with modifications in its original wording, but keeping essentially the initial provisions, mainly maintaining benefits for periods and exemption limits initially granted. In the same line of the initial wording, the Law will become effective on January 1, 2015; however, it assures taxpayers of early adoption on January 1, 2014.

All amounts in thousands of reais unless otherwise stated

Based on the analysis made by management about the possible tax impacts brought by the Law, the Group tends for the early application of its legal provisions at January 1, 2014, in accordance with the rules established in RFB's Regulatory Instruction 1,469 of May 29, 2014. The analysis performed by management evidenced that no significant impact would affect the Group's interim accounting information.

27 Discontinued operations

At a meeting held on December 10, 2013, the members of the Board of Directors decided to discontinue the activity of raising and selling pedigree cattle and *Criollo* horses ("Genetics Division") which was, until then, carried out by the subsidiary Ouro Fino Agronegócio Ltda.

The statement of income of the Genetics Division is presented below:

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Discontinued operations		
Selling expenses	(284)	(205)
General and administrative expenses	(31)	(47)
Other expenses, net	(240)	(360)
Loss for the period from discontinued operations	(555)	(612)

28 Earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to the stockholders of the Company by the weighted average number of outstanding common shares during the period.

	Quarter ended 9/30/2014	Period from 4/10/2014 to 9/30/2014
Profit for the period from continuing operations attributable to owners of the parent	11,575	26,686
Weighted average number of common shares in the period	49,845	26,641
Basic and diluted earnings per share - R$	0.23	1.00

29 Employee benefits

(a) Private pension plan - defined contribution

The Group companies sponsor a defined contribution pension plan for their employees. The plan was implemented in August 2008 and is managed by Itaú Vida e Previdência S.A. The companies' contributions to the plan in the period from April 10, 2014 to September 30, 2014 totaled R$ 400.

(b) Profit sharing

The Group offer to their employees a variable remuneration program, calculated based on quantitative and qualitative goals established by management. During the period from April 10, 2014 to September 30, 2014, the amount of the profit-sharing provision was R$ 3,049.

30 Insurance cover

The Group had insurance coverage for operating risks and comprehensive civil liability, with a maximum indemnity of R$ 269,302 at September 30, 2014. The Group's management considers these amounts to be sufficient to cover any potential liability risks and damages to the assets and loss of profits.

31 Events after the reporting period

As described in Note 1, on October 17, 2014, the Company 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 this context, 1,923,077 common shares were issued at the price of R$ 27.00 per share, resulting in a capital increase of R$ 51,923, considering the limit of authorized capital as per Article 6 of its bylaws, which was approved by the Board of Directors at a meeting held on October 17, 2014. After the registration with the Brazilian Securities Commission (“CVM”), the Company has traded its shares on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category under the ticker OFSA3.

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