(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Quarterly Information (ITR) at March 31, 2015 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review

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 March 31, 2015, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, 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 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.

Ouro Fino Saúde Animal Participações S.A.

Conclusion on
Interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and 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

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2015. 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) but 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, May 4, 2015

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

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

(A free translation of the original in Portuguese)

Contents

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**	**March 31, 2015**	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Current assets					
Cash and cash equivalents	7	8	11	79,182	72,453
Trade receivables	9			154,963	178,111
Derivative financial instruments	8			8,791	10,376
Inventories	10			115,992	86,848
Taxes recoverable	11	96	96	5,963	6,905
Income tax and social contribution recoverable				1,595	2,486
Related parties	12	4,341	4,398	1,021	998
Other assets		15	12	6,964	7,439
		4,460	4,517	374,471	365,616
Non-current assets					
Long-term receivables					
Taxes recoverable	11			24,391	22,529
Deferred income tax and social contribution	13			161	1,920
Related parties	12		104,260		
Other assets				1,298	261
			104,260	25,850	24,710
Investments in subsidiaries	14	343,090	231,169		
Intangible assets	15			70,150	66,300
Property, plant and equipment	16			171,499	170,635
Total non-current assets		343,090	335,429	267,499	261,645
Total assets		347,550	339,946	641,970	627,261

All amounts in thousands of reais (continued)

Liabilities and equity	Note	Parent March 31, 2015	Parent December 31, 2014	Consolidated March 31, 2015	Consolidated December 31, 2014
Current liabilities					
Trade payables		114		39,547	22,390
Derivative financial instruments				1,229	12
Borrowings	17			87,751	103,093
Salaries and social charges		68	64	21,353	24,912
Taxes payable		18	434	3,499	5,638
Income tax and social contribution payable				834	763
Dividends and interest on capital	12	8,959	8,959	8,959	8,959
Commissions on sales				5,165	5,669
Other liabilities		136	420	4,938	5,468
		9,295	9,877	173,275	176,904
Non-current liabilities					
Derivative financial instruments	8				1,164
Borrowings	17			126,015	112,560
Provision for contingencies	18			2,265	2,664
Deferred income tax and social contribution	13			2,042	3,812
				130,322	120,200
Total liabilities		9,295	9,877	303,597	297,104
Equity	19				
Capital		298,889	298,889	298,889	298,889
Capital reserves		(6,392)	(6,275)	(6,392)	(6,275)
Options granted		373		373	
Revenue reserves		22,136	22,136	22,136	22,136
Carrying value adjustments		15,758	15,319	15,758	15,319
Retained earnings		7,491		7,491	
		338,255	330,069	338,255	330,069
Non-controlling interests				118	88
Total equity		338,255	330,069	338,373	330,157
Total liabilities and equity		347,550	339,946	641,970	627,261

The accompanying notes are an integral part of this quarterly information.

Ouro Fino Saúde Animal Participações S.A.

Statement of income
Quarter ended March 31, 2015
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent	Consolidated
Revenue	21		87,044
Cost of sales	22		(35,716)
Gross profit			51,328
Selling expenses	22		(33,117)
General and administrative expenses	22	(477)	(8,682)
Equity in the results of investees		7,970	
Other income, net	23	17	45
Operating profit		7,510	9,574
Finance income		2	16,320
Finance costs		(21)	(17,051)
Finance result	24	(19)	(731)
Profit before income tax and social contribution		7,491	8,843
Income tax and social contribution	25		
Current			(1,348)
Deferred			10
Profit for the quarter		7,491	7,505
Attributable to:			
Owners of the parent			7,491
Non-controlling interests			14
			7,505
Earnings per share attributable to owners of the parent during the quarter (in reais)			
Basic earnings per share			0.13887
Diluted earnings per share			0.13883

The accompanying notes are an integral part of this quarterly information.

Ouro Fino Saúde Animal Participações S.A.

Statement of comprehensive income
Quarter ended March 31, 2015
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent	Consolidated
Profit for the quarter	7,491	7,505
Other components of comprehensive income		
Items that will be reclassified to profit or loss		
Foreign exchange variation of investment in subsidiary located abroad	439	455
Total comprehensive income for the quarter	7,930	7,960
Attributable to:		
Owners of the parent		7,930
Non-controlling interests		30
		7,960

The accompanying notes are an integral part of this quarterly information.

Ouro Fino Saúde Animal Participações S.A.

Statement of changes in equity

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

		Attributable to owners of the parent									
					Revenue reserves						
	Note	Capital	Capital reserve	Options granted	Legal reserve	Profit retention reserve	Carrying value adjustments	Retained earnings	Total	Non-controlling interests	Total equity
At January 1, 2015		298,889	(6,275)		1,886	20,250	15,319		330,069	88	330,157
Comprehensive income for the quarter											
Profit for the quarter								7,491	7,491	14	7,505
Foreign exchange variation of subsidiary located abroad							439		439	16	455
Total comprehensive income for the quarter							439	7,491	7,930	30	7,960
Contributions by owners											
Share options granted	19 (b)			373					373		373
Borrowing costs	19 (e)		(117)						(117)		(117)
Total contributions by owners			(117)	373					256		256
At March 31, 2015		298,889	(6,392)	373	1,886	20,250	15,758	7,491	338,255	118	338,373

The accompanying notes are an integral part of this quarterly information.

Ouro Fino Saúde Animal Participações S.A.

Statement of cash flows
Quarter ended March 31, 2015
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		7,491	8,843
Adjustments for:			
Provision for impairment of trade receivables	9		60
Provision for inventory losses and write-offs	10		(771)
Equity in the results of investees	14	(7,970)	
Depreciation and amortization			4,365
Gains on disposal of property, plant and equipment			(69)
Interest and monetary and exchange variations, net			12,065
Unrealized derivative financial instruments			(7,562)
Reversal of provision for contingencies and write-offs	18		(399)
Share options granted		5	373
Changes in working capital			
Trade receivables			23,178
Inventories			(28,199)
Taxes recoverable			(466)
Other assets		(23)	(384)
Trade payables		(183)	15,258
Taxes and charges payable		(473)	(1,761)
Other liabilities		(45)	(2,501)
Cash provided by (used in) operations		(1,198)	22,030
Interest paid			(2,206)
Income tax and social contribution paid			(749)
Net cash provided by (used in) operating activities		(1,198)	19,075
Cash flows from investing activities			
Investments in intangible assets	15		(5,670)
Purchase of property, plant and equipment	16		(3,670)
Receipts of dividends and interest on capital		1,195	
Proceeds from sale of property, plant and equipment			324
Net cash provided by (used in) investing activities		1,195	(9,016)
Cash flows from financing activities			
Proceeds from borrowings			42,774
Repayment of borrowings			(55,596)
Realized derivative financial instruments			9,201
Net cash used in financing activities			(3,621)
Net increase (decrease) in cash and cash equivalents		(3)	6,438
Cash and cash equivalents at the beginning of the quarter		11	72,453
Foreign exchange gains on cash and cash equivalents			291
Cash and cash equivalents at the end of the quarter	7	8	79,182

The accompanying notes are an integral part of this quarterly information.

Ouro Fino Saúde Animal Participações S.A.

Statement of value added
Quarter ended March 31, 2015
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent	Consolidated
Revenues		
Gross sales and services		96,189
Other income	25	116
Income related to the construction of own assets		3,971
Provision for impairment of trade receivables		(60)
	25	100,216
Inputs acquired from third parties		
Cost of sales and services		(27,386)
Materials, electricity, third-party services and other	(293)	(23,326)
Losses on assets, net		771
	(293)	(49,941)
Gross value added	(268)	50,275
Depreciation and amortization		(4,365)
Net value added generated by the entity	(268)	45,910
Value added received through transfer		
Equity in the results of investees	7,970	
Finance income	2	16,320
Other		(2)
Total value added to distribute	7,704	62,228
Distribution of value added		
Personnel		
Salaries and wages	153	22,168
Benefits	1	3,800
FGTS		1,806
Taxes, charges and contributions		
Federal	35	7,096
State	1	96
Municipal		20
Remuneration of third parties' capital		
Interest	23	17,048
Rentals		2,632
Other		57
Remuneration of own capital		
Profits reinvested	7,491	7,491
Non-controlling interests		14
Value added distributed	7,704	62,228

The accompanying notes are an integral part of this quarterly information.

1 General information

Ouro Fino Saúde Animal Participações S.A. (the "Company") is a listed corporation headquartered in Cravinhos, 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 industry (production and sale of veterinary drugs, vaccines and other products for livestock and pets).

At the 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 México, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., in the net amount of R$ 188,626, based on an appraisal report at book value as of April 30, 2014, issued by independent appraisers on June 24, 2014.

The issue of this parent company and consolidated interim accounting information was authorized by the Company's Board of Directors on May 4, 2015.

The economic group of which the Company and its subsidiaries are part (hereinafter referred to as the "Ouro Fino Group" or the "Group") comprises 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, 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.

Also, on November 18, 2014, the exercise of the Supplementary Stock Option took place, with the issue of 2,019,230 common shares by the Company, at R$ 27.00 per share, resulting in a capital increase of R$ 54,520, which was approved by the Board of Directors at a meeting held on November 18, 2014.

All amounts in thousands of reais unless otherwise stated

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:

	Common shares	%
Jardel Massari	14,834,135	27.50
Norival Bonamichi	14,834,135	27.50
BNDESPar	6,666,788	12.36
Dolivar Coraucci Neto	801,845	1.49
Fábio Lopes Júnior	801,845	1.49
Carlos Henrique	356,728	0.66
General Atlantic	7,407,407	13.73
Other	8,239,424	15.27
Total	53,942,307	100.00

(b) Ouro Fino Saúde Animal Ltda.

This subsidiary, headquartered in Cravinhos, 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 carried out studies on the matter.

Considering that the Group had in its portfolio some products that could be considered as subject to this IN, on the same date management decided to record a provision for the risk of non-realization of some balances related to inventories and intangible assets, in the amounts of R$ 293 and R$ 340, respectively.

On March 27, 2015, MAPA decided to repeal the Regulatory Instruction (IN) 13. A new IN releasing the use of these products was signed and published in the Federal Official Gazette (*Diário Oficial da União*). In the quarter ended March 31, 2015, the balances provided for as mentioned above were reversed.

(c) Ouro Fino Agronegócio Ltda.

This company is headquartered in Cravinhos, 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, 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 México, S.A. de CV

A subsidiary of Ouro Fino Saúde Animal Ltda. (96.43% equity interest), 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 this 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 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) Parent company accounting information

The parent company interim accounting information was prepared in accordance with the Brazilian technical pronouncement CPC 21 - Interim Financial Reporting and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

This parent company accounting information is disclosed together with the consolidated interim accounting information.

(b) 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).

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies, while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

(b) Changes in accounting policies and disclosures

In 2015, 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:

Revision of CPC 07 - "Equity Method in Separate Financial Statements", changes the wording of CPC 35 - "Separate Financial Statements" and includes changes made by IASB in the IAS 27 - Separate Financial Statements, permits the adoption of the equity method for subsidiaries in separate financial statements, thus aligning the Brazilian accounting practices with international accounting standards.

Other amendments and interpretations which are effective for 2015 are not relevant for the Group.

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, which 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"), being substantially the Brazilian real, except as mentioned in item (c) below. Therefore, the parent company and consolidated interim accounting information is presented in this currency.

(b) Transactions and balances

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

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

The results and the financial position of Ouro Fino de México, S.A. de CV (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 and measured 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. The legal right should not be contingent on the occurrence of future events and should be applicable in the ordinary course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.6.4 Impairment of financial assets

Assets carried at amortized cost

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

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.

A provision for impairment is established when there is objective evidence that the Group 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 quarter comprise current and deferred taxes. Taxes on profits are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity. In this case, the taxes are also recognized directly in equity.

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

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

Deferred income tax and social contribution are recognized on accumulated tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. They are determined based on tax rates in effect 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 and/or tax losses can be utilized.

Ouro Fino Pet Ltda. calculates income tax and social contribution under the deemed profit method. The deemed profit system is a simplified taxation method to determine the calculation basis of 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 frameworks, and that the projects will be successful as from the development of "pilots" of the products made according to the requirements of regulatory bodies, accompanied by analyses of financial feasibility.

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

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

(b) Trademarks and licenses purchased

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

(c) Computer software

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

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

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, and is depreciated on the straight-line method, considering the estimated useful lives of the respective assets. The annual depreciation rates are disclosed in Note 16. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part or item is derecognized. All other repairs and maintenance are charged to the statement of income when incurred.

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

The costs of borrowings used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for its intended use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income, 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 period elapsed, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group 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 Group and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Group 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 foreign exchange and monetary variations.

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.

(c) Share-based payments

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

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 activity, 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 interim accounting information based on the Company's bylaws. Any amount that exceeds the minimum required is only provisioned on the date it is approved by the stockholders at the Ordinary General Meeting.

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

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 quarter ended March 31, 2015. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014, effective on January 1, 2018. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 maintains, but simplifies, the combined measurement model, and establishes three main categories of measurement of financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also includes a new model of expected loan losses, which replaces the existing incurred losses model. IFRS 9 relaxes the requirements of hedge effectiveness and requires an economic relationship between the hedged item and the hedging instrument, and that the hedge ratio be the same as that which management effectively uses for risk management purposes. Management is assessing the full impact of the adoption of IFRS 9.

- 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 financial statements 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.

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

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 financial 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 conditions (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 period covers five or more years as from the estimated launching date, depending on the estimates of the product's life cycle, market development and level of associated technological innovation. Provisions are recorded when the recoverable amount (net present value of cash flow) is below the amount of the recorded asset, pursuant to the Group'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 forecast 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 an asset 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 itself from foreign exchange risks, when necessary, the Group utilizes derivative transactions, mainly exchange rate swaps.

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, as well as to exchange interest rates initially contracted as fixed for floating 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:

	March 31, 2015	December 31, 2014
Assets in foreign currency		
Cash and cash equivalents	1,799	2,266
Trade receivables	9,726	13,965
Advances to suppliers	17,226	10,820
	28,751	27,051
Liabilities in foreign currency		
Borrowings (*)	787	817
Trade payables	25,458	11,330
Advances from customers		1
	26,245	12,148
Net exposure - assets	2,506	14,903

(*) The balance of borrowings in foreign currency does not consider working capital loans amounting to R$ 28,745 (December 31, 2014 - R$ 63,648), because an exchange rate swap has been contracted.

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

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

		Impact of the appreciation/depreciation of the U.S. dollar on the portfolio balance					
		3.2080	3.2500	2.4375	1.6250	4.0625	4.8750
Assets/liabilities	**Risk**	**March 31, 2015**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
			(probable)	(US$ depreciation - 25%)	(US$ depreciation - 50%)	(US$ appreciation - 25%)	(US$ appreciation - 50%)
Cash and cash equivalents	US$ depreciation	1,799	24	(432)	(888)	479	935
Trade receivables	US$ depreciation	9,726	127	(2,336)	(4,799)	2,591	5,054
Advances to suppliers	US$ depreciation	17,226	226	(4,137)	(8,500)	4,588	8,951
Borrowings	US$ appreciation	787	10	189	388	(210)	(409)
Trade payables	US$ appreciation	25,458	333	6,115	12,562	(6,781)	(13,229)
Net effect		2,506	34	(13,209)	(27,137)	14,649	28,578

(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 balance between its long and short-term indebtedness, maintaining a higher proportion in the long-term. As regards financial investments, the index is the CDI rate.

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

The Group understands that at present the fluctuations in interest rates do not significantly affect its finance result, since at March 31, 2015, 67% (December 31, 2014 - 49.3%) of its borrowings are linked to fixed interest rates and 9.72% (December 31, 2014 - 11.1%) 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 customer 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.

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

All amounts in thousands of reais unless otherwise stated

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

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

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

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

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

	Consolidated			
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
At March 31, 2015				
Trade payables	39,547			
Borrowings (*)	97,656	65,066	52,462	23,068
Derivative financial instruments, net	(7,562)			
Dividends and interest on capital	8,959			
Other liabilities	30,824	680	714	7,878
	169,424	65,746	53,176	30,946
At December 31, 2014				
Trade payables	22,390			
Borrowings (*)	113,048	60,987	59,139	339
Derivative financial instruments, net	(10,364)	1,164		
Dividends and interest on capital	8,959			
Other liabilities	39,248	799	1,001	7,878
	173,281	62,950	60,140	8,217

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

All amounts in thousands of reais unless otherwise stated

4.2 Capital management

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

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

The gearing ratios at March 31, 2015 and December 31, 2014 are as follows:

		Consolidated	
	Note	March 31, 2015	December 31, 2014
Borrowings	17	213,766	215,653
Derivative financial instruments, net	8	(7,562)	(9,200)
Cash and cash equivalents	7	(79,182)	(72,453)
Net debt		127,022	134,000
Equity	19	338,373	330,157
Total capital		465,395	464,157
Gearing ratio (%)		27.29	28.87

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 accounts payable 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 amounts in thousands of reais unless otherwise stated

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

		Consolidated	
As per balance sheet	**Classification**	**March 31, 2015**	**December 31, 2014**
Assets - Derivative financial instruments			
Exchange rate swap	Level 2	8,791	10,376
Liabilities - Derivative financial instruments			
Interest rate swap	Level 2	(1,229)	(1,176)
		7,562	9,200

5 Financial instruments by category

	March 31, 2015			December 31, 2014		
	Parent	Consolidated		Parent	Consolidated	
	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables
Assets as per balance sheet						
Cash and cash equivalents	8		79,182	11		72,453
Derivative financial instruments		8,791			10,376	
Receivables			154,963			178,111
Related parties	4,341		1,021	108,658		998
Other assets, except for prepaid expenses	15		5,278	12		5,458
	4,364	8,791	240,444	108,681	10,376	257,020
	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities
Liabilities as per balance sheet						
Trade payables	114		39,547			22,390
Derivative financial instruments		1,229			1,176	
Borrowings			213,766			215,653
Dividends and interest on capital	8,959		8,959	8,959		8,959
Commissions on sales			5,165			5,669
Other liabilities	136		4,938	420		5,468
	9,209	1,229	272,375	9,379	1,176	258,139

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, repurchase agreements and bank deposits (CDBs) amounting to R$ 79,147 (December 31, 2014 - R$ 72,400) 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:

	March 31, 2015	December 31, 2014
AA	48,264	57,652
A	52,004	55,468
B	27,346	31,631
C	15,618	22,987
D	10,495	11,275
E	3,983	2,508
	157,710	181,521

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, as well as investments in Bank Deposit Certificates (CDBs) earning up to 101.0% of the Interbank Deposit Certificate (CDI) rate.

	Parent		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Cash				
In local currency			6	6
In foreign currency			29	47
			35	53
Banks				
In local currency	8	11	955	2,232
In foreign currency			1,770	2,219
	8	11	2,725	4,451
Bank Deposit Certificates (CDBs)			76,422	67,949
	8	11	79,182	72,453

All amounts in thousands of reais unless otherwise stated

8 Derivative financial instruments (consolidated)

	March 31, 2015		December 31, 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Exchange rate and interest rate swap	8,791	1,229	10,376	1,176
Non-current				(1,164)
Current	8,791	1,229	10,376	12

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 March 31, 2015 correspond to US$ 8,875 thousand (December 31, 2014 - US$ 23,750 thousand) and of the interest rate swap contracts to R$ 20,400 (December 31, 2014 - R$ 20,400).

9 Trade receivables (consolidated)

	March 31, 2015	**December 31, 2014**
Domestic customers	147,984	167,556
Foreign customers	9,726	13,965
Provision for impairment of trade receivables	(2,747)	(3,410)
Current	154,963	178,111

The foreign trade receivables at March 31, 2015 corresponded to US$ 3,032 thousand (December 31, 2014 - US$ 5,258).

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2015	December 31, 2014
Not yet due		
Up to 3 months	95,872	107,816
From 3 to 6 months	38,689	46,199
Over 6 months	8,259	10,760
	142,820	164,775
Past due		
Up to 3 months	7,884	10,126
From 3 to 6 months	2,398	341
Over 6 months	4,608	6,279
	14,890	16,746
	157,710	181,521

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

Changes in the provision were as follows:

Merged balance	3,220
Additions	190
At December 31, 2014	3,410
Additions	60
Final write-off	(723)
At March 31, 2015	2,747

All amounts in thousands of reais unless otherwise stated

10 Inventories (consolidated)

	March 31, 2015	December 31, 2014
Finished products	42,818	33,254
Raw materials	32,521	24,347
Imports in transit	12,629	6,021
Packaging materials	10,893	10,431
Advances to suppliers	5,139	3,672
Semi-finished goods	7,783	6,568
Other	5,793	5,137
Provision for inventory losses	(1,584)	(2,582)
	115,992	86,848

In the quarter ended March 31, 2015, the Group reversed a provision of R$ 293, recognized in 2014, related to some products that were subject to the IN 13, as described in Note 1 (b).

The changes in the provision for inventory losses differ from the cash flow statement because it does not take into consideration reductions resulting from inventory adjustments amounting to R$ 227.

11 Taxes recoverable

	Parent		Consolidated	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
ICMS			25,398	26,161
ICMS, PIS and COFINS on acquisitions of property, plant and equipment			742	743
IRRF	96	96	2,593	521
IPI			498	510
PIS and COFINS			1,020	1,402
Other			103	97
	96	96	30,354	29,434
Non-current			(24,391)	(22,529)
Current	96	96	5,963	6,905

ICMS credits mainly relate to Ouro Fino Saúde Animal Ltda. (March 31, 2015 - R$ 23,925; December 31, 2014 - R$ 22,058). These credits are generated by tax-exempt sales in intrastate transactions and sales with a sixty-percent reduction in the calculation basis in interstate transactions, with the full/partial maintenance of credits on inputs, pursuant to the ICMS Agreement 100/97.

All amounts in thousands of reais unless otherwise stated

After the credit balances have been approved by the tax authorities, they are 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 independent Group companies which regularly calculate ICMS payable. Currently, most of these credits are in the normal process of approval.

All ICMS credits related to 2010, 2011 and 2012 amounting to R$ 18,846 were approved by the tax authorities, and R$ 11,048 were released for immediate use. The residual balance of R$ 7,798 was temporarily withheld in connection with tax assessment notices which have been discussed at an administrative level and obligations related to the submission of electronic files under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009. Up to the quarter ended March 31, 2015, all released credits had already been used.

12 Related parties

(a) Main balances

						Parent
						March 31, 2015
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Química Ltda.	Stockholders	Others	Total
Current assets						
Trade and other receivables (i)			67	448	506	1,021
Interest on capital (ii)		3,320				3,320
Current liabilities						
Trade and other payables (iv)	9			78		87
Dividends and interest on capital (ii)				8,959		8,959

						December 31, 2014
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Química Ltda.	Stockholders	Others	Total
Current assets						
Trade and other receivables (i)			42	448	506	996
Interest on capital (ii)		3,400				3,400
Non-current assets						
AFAC (iii)	103,410	850				104,260
Current liabilities						
Trade and other payables (iv)	41	151	3	78		273
Dividends and interest on capital (ii)				8,959		8,959

All amounts in thousands of reais unless otherwise stated

Consolidated

March 31, 2015

	Ouro Fino Participações e Empreendimentos S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	Stockholders	BNDES	Others	Total
Current assets							
Trade and other receivables (i)	57	380	62	448		506	1,453
Current liabilities							
Trade and other payables (iv)			21	78			99
Dividends and interest on capital (ii)				8,959			8,959
Borrowings (v)					6,991		6,991

December 31, 2014

	Ouro Fino Participações e Empreendimentos S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	Stockholders	BNDES	Others	Total
Current assets							
Trade and other receivables (i)	28	880	78	448		506	1,940
Current liabilities							
Trade and other payables (iv)		222		78			300
Dividends and interest on capital (ii)				8,959			8,959
Borrowings (v)					8,361		8,361

(i) Trade and other receivables

Trade and other receivables are represented by the reimbursement of expenses, especially expenditures with the Shared Services Center ("CSC"), according to the expense sharing agreement entered into on June 30, 2014, and charges for licenses to use trademarks granted to Ouro Fino Partipações e Empreendimentos S.A., Ouro Fino Química Ltda., Ouro Fino Hong Kong Limited and Shangai Ouro Fino Trading Co., Ltd., according to an agreement entered into on July 30, 2014.

The other receivables refer to transactions with stockholders arising from changes in the ownership interest of the subsidiaries Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. in prior periods.

(ii) Dividends and interest on capital

The balance related to interest on capital receivable in the parent company arises from a distribution at December 31, 2014 of the subsidiary Ouro Fino Agronegócio Ltda. In the quarter ended March 31, 2015, a partial receipt occurred in the amount of R$ 80. The balance payable of R$ 8,959 (December 31, 2014 - R$ 8,959) refers to dividends and interest on capital payable to the stockholders of the parent company.

(iii) Advances for future capital increase

Advances for future capital increase in the parent company at December 31, 2014 refer to advances to subsidiaries Ouro Fino Saúde Animal Ltda. (R$ 103,410) and Ouro Fino Agronegócio Ltda. (R$ 850). Advances for future capital increase were fully used to pay up capital on February 25 and 10, 2015, respectively.

All amounts in thousands of reais unless otherwise stated

(iv) Trade and other payables

The balances of trade and other payables to related parties arise substantially from the reimbursement of expenses.

(v) Borrowings

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

(b) Main operations

	Parent		
	March 31, 2015		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Química Ltda.	Total
Shared Services Center	(29)	2	(27)
Royalty income		25	25
Other expenses, net	(2)		(2)

	Consolidated				
	March 31, 2015				
	Ouro Fino Participações e Empreendimentos S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	BNDES	Total
Net sales revenue			19		19
Cost of sales			(11)		(11)
Shared Services Center	29	810			839
Royalty income		25			25
Other income (expenses), net	45	(15)	(166)		(136)
Finance income	46				46
Interest on borrowings				(289)	(289)

Income and expenses between related parties incurred in the period refer mainly to charges for the Shared Services Center (CSC), royalties, sales of products to Condomínio Rural Ouro Fino and interest on borrowings.

(c) Management remuneration

Key management personnel include members of the Board of Directors and the Executive Board, whose remuneration is approved at the Ordinary General Meeting of Stockholders. The compensation paid or payable to key management for their services is shown below:

	March 31, 2015
Salaries	480
Labor charges	96
Share-based payments	129
	705

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

The Company and its subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. determine income tax and social contribution on the taxable profit method, calculated at the rates of 25% for income tax and 9% for social contribution, whereas Ouro Fino Pet Ltda. adopts the deemed profit method. The 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 it is probable that future taxable profit will be available to offset temporary differences and/or income tax and social contribution losses, considering projections of future results based on internal assumptions and future economic scenarios, which are, therefore, subject to changes.

All amounts in thousands of reais unless otherwise stated

(a) Composition, nature and realization of taxes

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

	March 31, 2015	December 31, 2014
Tax credits on:		
Temporary differences		
Provisions	775	2,841
	775	2,841
Tax liabilities on:		
Temporary differences		
Derivative financial instruments	(614)	(921)
Total assets, net	161	1,920

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

	March 31, 2015	December 31, 2014
Tax credits on:		
Accumulated income tax and social contribution losses	(6,071)	
Temporary differences		
Provisions	(3,200)	(4,311)
Unrealized profit in inventories	(1,977)	(1,460)
Pre-operating expenses written-off	(1,104)	(1,152)
	(12,352)	(6,923)
Tax liabilities on:		
Deemed cost of land	7,878	7,878
Foreign exchange variations - on cash basis	4,559	430
Derivative financial instruments	1,957	2,208
Accelerated depreciation		219
	14,394	10,735
Total liabilities, net	2,042	3,812
Total deferred tax credits	13,127	9,764
Total deferred tax liabilities	15,008	11,656

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

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2015	December 31, 2014
Opening balance	(1,892)	3,495
Pre-operating expenses written-off	(48)	(128)
Accumulated income tax and social contribution losses	6,071	(5,650)
Derivative financial instruments	558	(3,605)
Provisions	(3,177)	2,274
Unrealized profit in inventories	517	1,460
Foreign exchange rate variations - taxation on cash basis	(4,129)	239
Accelerated depreciation	219	23
Closing balance	(1,881)	(1,892)

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.

The amounts by estimated offset and settlement period are as follows:

	March 31, 2015	December 31, 2014
Deferred tax assets to be recovered		
within 1 year	12,255	8,899
from 2 to 5 years	872	865
	13,127	9,764
Deferred tax liabilities to be settled		
within 1 year	7,130	3,778
after 5 years	7,878	7,878
	15,008	11,656

All amounts in thousands of reais unless otherwise stated

14 Investments in subsidiaries (parent)

					March 31, 2015
		Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total
(a)	**Information on subsidiaries**				
	Number of quotas held	190,474,298	80,622,495	1,000,000	
	Percentage holding	99.99%	100.00%	100.00%	
	Equity (*)	204,669	104,751	33,670	343,090
	Profit (loss) for the quarter	(2,128)	4,498	6,604	8,974
	Unrealized profit in inventories for the current period	(3,838)			(3,838)
	Unrealized profit in inventories merged	2,834			2,834
(b)	**Changes in investments**				
	At the beginning of the quarter	103,642	99,364	28,163	231,169
	Equity in the results of investees	(3,132)	4,498	6,604	7,970
	Capital increase with advances for future capital increase	103,410	850		104,260
	Share options granted	310	39	18	367
	Dividends received			(1,115)	(1,115)
	Foreign exchange variation of foreign investments	439			439
		204,669	104,751	33,670	343,090

					December 31, 2014
		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 (*)	103,642	99,364	28,163	231,169
	Profit for the period	3,157	25,053	18,079	46,289
	Unrealized profit in inventories for the current period	(2,834)			(2,834)
	Unrealized profit in inventories merged	1,798			1,798
(b)	**Changes in investments**				
	Merger of net assets (Note 1)	101,410	76,586	25,838	203,834
	Equity in the results of investees	2,121	24,661	18,031	44,813
	Acquisitions of quotas (**)		1,195	27	1,222
	Capital increase with investments		922	151	1,073
	Interest on capital		(4,000)		(4,000)
	Dividends received			(15,884)	(15,884)
	Foreign exchange variation of foreign investments	111			111
		103,642	99,364	28,163	231,169

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

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

All amounts in thousands of reais unless otherwise stated

Summarized financial information

Set out below is the summarized financial information for subsidiaries.

(i) Summarized balance sheet

				March 31, 2015
				Subsidiaries
			Direct	**Indirect**
	Ouro Fino Saúde Animal Ltda.	**Ouro Fino Agronegócio Ltda.**	**Ouro Fino Pet Ltda.**	**Ouro Fino de México, S.A. de C.V.**
Current				
Assets	182,193	218,983	40,514	4,651
Liabilities	(134,649)	(90,159)	(7,034)	(1,436)
Current assets, net	47,544	128,824	33,480	3,215
Non-current				
Assets	248,554	21,594	448	105
Liabilities	(87,591)	(45,667)	(258)	
Non-current assets (liabilities), net	160,963	(24,073)	190	105
Equity	208,507	104,751	33,670	3,320

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

All amounts in thousands of reais unless otherwise stated

(ii) Summarized statement of income

	March 31, 2015			
	Subsidiaries			
	Direct			Indirect
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.
Net sales revenue	52,277	67,241	15,695	1,554
Profit (loss) before income tax and social contribution	(3,381)	6,826	7,299	471
Income tax and social contribution	1,253	(2,328)	(695)	(85)
Profit (loss) for the quarter	(2,128)	4,498	6,604	386

(iii) Summarized statement of comprehensive income (loss)

	March 31, 2015
Ouro Fino Saúde Animal Ltda.	
Loss for the quarter	(2,128)
Other comprehensive income	455
Total comprehensive income	(1,673)

(iv) Summarized statement of cash flows

	March 31, 2015			
	Subsidiaries			
	Direct			Indirect
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.
Cash flows from operating activities				
Cash provided by operating activities	4,128	14,439	13,817	45
Interest paid	(1,393)	(813)		
Income tax and social contribution paid		(93)	(656)	
Net cash provided by operating activities	2,735	13,533	13,161	45
Net cash used in investing activities	(8,241)	(639)	(113)	(24)
Net cash used in financing activities	(8,891)	(4,011)	(1,115)	
Net increase (decrease) in cash and cash equivalents	(14,397)	8,883	11,933	21
Cash and cash equivalents at the beginning of the quarter	30,275	32,660	9,206	302
Foreign exchange gains on cash and cash equivalents	227	64		
Cash and cash equivalents at the end of the quarter	16,105	41,607	21,139	323

All amounts in thousands of reais unless otherwise stated

15 Intangible assets (consolidated)

	Merged balance	Additions	Provision for impairment	Write-offs	Amortization	At December 31, 2014
Trademarks and licenses purchased	716				(222)	494
Development and registration of products	37,827	10,897	(776)		(1,953)	45,995
Computer software	17,744	4,601		(37)	(2,497)	19,811
	56,287	15,498	(776)	(37)	(4,672)	66,300

	At January 1, 2015	Additions	Write-offs	Amortization	At March 31, 2015
Trademarks and licenses purchased	494			(81)	413
Development and registration of products	45,995	4,879		(521)	50,353
Computer software	19,811	791	(15)	(1,203)	19,384
	66,300	5,670	(15)	(1,805)	70,150

	At December 31, 2014			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,198		(1,704)	494
Development and registration of products	57,656	(2,917)	(8,744)	45,995
Computer software	25,978		(6,167)	19,811
	85,832	(2,917)	(16,615)	66,300

	At March 31, 2015			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,198		(1,785)	413
Development and registration of products	62,535	(2,917)	(9,265)	50,353
Computer software	26,754		(7,370)	19,384
	91,487	(2,917)	(18,420)	70,150

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 of R$ 44,218 (December 31, 2014 - R$ 39,832) and expenditures for the development of a vaccine against foot-and-mouth disease of R$ 6,135 (December 31, 2014 - R$ 6,163).

In the year ended December 31, 2014, the Group recognized an impairment loss of R$ 776.

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

All amounts in thousands of reais unless otherwise stated

16 Property, plant and equipment (consolidated)

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

	At January 1, 2015	Additions	Transfers	Disposals	Depreciation	At March 31, 2015
Land	24,947					24,947
Buildings and improvements	74,589				(546)	74,043
Machinery and equipment and industrial facilities	54,369	679	175		(1,179)	54,044
Vehicles, tractors and aircraft	5,062	758		(231)	(372)	5,217
Furniture and fittings	3,079	280	(169)	(8)	(141)	3,041
IT equipment	3,365	436		(5)	(252)	3,544
Construction in progress	3,029	1,420				4,449
Other	2,195	97	(6)	(2)	(70)	2,214
	170,635	3,670		(246)	(2,560)	171,499

	At December 31, 2014			At March 31, 2015			
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,947		24,947	24,947		24,947	
Buildings and improvements	88,322	(13,733)	74,589	88,322	(14,279)	74,043	2.58%
Machinery and equipment and industrial facilities	81,964	(27,595)	54,369	82,818	(28,774)	54,044	6.20%
Vehicles, tractors and aircraft	14,543	(9,481)	5,062	15,070	(9,853)	5,217	21.93%
Furniture and fittings	6,245	(3,166)	3,079	6,348	(3,307)	3,041	10.25%
IT equipment	9,515	(6,150)	3,365	9,946	(6,402)	3,544	19.00%
Construction in progress	3,029		3,029	4,449		4,449	
Other	4,182	(1,987)	2,195	4,271	(2,057)	2,214	11.19%
	232,747	(62,112)	170,635	236,171	(64,672)	171,499	

The balance of construction in progress mainly comprises the construction of the new plant of the biological products unit of R$ 2,223 (December 31, 2014 - R$ 1,799). In the period ended December 31, 2014, the first phase of the works was completed, and transfers to "Buildings and improvements" and "Industrial facilities" were made.

(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.

All amounts in thousands of reais unless otherwise stated

The net book value of leased vehicles totaled R$ 381 at March 31, 2015 (December 31, 2014 - R$ 584).

(b) Guarantees

Land, buildings, machinery and equipment amounting to R$ 88,572 (December 31, 2014 - R$ 89,087) are pledged as collaterals for borrowings (Note 17).

17 Borrowings (consolidated)

	Finance charges incurred	Final due date	March 31, 2015	December 31, 2014
In foreign currency				
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.55% p.a. (December 31, 2014 - 2.57% p.a.)	2016	787	817
Export credit note	Exchange variation and weighted average rate of 4.28% p.a. (December 31, 2014 - 4.28% p.a.)	2016	6,041	10,111
Working capital	Exchange variation and weighted average rate of 1.51% p.a. (December 31, 2014 - 1.68% p.a.)	2015	22,704	53,537
In local currency				
FINEP (Technological innovation)	Weighted average rate of 4.27% p.a. (December 31, 2014 - 4.44% p.a.)	2024	156,692	122,555
BNDES - FINEM	Weighted average rate of 8.39% p.a. (December 31, 2014 - 7.89% p.a.)	2016	4,986	6,268
BNDES - FINAME	Weighted average rate of 5.02% p.a. (December 31, 2014 - 4.50% p.a.)	2022	1,218	1,276
Export credit note	Weighted average rate of 8% p.a. (December 31, 2014 - 8% p.a.)	2016	21,226	20,889
Finance leases	Weighted average rate of 12.08% p.a. (December 31, 2014 - 12.32% p.a.)	2015	112	200
			213,766	215,653
Current			(87,751)	(103,093)
Non-current			126,015	112,560

(a) Finance lease liabilities

Finance lease transactions were mainly contracted to renew the vehicle fleet and will be fully settled during the next year.

(b) Guarantees for borrowings

The financing for research, innovation and development of products obtained from the Fund for Financing of Studies and Projects (FINEP) which, at March 31, 2015 totaled R$ 156,692 (December 31, 2014 - R$ 122,555), are guaranteed by a surety of the related party Ouro Fino Participações e Empreendimentos S.A. and bank guarantees of R$ 11,716. No amounts are charged for the guarantees provided.

All amounts in thousands of reais unless otherwise stated

For the loan obtained from 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 pledged in guarantee the industrial plant of animal health products located in the city of Cravinhos, state of São Paulo, up to the limit of the debit balance of the borrowings, as well as the financed equipment items themselves, in addition to sureties of the controlling stockholders.

Borrowings for working capital and leases are collaterized by sureties of the parent company and/or controlling stockholders. 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 stockholders.

The carrying amounts of borrowings approximate their fair values.

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

	March 31, 2015	December 31, 2014
2016	24,363	53,682
2017	31,985	31,985
2018	33,586	26,555
2019	7,255	223
2020	7,126	94
2021	7,047	15
2022	7,036	6
2023 to 2024	7,617	
	126,015	112,560

(c) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for working capital borrowings contracted in foreign currency (US$), which amounted to R$ 28,745 (December 31, 2014 - R$ 63,648), to exchange the financial charges for those based on the CDI rate (Note 8).

18 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:

	March 31, 2015	December 31, 2014
Labor	2,157	2,561
Civil, social security and tax	108	103
	2,265	2,664

All amounts in thousands of reais unless otherwise stated

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 totaled R$ 36,051 (December 31, 2014 - R$ 38,938), and mainly corresponded to tax (ICMS) and labor claims.

The changes in the provision for contingencies were as follows:

	March 31, 2015	December 31, 2014
Opening balance	2,664	3,135
Additions	149	750
Reductions	(548)	(1,221)
Closing balance	2,265	2,664

19 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 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 with the ownership interest remaining the same.

At the Extraordinary General Meeting held on September 25, 2014, the following resolutions were approved by the stockholders: (i) an increase in the Company's capital of R$ 3,819, with the issue of 209,521 common shares. The payment was made through the contribution of net assets representing 764,874 quotas issued by the subsidiary Ouro Fino Agronegócio Ltda. and 4,262 quotas of the subsidiary Ouro Fino Pet Ltda., in the amounts of R$ 3,545 and R$ 274, respectively, according to the appraisal reports issued on September 19, 2014 by a specialized company, and (ii) the reverse split of all of the common shares representing the capital of the Company, in the ratio of 1.26170698 shares for one share of the same type, and the number of common shares totaled 50,000,000 with the ownership interest remaining 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 14) 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.

All amounts in thousands of reais unless otherwise stated

At the Board of Directors' meeting held on October 17, 2014, the issue of 1,923,077 shares was approved, for the public offering described in Note 1(a), which resulted in a capital increase in the amount of R$ 51,923.

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

At March 31, 2015, the Company had 53,942,307 common shares.

(b) Capital reserves

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

Description	Basic Operation
Capital increase	106,443
Borrowing costs	(6,392)
Direct costs (commissions)	(4,264)
Indirect costs (lawyers, auditors, consultancy and other)	(8,187)
Borrowing costs proportionate to the secondary offering	6,059
	100,051

According to Technical Pronouncement CPC 08 (R1), the indirect costs proportionate to the secondary portion of the offering cannot be classified as transaction costs; for this reason this amount was reclassified to profit or loss for the year ended December 31, 2014, because these costs are borne by the Company, as agreed between the stockholders and disclosed in the Offering process.

(c) 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 6404; and
- the remaining balance will be distributed as determined by the stockholders representing not less than two-thirds of the voting shares, in accordance with the applicable legal provisions.

(d) Carrying value adjustments

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

All amounts in thousands of reais unless otherwise stated

(e) Stock option plan

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

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

The vesting period considers that the beneficiaries may exercise their rights in installments of 1/5 (one fifth) of the total shares granted as from the end of the first year from the date of the signature of the Adhesion Agreements, and the same number of shares annually up to the end of the fifth year, provided that the beneficiaries remain continually linked to the Company. The exercise price will be set based on the average price of the quotations of the Company's shares on the Futures, Commodities and Securities Exchange (BM&FBOVESPA) , weighted by the trading volume, within the 60 (sixty) trading sessions prior to the grant, monetarily restated for inflation according to the General Market Price Index (IGP-M).

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

(i) Options granted

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

	Vesting period closing				
	12/31/2015	**12/31/2016**	**12/31/2017**	**12/31/2018**	**12/31/2019**
Number of options	161,827	161,827	161,827	161,827	161,827
Exercise price at launch (strike price)	28.22	28.22	28.22	28.22	28.22
Fair value of options granted	9.65	11.16	12.48	13.74	14.90
Limit date to exercise the option	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023

All amounts in thousands of reais unless otherwise stated

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

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

In the quarter ended March 31, 2015, the Company and its subsidiaries recognized an expense of R$ 373 with stock options.

20 Segment information (consolidated)

The Board of Directors 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 subsidiaries have 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 carried out by the Board of Directors when making strategic decisions.

The results by segment are as follows:

All amounts in thousands of reais unless otherwise stated

				March 31, 2015
	Results by business segment			
	Livestock	**Pets**	**Foreign operations**	**Total**
Net revenue	68,260	14,915	3,869	87,044
Cost of sales	(30,843)	(3,658)	(1,215)	(35,716)
Gross profit	37,417	11,257	2,654	51,328
Selling expenses	(27,250)	(4,336)	(1,531)	(33,117)
General and administrative expenses (not segmented)				(8,682)
Other revenues, net (not segmented)				45
Operating profit				9,574
Finance income (not segmented)				16,320
Finance costs (not segmented)				(17,051)
Finance result (not segmented)				(731)
Profit before income tax and social contribution				8,843
Income tax and social contribution				
Current (not segmented)				(1,348)
Deferred (not segmented)				10
Profit for the quarter				7,505

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

	March 31, 2015
Mexico	1,554
Panama	740
United Arab Emirates	529
Bolivia	432
Other	614
	3,869

All amounts in thousands of reais unless otherwise stated

21 Revenue (consolidated)

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

	March 31, 2015
Domestic customers	
Gross sales and services	93,948
Taxes and deductions on sales	(10,773)
	83,175
Foreign customers	
Gross sales	4,044
Taxes and deductions on sales	(175)
	3,869
	87,044

All amounts in thousands of reais unless otherwise stated

22 Costs and expenses by nature

	March 31, 2015	
	Parent	**Consolidated**
Cost of sales		
Variable costs (raw and consumption materials)		22,563
Personnel expenses		5,764
Depreciation and amortization		2,484
Electricity		766
Outsourced services		439
Other		3,700
		35,716
Selling expenses		
Personnel expenses		15,430
Sales team expenses		9,562
Outsourced services		2,880
Freight charges		2,823
Depreciation and amortization		1,065
Telecommunications and electricity		384
Other		973
		33,117
General and administrative expenses		
Personnel expenses	182	6,711
Depreciation and amortization		816
Outsourced services	167	292
Telecommunications and electricity		210
Travel expenses	15	176
Vehicle expenses		125
Donations and sponsorship		63
Maintenance and consumption materials		19
Other	113	270
	477	8,682
	477	77,515

All amounts in thousands of reais unless otherwise stated

23 Other income, net

	March 31, 2015	
	Parent	**Consolidated**
Gains on disposal and write-off of PP&E		69
Income from sales of scrap, rentals and other	25	28
Federal, state, municipal and other taxes	(8)	(52)
	17	45

24 Finance result

	March 31, 2015	
	Parent	**Consolidated**
Finance income		
Gains on derivatives		10,968
Foreign exchange variation		3,336
Income from financial investments		1,762
Interest receivable		139
Monetary variation		103
Discounts obtained	2	12
	2	16,320
Finance costs		
Foreign exchange variation		(13,283)
Interest payable	(2)	(2,178)
Losses on derivatives		(1,067)
Finance charges		(290)
Bank fees	(9)	(36)
Other	(10)	(197)
	(21)	(17,051)
Finance result	(19)	(731)

All amounts in thousands of reais unless otherwise stated

25 Income tax and social contribution expense

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

	March 31, 2015	
	Parent	**Consolidated**
Profit before income tax and social contribution	7,491	8,843
Standard rates	34%	34%
	(2,547)	(3,007)
Reconciliation to the effective rate:		
Permanent differences:		
Equity in the results of investees	2,710	
Adjustment related to the calculation of subsidiary taxed based on the deemed profit method		1,787
Adjustment related to the calculation of foreign subsidiary taxed based on the rate in effect in that country		75
Deferred taxes, not recorded	(163)	(163)
Other permanent differences		(30)
Income tax and social contribution		(1,338)
Reconciliation with the statement of income:		
Current		(1,348)
Deferred		10
		(1,338)

On May 13, 2014, the Provisional Measure 627 was converted into Law 12,973, thus confirming the repealing of the Transitional Tax System (RTT) as from 2015, earlier adoption in 2014 being permitted.

The Group completed its analysis of the impacts of the provisions in Law 12,973, both in its financial statements and in its internal control structure. Considering that the results of this analysis did not reveal any material tax effects, the Group has decided not to elect early adoption of the rules and provisions of the new law for the year ended December 31, 2014. As from January 1, 2015 the adoption of this law started to be mandatory.

All amounts in thousands of reais unless otherwise stated

26 Earnings per share

(a) Basic

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

	March 31, 2015
Profit for the quarter attributable to owners of the Company	7,491
Weighted average number of common shares in the quarter (thousands)	53,942
Basic earnings per share - R$	0.13887

(b) Diluted

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

	March 31, 2015
Profit for the quarter attributable to owners of the parent	7,491
Weighted average number of common shares in the quarter considering instruments with dilutive effects (thousands)	53,957
Diluted earnings per share - R$	0.13883

27 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 quarter ended March 31, 2015 totaled R$ 265.

(b) Profit sharing

The Group companies offer to their employees a variable remuneration program, calculated based on quantitative and qualitative goals established by management. During the quarter ended March 31, 2015, the amount of the profit-sharing provision was R$ 2,235.

28 Insurance cover

The Group had insurance coverage for operating risks and comprehensive civil liability, with a maximum indemnity of R$ 295,800 at March 31, 2015. The Group's management considers these amounts to be sufficient to cover any potential liability risks, damages to the assets and loss of profits.

29 Events after the reporting period

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

*   *   *