(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Quarterly Information (ITR) at March 31, 2016 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of the parent company and consolidated financial information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Ouro Fino Saúde Animal Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, comprising the balance sheet at that date and the statements of operations, comprehensive income (loss), 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 in 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 the 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, 2016. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements were 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 6 2016

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

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

(A free translation of the original in Portuguese)

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Ouro Fino Saúde Animal Participações S.A.

Balance sheet

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

		Parent company		Consolidated	
Assets	**Note**	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Current assets					
Cash and cash equivalents	9	11	468	43,127	23,380
Trade receivables	11			184,967	225,740
Derivative financial instruments	10				22
Inventories	12			127,510	109,263
Taxes recoverable	13	119	201	7,329	7,471
Income tax and social contribution recoverable				1,020	1,020
Related parties	28	5,030	5,615	1,499	1,870
Other assets		149		6,766	9,611
		5,309	6,284	372,218	378,377
Non-current assets					
Long-term receivables					
Derivative financial instruments	10			894	1,713
Taxes recoverable	13			34,574	32,322
Deferred income tax and social contribution	14			10,494	5,558
Other assets				3,466	2,616
				49,428	42,209
Investments in subsidiaries	5	388,588	391,110		
Intangible assets	15			79,295	78,690
Property, plant and equipment	16			198,678	194,095
Total non-current assets		388,588	391,110	327,401	314,994
Total assets		393,897	397,394	699,619	693,371

Ouro Fino Saúde Animal Participações S.A.

Balance sheet

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

		Parent company		Consolidated	
Liabilities and equity	**Note**	**March 31, 2016**	**December 31, 2015**	**March 31, 2016**	**December 31, 2015**
Current liabilities					
Trade payables	17			27,557	29,450
Derivative financial instruments	10			4,025	1,297
Borrowings	18			66,705	57,260
Salaries and social charges		128	99	26,565	24,333
Taxes payable		43	546	5,526	6,585
Income tax and social contribution payable				2,329	1,873
Dividends and interest on capital	28	16,433	16,433	16,433	16,433
Related parties	28	113	119	81	660
Commissions on sales				6,422	7,313
Other liabilities		62	16	6,821	4,790
		16,779	17,213	162,464	149,994
Derivative financial instruments	10			4,766	
Borrowings	18			151,353	159,227
Provision for contingencies	19			3,825	3,841
				159,944	163,068
Total liabilities		16,779	17,213	322,408	313,062
Equity	20				
Capital		298,889	298,889	298,889	298,889
Capital reserve		(6,392)	(6,392)	(6,392)	(6,392)
Options granted		1,923	1,491	1,923	1,491
Revenue reserves		70,241	70,241	70,241	70,241
Carrying value adjustments		15,797	15,952	15,797	15,952
Loss for the quarter		(3,340)		(3,340)	
		377,118	380,181	377,118	380,181
Non-controlling interests				93	128
Total equity		377,118	380,181	377,211	380,309
Total liabilities and equity		393,897	397,394	699,619	693,371

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

Ouro Fino Saúde Animal Participações S.A.

Statement of operations
Quarters ended March 31

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

	Note	Parent company 2016	Parent company 2015	Consolidated 2016	Consolidated 2015
Net revenue	21			98,030	87,044
Cost of sales	22			(45,881)	(35,716)
Gross profit				52,149	51,328
Selling expenses	22			(43,499)	(33,117)
General and administrative expenses	22	(568)	(477)	(9,430)	(8,682)
Equity in the results of investees	5	(2,794)	7,970		
Other income (expenses), net	23	19	17	(185)	45
Operating profit (loss)		(3,343)	7,510	(965)	9,574
Finance income		13	2	875	12,984
Finance costs		(10)	(21)	(13,235)	(3,768)
Foreign exchange variations, net				7,722	(9,947)
Finance result	24	3	(19)	(4,638)	(731)
Profit (loss) before income tax and social contribution		(3,340)	7,491	(5,603)	8,843
Income tax and social contribution	25				
Current				(2,720)	(1,348)
Deferred				4,957	10
Profit (loss) for the period		(3,340)	7,491	(3,366)	7,505
Attributable to:					
Owners of the parent				(3,340)	7,491
Non-controlling interests				(26)	14
				(3,366)	7,505
Earnings (loss) per share attributable to owners of the parent during the quarter (in reais)	26				
Basic earnings (loss) per share				(0.06192)	0.13887
Diluted earnings (loss) per share				(0.06177)	0.13883

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

Ouro Fino Saúde Animal Participações S.A.

Statement of comprehensive income (loss)
Quarters ended March 31

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

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Profit (loss) for the quarter	(3,340)	7,491	(3,366)	7,505
Other components of comprehensive income (loss)				
Items that will be reclassified to profit or loss				
Exchange variation of investment in subsidiary located abroad	(155)	439	(164)	455
Total comprehensive income (loss) for the quarter	(3,495)	7,930	(3,530)	7,960
Attributable to:				
Owners of the parent			(3,495)	7,930
Non-controlling interests			(35)	30
			(3,530)	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	Profit (loss) for the quarter	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
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 stockholders											
Share options granted	20(e)			373					373		373
Borrowing costs	20(b)		(117)						(117)		(117)
Total contributions by stockholders			(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
At January 1, 2016		298,889	(6,392)	1,491	5,346	64,895	15,952		380,181	128	380,309
Comprehensive loss for the period											
Loss for the quarter								(3,340)	(3,340)	(26)	(3,366)
Exchange variation of subsidiary located abroad							(155)		(155)	(9)	(164)
Total comprehensive loss for the period							(155)	(3,340)	(3,495)	(35)	(3,530)
Contributions by stockholders											
Share options granted	20(e)			432					432		432
Total contributions by stockholders				432					432		432
At March 31, 2016		298,889	(6,392)	1,923	5,346	64,895	15,797	(3,340)	377,118	93	377,211

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

Ouro Fino Saúde Animal Participações S.A.

Statement of cash flows
Quarters ended March 31

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

	Parent company		Consolidated	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (Loss) before income tax and social contribution	(3,340)	7,491	(5,603)	8,843
Adjustments for:				
Provision for impairment of trade receivables			3,336	60
Changes in the provision for inventory losses and write-offs			920	(771)
Equity in the results of investees	2,794	(7,970)		
Depreciation and amortization			5,216	4,365
Provision for impairment of intangible assets			111	
Gain on disposal of property, plant and equipment			(53)	(69)
Disposal of intangible assets			481	
Interest and monetary and exchange variations, net			(6,229)	12,065
Unrealized derivative financial instruments			10,594	(7,562)
Provision (reversal of provision) for contingencies			32	(399)
Share options granted	5	5	432	373
Changes in working capital				
Trade receivables			36,623	23,178
Inventories			(20,541)	(28,199)
Taxes recoverable	82		(2,188)	(466)
Other assets	(174)	(23)	1,957	(384)
Trade payables		(183)	(467)	15,258
Taxes and charges payable	(503)	(473)	(1,370)	(1,761)
Other liabilities	69	(45)	3,329	(2,501)
Cash provided by (used in) operations	(1,067)	(1,198)	26,580	22,030
Interest paid			(3,857)	(2,206)
Income tax and social contribution paid			(1,873)	(749)
Net cash provided by (used in) operating activities	(1,067)	(1,198)	20,850	19,075
Cash flows from investing activities				
Investments in intangible assets			(3,555)	(5,670)
Purchases of property, plant and equipment			(7,804)	(3,670)
Receipts of dividends and interest on capital	610	1,195		
Proceeds from sale of property, plant and equipment			387	324
Net cash provided by (used in) investing activities	610	1,195	(10,972)	(9,016)
Cash flows from financing activities				
Proceeds from borrowings			42,402	42,774
Repayment of borrowings			(29,485)	(55,596)
Realized derivative financial instruments			(2,259)	9,201
Net cash provided by (used in) financing activities			10,658	(3,621)
Net increase (decrease) in cash and cash equivalents	(457)	(3)	20,536	6,438
Cash and cash equivalents at the beginning of the quarter	468	11	23,380	72,453
Exchange losses (gains) on cash and cash equivalents			(789)	291
Cash and cash equivalents at the end of the quarter	11	8	43,127	79,182

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

Ouro Fino Saúde Animal Participações S.A.

Statement of value added
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2016	**2015**	**2016**	**2015**
Revenues				
Gross sales			108,760	96,189
Other income		25	176	116
Income related to the construction of own assets			3,418	3,971
Provision for impairment of trade receivables			(3,336)	(60)
		25	109,018	100,216
Inputs acquired from third parties				
Cost of sales			(33,873)	(27,386)
Materials, electricity, third-party services and other	(219)	(293)	(29,433)	(23,326)
Gains (losses) on assets, net			(1,031)	771
	(219)	(293)	(64,337)	(49,941)
Gross value added	(219)	(268)	44,681	50,275
Depreciation and amortization			(5,216)	(4,365)
Net value added generated by the entity	(219)	(268)	39,465	45,910
Value added received through transfer				
Equity in the results of investees	(2,794)	7,970		
Interest income	13	2	8,899	16,320
Royalties	25		25	
Other			70	(2)
Total value added to distribute	(2,975)	7,704	48,459	62,228
Distribution of value added				
Personnel				
Salaries and wages	287	153	24,685	22,168
Benefits	1	1	4,865	3,800
Government Severance Indemnity Fund for Employees (FGTS)			1,943	1,806
Taxes, charges and contributions				
Federal	64	35	5,697	7,096
State	3	1	(292)	96
Municipal			70	20
Remuneration of third party capital				
Interest	10	23	13,648	17,048
Rentals			1,017	2,632
Other			192	57
Remuneration of own capital				
Profits reinvested	(3,340)	7,491	(3,340)	7,491
Non-controlling interests			(26)	14
Value added distributed	(2,975)	7,704	48,459	62,228

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

Section A - General information

1.1 Operations

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

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

The issue of this parent company and consolidated interim accounting information was authorized by the Company's Board of Directors on May 2, 2016.

1.2 Basis of preparation

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

The main accounting policies applied in the preparation of this interim accounting information are set out in Note 30.

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 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 accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company and consolidated interim accounting information, are disclosed in Note 2.
The presentation of the parent company and consolidated Statement of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies. The International Financial Reporting Standards (IFRS) do not require the presentation of this statement. Consequently, for IFRS purposes, this statement is presented as supplementary information.

1.3 Changes in accounting policies and disclosures

In the quarter ended March 31, 2016, there were no relevant changes in standards and interpretations for the Group.

1.4 Consolidation

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

Section B - Risks

2 Critical accounting estimates, assumptions 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.

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

(a) Fair value of derivative financial instruments

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

(b) Provision for impairment of trade receivables

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

(c) Deferred income tax and social contribution

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

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

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

(e) Provision for contingencies

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

(f) Fair value of the stock option plan

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

(g) Impairment of intangible assets

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

(i) assumptions of future revenue generation, based on market size (current and estimated) and on the Group's expected 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 Company's accounting policy presented in Note 30.8.

3 Financial risk management

3.1 Financial risk factors

The activities of the Group companies expose them to financial risks mainly related to foreign exchange variations, fluctuations 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 against foreign exchange risks, when necessary, the Group utilizes derivative transactions, mainly the exchange rate swap.

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

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2016	**December 31, 2015**
Assets in foreign currency		
Cash and cash equivalents	7,737	2,221
Trade receivables	16,340	18,941
Advances to suppliers	8,415	3,113
	32,492	24,275
Liabilities in foreign currency		
Borrowings (*)	581	810
Trade payables	13,123	12,826
Advances from customers	63	
	13,767	13,636
Net exposure - assets	18,725	10,639

(*) The balance of borrowings in foreign currency does not consider those in respect of working capital amounting to R$ 87,636 (December 31, 2015 - R$ 57,005), because exchange rate swaps have been contracted.

Assets and liabilities denominated in foreign currency are regularly monitored through projected cash flows of the inflows and outflows of 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 any possible foreign exchange exposures, derivative transactions could be contracted, when necessary.

All amounts in thousands of reais unless otherwise stated

Five scenarios are presented in the table below, considering percentage variations in the quotations of the real against the U.S. dollar.

		Impact of the appreciation/depreciation of the U.S. dollar on the portfolio balance					
		3.56	3.97	2.98	1.99	4.96	5.96
Assets/liabilities	**Risk**	**March 31, 2016**	**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	7,737	894	(2,158)	(4,315)	2,158	4,315
Trade receivables	US$ depreciation	16,340	1,887	(4,557)	(9,114)	4,557	9,114
Advances to suppliers	US$ depreciation	8,415	972	(2,347)	(4,694)	2,347	4,694
Borrowings	US$ appreciation	581	(67)	162	324	(162)	(324)
Trade payables	US$ appreciation	13,123	(1,516)	3,660	7,319	(3,660)	(7,319)
Advances from customers	US$ appreciation	63	(7)	18	35	(18)	(35)
Net effect		18,725	2,163	(5,222)	(10,445)	5,222	10,445

(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. Indebtedness is mainly subject to fixed interest rates and the Interbank Deposit Certificate (CDI) rate. The Group seeks to maintain a stable relation between its long and short-term indebtedness, maintaining a higher proportion in the long-term. As regards financial investments, the index is the CDI rate.

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

The Group understands that at present the fluctuations in interest rates do not significantly affect its finance result, since at March 31, 2016, 53.0% (December 31, 2015 - 56.4%) of its borrowings were subject to fixed interest rates.

(b) Credit risk

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

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

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

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

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

(c) Liquidity risk

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

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

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 compromise its payment capacity and investments. As a guideline, the higher 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 between the balance sheet date up to the contractual maturity date.

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

All amounts in thousands of reais unless otherwise stated

	Consolidated			
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
At March 31, 2016				
Trade payables	27,557			
Borrowings (*)	80,322	132,729	24,694	13,610
Derivative financial instruments, net	4,025	3,872		
Dividends and interest on capital	16,433			
Other liabilities	47,744	1,148	2,677	
	176,081	137,749	27,371	13,610
At December 31, 2015				
Trade payables	29,450			
Borrowings (*)	70,870	138,263	24,644	15,327
Derivative financial instruments, net	1,275	(1,713)		
Dividends and interest on capital	16,433			
Other liabilities	45,554	1,153	2,688	
	163,582	137,703	27,332	15,327

(*) 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.

3.2 Capital management

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

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

All amounts in thousands of reais unless otherwise stated

The gearing ratios at March 31, 2016 and December 31, 2015 were as follows:

		Consolidated	
	Note	**March 31, 2016**	**December 31, 2015**
Borrowings	18	218,058	216,487
Derivative financial instruments, net	10	7,897	(438)
Cash and cash equivalents	9	(43,127)	(23,380)
Net debt		182,828	192,669
Equity	20	377,211	380,309
Total capital		560,039	572,978
Gearing ratio (%)		32.65	33.63

3.3 Fair value estimation

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

The Group assesses, at the balance sheet date, whether 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 trade payables are assumed to approximate their fair values, especially considering term and nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial instruments are measured in the balance sheet at fair value, which 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, 2016**	**December 31, 2015**
Assets - Derivative financial instruments			
Exchange rate swap	Level 2	894	1,735
Liabilities - Derivative financial instruments			
Exchange rate and interest rate swap	Level 2	(8,791)	(1,297)
		(7,897)	438

Section C - Segment reporting

4 Segment reporting

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

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

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

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

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

All amounts in thousands of reais unless otherwise stated

The results by segment are as follows:

	Quarter ended March 31, 2016			
	Segment information			
	Production animals	Companion animals	International operations	Total
Net Revenue	74,771	14,101	9,158	98,030
Cost of sales	(38,424)	(3,818)	(3,639)	(45,881)
Gross profit	36,347	10,283	5,519	52,149
Selling expenses	(31,118)	(5,712)	(6,669)	(43,499)
Result - Segmented	**5,229**	**4,571**	**(1,150)**	**8,650**
Result - Not segmented				(12,016)
Loss for the quarter				(3,366)

	Quarter ended March 31, 2015			
	Segment information			
	Production animals	Companion animals	International 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)
Result - Segmented	**10,167**	**6,921**	**1,123**	**18,211**
Result - Not segmented				(10,706)
Profit for the quarter				7,505

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

	March 31, 2016	March 31, 2015
Mexico	2,753	1,554
Paraguay	2,742	
Colombia	1,734	
Bolivia	420	432
Ecuador	334	247
Other	1,175	1,636
	9,158	3,869

All amounts in thousands of reais unless otherwise stated

Section D - Group structure

5 Investments

(a) Information on investments

Name		Country	Business	Direct holding	Indirect holding
(i)	Ouro Fino Saúde Animal Ltda.	Brazil	Research, development, production and sale of veterinary drugs, vaccines and other products. The sales in the domestic market are carried out through the companies mentioned in items (ii and (iii) below. parties and through the companies mentioned in items (iv) and (v) below. This company also provides manufacturing services to order from third parties.	99.99%	
(ii)	Ouro Fino Agronegócio Ltda.	Brazil	Sale in the domestic market of veterinary drugs, vaccines and other products for production animals purchased from the company mentioned in item (i) and from third parties.	99.99%	
(iii)	Ouro Fino Pet Ltda.	Brazil	Sale in the domestic market of veterinary drugs and products and related goods for companion animals purchased from the company mentioned in item (i).	99.99%	
(iv)	Ouro Fino de México, S.A. de CV	Mexico	Sale, exclusively in Mexico, of veterinary drugs and other products purchased from the company mentioned in item (i).		96.43%
(v)	Bracol Agronegócio S.A.S	Colombia	Sale, exclusively in Colombia, of veterinary drugs and other products purchased from the company mentioned in item (i).		100.00%

(b) Changes in investments

	Parent company	
	March 31, 2016	**December 31, 2015**
Opening balance	391,110	231,169
Equity in the results	(2,794)	71,332
Payment of capital through advances for future capital increase (*)		132,660
Stock options granted	427	1,470
Interest on capital		(5,539)
Dividends received		(40,615)
Foreign exchange variation of foreign investments	(155)	633
Closing balance	388,588	391,110

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

All amounts in thousands of reais unless otherwise stated

(c) Summarized financial information

Presented below is the summarized financial information of the subsidiaries.

(i) Summarized balance sheet

	March 31, 2016				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S
Current					
Assets	176,523	194,614	31,761	11,402	6,479
Liabilities	(104,938)	(65,138)	(4,174)	(9,256)	(7,893)
Current assets (liabilities), net	71,585	129,476	27,587	2,146	(1,414)
Non-current					
Assets	293,930	26,734	719	445	1,083
Liabilities	(123,455)	(30,598)	(188)		(2,157)
Non-current assets (liabilities), net	170,475	(3,864)	531	445	(1,074)
Equity (net capital deficiency)	242,060	125,612	28,118	2,591	(2,488)

	December 31, 2015				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S
Current					
Assets	176,630	217,371	26,915	11,273	6,995
Liabilities	(84,606)	(82,709)	(3,659)	(8,135)	(8,040)
Current assets (liabilities), net	92,024	134,662	23,256	3,138	(1,045)
Non-current					
Assets	288,616	24,040	569	439	1,190
Liabilities	(131,637)	(33,318)	(179)		(2,205)
Non-current assets (liabilities), net	156,979	(9,278)	390	439	(1,015)
Equity (net capital deficiency)	249,003	125,384	23,646	3,577	(2,060)

All amounts in thousands of reais unless otherwise stated

(ii) Summarized statement of operations

	Quarter ended March 31, 2016				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S
Net sales revenue	61,429	71,251	14,956	2,753	1,734
Profit (loss) before income tax and social contribution	(10,198)	291	5,034	(399)	(586)
Income tax and social contribution	3,050	(109)	(583)	(338)	73
Profit (loss) for the quarter	(7,148)	182	4,451	(737)	(513)

	Quarter ended 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) Statement of comprehensive income (loss)

	March 31, 2016	March 31, 2015
Ouro Fino Saúde Animal Ltda. (direct subsidiary)		
Loss for the quarter	(7,148)	(2,128)
Other comprehensive income (loss)	(155)	455
Total comprehensive loss	(7,303)	(1,673)

All amounts in thousands of reais unless otherwise stated

(iv) Summarized statement of cash flows

	March 31, 2016				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Bracol Agronegócio S.A.S
Cash flows from operating activities					
Cash provided by (used in) operating activities	3,328	20,482	4,477	(1,270)	695
Interest paid	(3,223)	(626)			
Income tax and social contribution paid		(1,315)	(558)		
Cash provided by (used in) operating activities	105	18,541	3,919	(1,270)	695
Net cash used in investing activities	(8,957)	(1,749)	(185)	(70)	(10)
Net cash provided by (used in) financing activities	17,465	(7,416)			(76)
Net increase (decrease) in cash and cash equivalents	8,613	9,376	3,734	(1,340)	609
Cash and cash equivalents at the beginning of the quarter	10,820	5,155	5,263	1,370	305
Exchange losses on cash and cash equivalents	(767)	(22)			
Cash and cash equivalents at the end of the quarter	18,666	14,509	8,997	30	914

	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
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

(d) Reconciliation of financial information of investments

								Subsidiaries
	Ouro Fino Saúde Animal Ltda.		Ouro Fino Agronegócio Ltda.		Ouro Fino Pet Ltda.		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Equity at January 1	249,003	106,476	125,384	99,364	23,646	28,163	398,033	234,003
Profit (loss) for the period	(7,148)	8,844	182	43,550	4,451	23,027	(2,515)	75,421
Capital increase with advances for future capital increase		131,810		850				132,660
Stock options granted	360	1,240	46	159	21	71	427	1,470
Distribution of dividends and interest on capital				(18,539)		(27,615)		(46,154)
Foreign exchange variation of foreign investments	(155)	633					(155)	633
Equity at March 31	242,060	249,003	125,612	125,384	28,118	23,646	395,790	398,033
Percentage holding (%)	100%	100%	100%	100%	100%	100%		
Share of investments	242,060	249,003	125,612	125,384	28,118	23,646	395,790	398,033
Unrealized profit in inventories	(7,202)	(6,923)					(7,202)	(6,923)
Carrying amount of the investment in the parent company	234,858	242,080	125,612	125,384	28,118	23,646	388,588	391,110

6 Business combination

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

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

All amounts in thousands of reais unless otherwise stated

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

	Purchase price composition
(a) Consideration paid	387

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

All amounts in thousands of reais unless otherwise stated

Section E - Selected significant notes

7 Financial instruments by category

	March 31, 2016			December 31, 2015		
	Parent company	Consolidated		Parent company	Consolidated	
	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables
Assets as per balance sheet						
Cash and cash equivalents	11		43,127	468		23,380
Derivative financial instruments		894			1,735	
Accounts receivable			184,967			225,740
Related parties	5,030		1,499	5,615		1,870
Other assets, except for prepaid expenses	112		7,324			10,124
	5,153	894	236,917	6,083	1,735	261,114

	March 31, 2016			December 31, 2015		
	Parent company	Consolidated		Parent company	Consolidated	
	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities	Other financial liabilities	Liabilities at fair value through profit or loss	Other financial liabilities
Liabilities as per balance sheet						
Trade payables			27,557			29,450
Derivative financial instruments		8,791			1,297	
Borrowings			218,058			216,487
Dividends and interest on capital	16,433		16,433	16,433		16,433
Related parties	113		81	119		660
Commissions on sales			6,422			7,313
Other liabilities	62		6,821	16		4,790
	16,608	8,791	275,372	16,568	1,297	275,133

8 Credit quality of financial assets

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

The balances of bank current accounts, repurchase agreements and bank deposits (CDBs), amounting to R$ 43,102 (December 31, 2015 - R$ 23,344), were held in prime financial institutions rated as BB by Standard & Poor's.

All amounts in thousands of reais unless otherwise stated

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

	Consolidated	
	March 31, 2016	December 31, 2015
AA	59,608	70,081
A	67,599	83,036
B	29,538	32,773
C	16,827	21,910
D	13,720	17,631
E	3,696	3,069
	190,988	228,500

9 Cash and cash equivalents

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

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Cash				
In local currency			6	6
In foreign currency			19	30
			25	36
Banks				
In local currency	11	14	1,047	2,746
In foreign currency			7,718	2,191
	11	14	8,765	4,937
Financial investments				
Repurchase agreements		454	34,337	18,365
Other				42
		454	34,337	18,407
	11	468	43,127	23,380

All amounts in thousands of reais unless otherwise stated

10 Derivative financial instruments

	March 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Exchange rate and interest rate swap	894	8,791	1,735	1,297
Non-current liabilities	(894)	(4,766)	(1,713)	
Current liabilities		4,025	22	1,297

The notional amounts of the outstanding exchange rate swap contracts at March 31, 2016 corresponded to US$ 24,438 thousand (December 31, 2015 - US$ 14,500 thousand) and of the interest rate swap contracts corresponded to R$ 20,400 thousand at December 31, 2015.

11 Trade receivables (consolidated)

	March 31, 2016	December 31, 2015
Domestic customers	174,648	209,559
Foreign customers	16,340	18,941
Provision for impairment of trade receivables	(6,021)	(2,760)
Current	184,967	225,740

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

	March 31, 2016	December 31, 2015
Falling due		
Up to 3 months	114,461	133,399
From 3 to 6 months	47,208	60,683
Over 6 months	7,269	17,954
	168,938	212,036
Past due		
Up to 3 months	12,864	7,631
From 3 to 6 months	2,086	2,079
Over 6 months	7,100	6,754
	22,050	16,464
	190,988	228,500

The provision for impairment of trade receivables was constituted for receivables overdue for 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.

All amounts in thousands of reais unless otherwise stated

The changes in the provision were as follows:

	March 31, 2016	December 31, 2015
Opening balance	2,760	3,410
Additions, net	3,336	1,105
Foreign exchange variation	(75)	
Definitive write-offs		(1,755)
Closing balance	6,021	2,760

12 Inventories (consolidated)

	March 31, 2016	December 31, 2015
Finished products	59,662	49,386
Raw materials	32,863	34,403
Packaging materials	9,731	9,189
Semi-finished products	10,235	6,288
Imports in transit	6,050	695
Advances to suppliers	5,314	4,382
Other	6,249	6,765
Provision for inventory losses	(2,594)	(1,845)
	127,510	109,263

All amounts in thousands of reais unless otherwise stated

13 Taxes recoverable

	Parent company		Consolidated	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
ICMS			34,422	32,108
ICMS, PIS and COFINS on acquisitions of property, plant and equipment			917	1,010
IRRF	119	201	3,707	3,747
IPI			904	703
PIS and COFINS			657	1,199
Other			1,296	1,026
	119	201	41,903	39,793
Non-current			(34,574)	(32,322)
Current	119	201	7,329	7,471

(ICMS - Value-added tax on Sales and Services; PIS - Social Integration Program; COFINS - Social Contribution on Revenues; IRRF - Witholding Tax; IPI - Excise Tax)

ICMS credits, which amounted to R$ 34,038 at March 31, 2016 (December 31, 2015 - R$ 31,698), were mainly generated by Ouro Fino Saúde Animal Ltda. These credits are generated by exempted sales in domestic and exports transactions and sales with a sixty-percent reduction in the calculation basis in interstate transactions, with the full/partial maintenance of credits on inputs, pursuant to the ICMS Agreement 100/97.

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

ICMS credits related to 2010, 2011, 2012 and 2013, amounting to R$ 18,846, were approved by the tax authorities, and R$ 11,048 was released for immediate utilization. The residual balance of R$ 7,798 was temporarily withheld in connection with tax assessment notices which are being 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. All the released credits had been utilized by March 31, 2016.

With respect to the fiscal years 2014 and 2015, the requests for accumulated credits will be made through the submission of the related file in the Electronic System for Management of the Accumulated Credit (e-CredAc), under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009, which are being prepared by the Company, on the dates established in legislation.

All amounts in thousands of reais unless otherwise stated

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

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

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

(a) Composition, nature and realization of taxes

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

	March 31, 2016	December 31, 2015
Tax credits on:		
Accumulated income tax and social contribution losses	3,827	645
Temporary differences		
Provisions	8,633	7,422
Unrealized profit in inventories	3,710	3,567
Foreign exchange variations - cash basis		738
Pre-operating expenses written-off	912	960
Derivative financial instruments	2,685	441
Appreciation - business combination	317	253
	20,084	14,026
Tax liabilities on:		
Temporary differences		
Deemed cost of land	(7,878)	(7,878)
Foreign exchange variations - cash basis	(1,712)	
Derivative financial instruments		(590)
	(9,590)	(8,468)
Deferred tax assets, net	10,494	5,558
Total deferred tax credits	20,084	14,026
Total deferred tax liabilities	9,590	8,468

All amounts in thousands of reais unless otherwise stated

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

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

	March 31, 2016	**December 31, 2015**
Opening balance	5,558	(1,892)
Pre-operating expenses written-off	(48)	(192)
Accumulated income tax and social contribution losses	3,182	645
Derivative financial instruments	2,834	2,980
Provisions	1,211	270
Unrealized profit in inventories	143	2,107
Exchange rate variations - taxation on cash basis	(2,450)	1,168
Provision for contingencies - business combination	64	253
Accelerated depreciation		219
Closing balance	10,494	5,558

The amounts by estimated offset period are as follows:

	March 31, 2016	**December 31, 2015**
Deferred tax assets to be recovered		
within 1 year	18,322	12,080
from 2 to 5 years	1,762	1,946
	20,084	14,026
Deferred tax liabilities to be settled		
within 1 year	1,712	4
from 2 to 5 years		586
after 5 years	7,878	7,878
	9,590	8,468

All amounts in thousands of reais unless otherwise stated

15 Intangible assets

	At January 1, 2015	Additions	Provision for impairment	Purchase of investment	Write-offs	Amortization	At December 31, 2015
Goodwill on the acquisition of subsidiary				618			618
Trademarks and licenses purchased	494			942		(759)	677
Development and registration of products	44,831	17,881	(407)		(1,354)	(3,374)	57,577
Computer software	19,811	3,820			(23)	(5,054)	18,554
Other	1,164	264				(164)	1,264
	66,300	21,965	(407)	1,560	(1,377)	(9,351)	78,690

	At January 1, 2016	Additions	Provision for impairment	Foreign exchange variation	Write-offs	Amortization	At March 31, 2016
Goodwill on the acquisition of subsidiary	618						618
Trademarks and licenses purchased	677			(14)		(208)	455
Development and registration of products	57,577	3,090	(111)		(481)	(789)	59,286
Computer software	18,554	465				(1,281)	17,738
Other	1,264					(66)	1,198
	78,690	3,555	(111)	(14)	(481)	(2,344)	79,295

	December 31, 2015			
	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on the acquisition of subsidiary	618			618
Trademarks and licenses purchased	3,142		(2,465)	677
Development and registration of products	72,612	(1,692)	(13,343)	57,577
Computer software	29,696		(11,142)	18,554
Other	1,428		(164)	1,264
	107,496	(1,692)	(27,114)	78,690

	March 31, 2016			
	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on the acquisition of subsidiary	618			618
Trademarks and licenses purchased	3,128		(2,673)	455
Development and registration of products	75,220	(1,396)	(14,538)	59,286
Computer software	30,161		(12,423)	17,738
Other	1,333		(135)	1,198
	110,460	(1,396)	(29,769)	79,295

The development and registration of products substantially refer to expenditures incurred with new drugs of R$ 59,286 (December 31, 2015 - R$ 57,577). The amortization of intangible assets related to product development and registration was recognized within "Cost of sales".

All amounts in thousands of reais unless otherwise stated

In the quarter ended March 31, 2016, the Group recognized an impairment loss of R$ 111 (December 31, 2015 - R$ 407).

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

16 Property, plant and equipment (consolidated)

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

	At January 1, 2016	Additions	Foreign exchange variation	Transfers	Write-offs	Depreciation	At March 31, 2016
Land	24,985						24,985
Buildings and improvements	74,099			90		(560)	73,629
Machinery and equipment and industrial facilities	61,392	613				(1,353)	60,652
Vehicles and tractors	4,863	2,011			(145)	(398)	6,331
Furniture and fittings	2,920	62				(140)	2,842
IT equipment	3,565	250			(3)	(307)	3,505
Construction in progress	19,700	4,786		(90)	(49)		24,347
Other	2,571	82	(15)		(137)	(114)	2,387
	194,095	7,804	(15)		(334)	(2,872)	198,678

	At December 31, 2015			At March 31, 2016			
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,985		24,985	24,985		24,985	
Buildings and improvements	88,359	(14,260)	74,099	88,450	(14,821)	73,629	2.61%
Machinery and equipment and industrial facilities	93,315	(31,923)	61,392	93,928	(33,276)	60,652	6.19%
Vehicles, tractors and aircraft	7,291	(2,428)	4,863	8,972	(2,641)	6,331	21.64%
Furniture and fittings	6,462	(3,542)	2,920	6,522	(3,680)	2,842	10.55%
IT equipment	9,654	(6,089)	3,565	9,896	(6,391)	3,505	20.87%
Construction in progress	19,700		19,700	24,347		24,347	
Other	4,914	(2,343)	2,571	4,238	(1,851)	2,387	11.72%
	254,680	(60,585)	194,095	261,338	(62,660)	198,678	

All amounts in thousands of reais unless otherwise stated

The balances of construction in progress refer substantially to the construction of the new plant of the biological products unit, amounting to R$ 12,845 (December 31, 2015 - R$ 10,444), and to the work related to the refurbishment/increase in the capacity of the plant for manufacturing vaccines against foot-and-mouth disease, amounting to R$ 5,796.

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

At March 31, 2016, borrowing costs totaling R$ 563 (December 31, 2015 - R$ 546) were capitalized, at an average rate of 4.43% (December 31, 2015 - 4.35%)

Land, buildings, machinery and equipment amounting to R$ 91,772 (December 31, 2015 - R$ 88,470) are pledged in guarantee for borrowings (Note 18).

17 Trade payables

	March 31, 2016	December 31, 2015
Domestic suppliers	14,434	16,624
Foreign suppliers	13,123	12,826
	27,557	29,450

All amounts in thousands of reais unless otherwise stated

18 Borrowings

	Financial charges incurred	Final maturity	March 31, 2016	December 31, 2015
In foreign currency				
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.23% p.a. (December 31, 2015 - 2.37% p.a.)	2016	44	228
Export credit note	Exchange variation and weighted average rate of 4.65% p.a.	2017	8,825	
Working capital	Exchange variation and Libor rate + 5.19% p.a.	2016	537	582
Working capital	Exchange variation and weighted average rate of 3.11% p.a. (December 31, 2015 - 2.97% p.a.)	2019	78,811	57,005
In local currency				
FINEP (Technological innovation)	Weighted average rate of 4.43% p.a. (December 31, 2015 - 4.35% p.a.)	2024	124,973	132,890
BNDES - FINEM	Weighted average rate of 10.3% p.a. (December 31, 2015 - 9.80% p.a.)	2016	338	1,151
BNDES - FINAME	Weighted average rate of 6.53% p.a. (December 31, 2015 - 6.09% p.a.)	2023	1,479	1,364
Export credit note	Weighted average rate of 8% p.a. (December 31, 2014 - 8% p.a.)	2016		22,306
Finance lease	Weighted average rate of 17.13% p.a. (December 31, 2015 - 16.88% p.a.)	2019	3,051	961
			218,058	216,487
Current			(66,705)	(57,260)
Non-current			151,353	159,227

(a) Guarantees for borrowings

The borrowings for research, innovation and development of products obtained from the Fund for Financing of Studies and Projects (FINEP), are guaranteed by a surety of the related parties Ouro Fino Participações e Empreendimentos S.A. and Ouro Fino Saúde Animal Participações S.A. and bank guarantees totaling R$ 27,714, in addition to the guarantee represented by the industrial facilities of animal health products located in the city of Cravinhos, state of São Paulo. No amounts are charged for the guarantees given.

For the loans 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 offered as guarantee the industrial facilities of animal health products located in the city of Cravinhos, state of São Paulo, up to the limit of the debtor balance of the borrowings, as well as the financed equipment items themselves, in addition to sureties of the controlling stockholders.

Borrowings for purposes of 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.

All amounts in thousands of reais unless otherwise stated

The composition of non-current borrowings is as follows:

	March 31, 2016
04/2017 to 03/2018	46,204
04/2018 to 03/2019	70,601
04/2019 to 03/2020	7,348
04/2020 to 03/2021	7,133
04/2021 to 03/2022	7,097
04/2022 to 03/2023	7,083
04/2023 to 01/2024	5,887
	151,353

(b) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for borrowings in foreign currency (US$) for working capital purposes, which amounted to R$ 87,636 (December 31, 2015 - R$ 57,005), to exchange the charges on the borrowings for charges based on the CDI rate variation (Note 10).

19 Provision for contingencies

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

	March 31, 2016	**December 31, 2015**
Labor	2,994	2,981
Civil, social security and tax	831	860
	3,825	3,841

In addition, some Group companies are parties to other administrative and judicial disputes, including those related to tax assessments. No provisions were recorded to cover possible losses, based on the opinion of the legal advisors. Disputes for which a favorable outcome was considered as possible totaled R$ 44,744 (December 31, 2015 - R$ 44,761), and mainly corresponded to tax (ICMS) and labor claims.

All amounts in thousands of reais unless otherwise stated

The changes in the provision for contingencies were as follows:

	March 31, 2016	December 31, 2015
Opening balance	3,841	2,664
Additions	81	1,521
Foreign exchange variation	(48)	
On acquisition of investee		1,204
Write-offs	(49)	(1,548)
Closing balance	3,825	3,841

20 Equity

(a) Capital

At March 31, 2016, fully subscribed and paid-up capital comprised 53.942.307 common shares, with no par value.

(b) Capital reserve

The amounts considered as "Capital reserve" related to all expenditures incurred for the Initial Public Offering (IPO).

(c) Allocation of profit

According to the Company's bylaws, profit will be allocated as follows:

- 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 resolved at a General Meeting by the stockholders representing not less than 2/3 (two-thirds) of the voting shares, in accordance with the applicable legal provisions.

At the Annual General Meeting held on April 29, 2016, the stockholders decided on the appropriation of profit for 2015.

All amounts in thousands of reais unless otherwise stated

(d) Carrying value adjustments

These adjustments refer to the effect of the adoption of the deemed cost method to record land in subsidiaries that took place on January 1, 2009, as well as to all foreign exchange rate differences resulting from the translation of the balance sheet and results of foreign subsidiaries.

(e) Stock option plan

The Group has a stock option plan ("Plan"), with the objective of: (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, thereby stimulating the generation of value for the Company, and (iv) sharing risks and gains equally among stockholders, management and employees.

The plan is managed by the Board of Directors and, according to its rules, the following are eligible as beneficiaries: Members of management, 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 common shares comprising the Company's capital. Details of the Company's stock option plan are available at the Brazilian Securities Commission (CVM).

The vesting period considers that the beneficiaries may exercise their right 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 Agreement, 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 defined based on the average price of the quotations of the Company's shares on the São Paulo Commodities, Futures and Stock 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 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.

The Board of Directors has approved the Plan's Regulations and Adhesion Contracts, as well as defined those eligible 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
Maximum exercise date	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 the options granted was determined using the Black-Scholes-Merton pricing model, which took into consideration the value of the share, the exercise price, 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 granting date	30.61	30.61	30.61	30.61	30.61
Estimated exercise price (strike price)	33.45	35.41	37.46	39.35	41.38
Estimated life time (in years)	3.0	4.0	5.0	6.0	7.0
Expected volatility	26.20%	26.20%	26.20%	26.20%	26.20%
Risk-free interest rate	12.80%	12.60%	12.40%	12.30%	12.20%

At March 31, 2016, expenses amounting to R$ 432 (March 31, 2015 - R$ 373) were recognized in respect of stock options.

21 Revenue

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

	March 31, 2016	March 31, 2015
Domestic customers		
Gross sales	102,532	93,948
Taxes and deductions on sales	(13,660)	(10,773)
	88,872	83,175
Foreign customers		
Gross sales	9,158	4,044
Taxes and deductions on sales		(175)
	9,158	3,869
	98,030	87,044

All amounts in thousands of reais unless otherwise stated

22 Costs and expenses by nature

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Cost of sales				
Variable costs (raw and consumption materials)			28,725	22,563
Personnel expenses			8,773	5,764
Depreciation and amortization			3,144	2,484
Provision for impairment of intangible assets			111	
Outsourced services			2,375	439
Electricity			1,241	766
Other			1,512	3,700
			45,881	35,716
Selling expenses				
Personnel expenses			18,326	15,430
Sales team expenses			11,031	9,562
Outsourced services			3,403	2,880
Freight charges			2,807	2,823
Depreciation and amortization			1,183	1,065
Telecommunications and electricity			351	384
Provision for impairment of trade receivables			3,336	60
Other			3,062	913
			43,499	33,117
General and administrative expenses				
Personnel expenses	348	182	6,864	6,711
Depreciation and amortization			889	816
Outsourced services	135	167	632	292
Travel expenses	2	15	227	176
Telecommunications and electricity			203	210
Vehicle expenses			119	125
Donations and sponsorships			23	63
Other	83	113	473	289
	568	477	9,430	8,682
	568	477	98,810	77,515

23 Other income (expenses), net

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Gains on sales and disposals of property, plant and equipment			53	69
Gains (losses) on sales of scrap, rentals and other	23	25	162	28
Federal, state and municipal taxes and fees	(4)	(8)	(391)	(52)
Other losses			(9)	
	19	17	(185)	45

All amounts in thousands of reais unless otherwise stated

24 Finance income and costs

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Interest income				
Gains on derivatives (foreign exchange variations)				10,968
Income from financial investments	3		545	1,762
Interest receivable			214	139
Monetary variations	11		41	103
Other	(1)	2	75	12
	13	2	875	12,984
Finance costs				
Losses on derivatives (foreign exchange variations)			(8,590)	
Losses on derivatives (interest)			(2,004)	(1,067)
Interest payable		(2)	(1,991)	(2,178)
Finance charges			(333)	(290)
Other	(10)	(19)	(317)	(233)
	(10)	(21)	(13,235)	(3,768)
Foreign exchange variations, net			7,722	(9,947)
Finance result	3	(19)	(4,638)	(731)

All amounts in thousands of reais unless otherwise stated

25 Income tax and social contribution credit (expense)

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

	Parent company		Consolidated	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Profit (loss) before income tax and and social contribution	(3,340)	7,491	(5,603)	8,843
Standard rates	34%	34%	34%	34%
	1,136	(2,547)	1,905	(3,007)
Reconciliation to the effective rate:				
Permanent differences:				
Equity in the results of investees	(950)	2,710		
Adjustment related to the calculation of the subsidiary taxed based on the presumed profit method			1,128	1,787
Adjustment related to the calculation of the foreign subsidiary taxed based on the rate in effect in that country			(599)	75
Deferred taxes, not recorded	(186)	(163)	(186)	(163)
Other permanent differences			(11)	(30)
Income tax and social contribution			2,237	(1,338)
Reconciliation with the statement of operations:				
Current			(2,720)	(1,348)
Deferred			4,957	10
			2,237	(1,338)

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

26 Earnings (loss) per share

(a) Basic

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

	March 31, 2016	**March 31, 2015**
Profit (loss) for the quarter attributable to the owners of the Company	(3,340)	7,491
Weighted average number of common shares in the period	53,942	53,942
Basic earnings (loss) per share	(0.06192)	0.13887

All amounts in thousands of reais unless otherwise stated

(b) Diluted

Diluted earnings (loss) per share were calculated by dividing the profit (loss) 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, 2016	March 31, 2015
Profit (loss) for the quarter attributable to the owners of the Company	(3,340)	7,491
Weighted average number of common shares in the period considering dilutive instruments	54,070	53,957
Earnings (loss) per share	(0.06177)	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, 2016 totaled R$ 291 (March 31, 2015 - 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. For the quarter ended March 31, 2016, the amount of the profit-sharing provision was R$ 1,031 (March 31, 2015 - R$ 2,151).

28 Balances and transactions with related parties

(a) Main balances and transactions

	Parent company							
	March 31, 2016				December 31, 2015			
	Current assets		Current liabilities		Current assets		Current liabilities	
	Interest on capital	Other assets (i)	Dividends and interest on capital	Other liabilities (i)	Interest on capital	Other assets (i)	Dividends and interest on capital	Other liabilities (i)
Related parties:								
Ouro Fino Saúde Animal Ltda.				35				41
Ouro Fino Agronegócio Ltda.	4,098				4,708			
Ouro Fino Química Ltda.		67				42		
Stockholders		448	16,433	78		448	16,433	78
Other		417				417		
	4,098	932	16,433	113	4,708	907	16,433	119

All amounts in thousands of reais unless otherwise stated

	Parent company				
	March 31, 2016		March 31, 2015		
	Main transactions:		Main transactions:		
	Royalties	Reimbursement of CSC expenses (i)	Royalties	Reimbursement of CSC expenses (i)	Other expenses, net
Related parties:					
Ouro Fino Saúde Animal Ltda.		(52)		(29)	(2)
Ouro Fino Agronegócio Ltda.		9			
Ouro Fino Pet Ltda.		3			
Ouro Fino Química Ltda.	25		25	2	
	25	(40)	25	(27)	(2)

	Consolidated							
	March 31, 2016				December 31, 2015			
	Current assets	Current liabilities			Current assets	Current liabilities		
	Other assets (i)	Dividends and interest on capital	Borrowings	Other liabilities (i)	Other assets (i)	Dividends and interest on capital	Borrowings	Other liabilities (i)
Related parties:								
Ouro Fino Participações e Empreendimentos S.A.	14				29			
Ouro Fino Química Ltda.	352			3	952			582
Condomínio Rural Ouro Fino	268				24			
BNDES Participações S.A.			1,861				2,743	
Stockholders	448	16,433		78	448	16,433		78
Other	417				417			
	1,499	16,433	1,861	81	1,870	16,433	2,743	660

	Consolidated									
	March 31, 2016					March 31, 2015				
	Main transactions:					Main transactions:				
	Gross profit on the sales of goods	Reimbursement of CSC expenses (i)	Royalties	Other expenses, net	Finance result	Gross profit on the sales of goods	Reimbursement of CSC expenses (i)	Royalties	Other expenses, net	Finance result
Related parties:										
Ouro Fino Part. e Empreendimentos S.A.		4		38			29		45	46
Ouro Fino Química Ltda.		712	25	(67)			810	25	(15)	
Condomínio Rural Ouro Fino	7			(66)		8			(166)	
BNDES Participações S.A.					(38)					(289)
	7	716	25	(95)	(38)	8	839	25	(136)	(243)

(i) Other assets and liabilities

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

All amounts in thousands of reais unless otherwise stated

(b) Key management remuneration

Key management personnel include members of the Board of Directors and directors appointed pursuant to the Company's bylaws, whose remuneration is approved at the Annual General Meeting. The remuneration paid or payable to key management for their services is presented below:

	March 31, 2016	March 31, 2015
Salaries	721	563
Labor charges	61	31
Direct and indirect benefits	64	31
Variable remuneration	33	117
Share-based payments	149	129
	1,028	871

Despite the fact that the Company's management does not consider share-based payments as being remuneration, the amounts under this heading are disclosed in this Note, as required by the Technical Pronouncement CPC 05 - Related-party Disclosures.

29 Insurance

The Group had insurance coverage for operating risks and comprehensive civil liability, with a maximum indemnity of R$ 489,041 at March 31, 2016.

Section F - Accounting policies

30 Summary of significant accounting policies

The main accounting policies applied in the preparation of this interim accounting information are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

30.1 Consolidation

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

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

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

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

30.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the interim accounting information of each of the Group companies are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"), which is substantially the Brazilian real, except as mentioned in item (c) below. Therefore, the parent company and consolidated 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 operations within finance income or cost.

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

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

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate of the balance sheet date.

(ii) Income and expenses for each statement of operations 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 "Carrying value adjustments".

30.3 Financial assets

30.3.1 Classification

The Group classifies its financial assets, upon initial recognition, in the following categories: loans and receivables and 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.

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

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

30.3.2 Recognition and measurement

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

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

30.3.3 Impairment of financial assets

Assets carried at amortized cost

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

30.4 Derivative financial instruments

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

30.5 Trade receivables

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

30.6 Inventories

Inventories are stated at the lower of average cost of purchase or production and net realizable value. Cost is determined using the fixed 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.

30.7 Current and deferred income tax and social contribution

The income tax and social contribution expenses for the period comprise current and deferred taxes. Income taxes are recognized in the statement of operations, 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 interim accounting information. They are determined based on tax rates in effect on the balance sheet date and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

Ouro Fino Pet Ltda. calculates income tax and social contribution in accordance with the presumed profit method. The presumed profit system is a simplified taxation method to determine the calculation basis of corporate entities that are not required, in the calendar year, to compute taxable profit, or whose total gross revenue is equal to or lower than R$ 78,000.

30.8 Intangible assets

(a) Research and development of products

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

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

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

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

(b) Trademarks and licenses purchased

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

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

(c) *Computer software*

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

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

(d) Goodwill on the acquisition of subsidiary

Goodwill arose from the acquisition of a subsidiary and represented the excess of (i) the consideration transferred, and (ii) the acquisition-date fair value of identifiable assets acquired and liabilities assumed. The goodwill is included in "Intangible assets" in the consolidated interim accounting information and is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

30.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. This cost was adjusted in the subsidiaries to reflect the deemed cost of land on the date of transition to IFRS and the cost 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 operations 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 disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other income (expenses), net" in the statement of operations.

30.10 Impairment of non-financial assets

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

30.11 Trade payables

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

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

30.12 Borrowings

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

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

30.13 Employee benefits

(a) Private pension plan

The Group companies sponsor a defined contribution pension plan for their employees. In the defined contribution plan, the companies pay contributions to the privately administered 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 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 operations. These provisions are calculated based on quantitative and qualitative targets established by management and are recorded as personnel expenses in the statement of operations.

(c) Share-based payments

The Company has one share-based remuneration 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 stock options granted. The premium for these options, calculated on the grant date, is recognized as an expense with a corresponding entry to equity during the grace period.

30.14 Revenue recognition

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

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

30.15 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to stockholders is recognized as a liability in the 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 operations, because, in substance, it represents a decrease in the effective rate of income tax and social contribution.

30.16 New standards that are not yet effective

The following new standards were issued by IASB but were not effective at March 31, 2016. The early adoption of standards, even though encouraged by IASB, has not been implemented in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective as from January 1, 2018 It replaces the orientation included in IAS 39 related to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the hybrid measurement model, and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. It also includes a new model for expected impairment losses on receivables, which replaces the current model of incurred losses. IFRS 9 mitigates 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 effectively used by management for risk management purposes. Management is assessing the full impact of the adoption of IFRS 9.

- IFRS 15 - "Revenue from Contracts with Customers" - This new standard introduces the principles to be applied by an entity to determine the measurement and recognition of revenue. Its effective date is January 1, 2018 and it replaces IAS 11 - "Construction Contracts", IAS 18 - "Revenue" and related interpretations. Management is assessing the full impact of the adoption of IFRS 15.

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

*   *   *

(A free translation of the original in Portuguese)

Earnings Release 1Q16

- Net revenue increased by 12.6% in 1Q16, totaling R$ 98 million against R$ 87 million in 1Q15
- Launch of 2 new products in the quarter

Conference Call

In Portuguese with simultaneous translation into English
May 11, 2016
3:00 P.M. (BRT) / 2:00 P.M. (US EST)
Phone:
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Other countries: +1 646 843 6054
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Earnings Release 1Q16

(A free translation of the original in Portuguese)

CONTENTS

Earnings Release 1Q16

Cravinhos, May 10, 2016 – Ouro Fino Saúde Animal Participações S.A. (“Company” or “Ouro Fino”) (BM&FBovespa: OFSA3), which is mainly engaged in the research, development, production and sale of veterinary drugs, vaccines and other products for production and companion animals, announces its financial results for the period ended March 31, 2016 (1Q16).

MESSAGE FROM MANAGEMENT

As planned, in the 1st quarter of 2016 we placed some strategic actions in the units of production animals and companion animals, aiming at increasing in the following periods, the levels of profitability and return to stockholders. We would emphasize our efforts to pass on price increases, aware that this action would result in natural adjustments of the market. Passing on price increases was combined with the fact that the 1st quarter usually presents a lower percentage of revenue and profitability resulting in less dilution of expenses and fixed costs, which were more in line with 4Q15. Accordingly, our total revenues increased 12.6%, reaching R$ 98.0 million.

In the production animals segment, changes were made to our sales structure, with the expansion of regional strategic units and renewal of the team, with a view to maximizing business generation potential, resulting in an increase consistent with our expectations. We achieved a growth of 9.7% in 1Q16, and revenues totaled R$ 74.8 million.

As regards companion animals, in March "Ourofino Pet Distribution" started its direct sales to pet shops and vet clinics in Southern and Western regions of the city of São Paulo. Also, the replacement of two distributors in key regions took place. Among our segments, this is the one that is more exposed to the current macroeconomic situation in Brazil. As a result, revenues decreased by 5.4% to R$ 14.1 million, but we obtained a suitable structure to grow in the coming periods.

The strategic internationalization process remains steady, and we are reaping the rewards of the structuring efforts carried out during 2015 in Mexico and Colombia. As a result, total revenues from international operations totaled R$ 9.1 million, an increase of 133.3% in comparison with 1Q15.

In line with our strategy of growth through innovation, we launched two more products for production animals: Resolutor, an injectable marbofloxacin-based antimicrobial for the treatment of respiratory problems in cattle and pigs, and Ourovac Raiva, a vaccine against rabies in cattle and the first product of the new vaccine portfolio, which, initially, has been bottled at the FMD vaccine plant. In addition, we created an internal M&A structure for conducting selective analyses of market opportunities, including the acquisition of technology platforms.

We would also point out that the construction of the new plant of biological products is on schedule, and production is expected to start in the beginning of 2017.

We are optimistic about the strategic actions placed and the important role that those actions will play in the following periods.

Dolivar Coraucci Neto	Fábio Lopes Júnior
CEO	CFO and Chief Investor Relations Officer

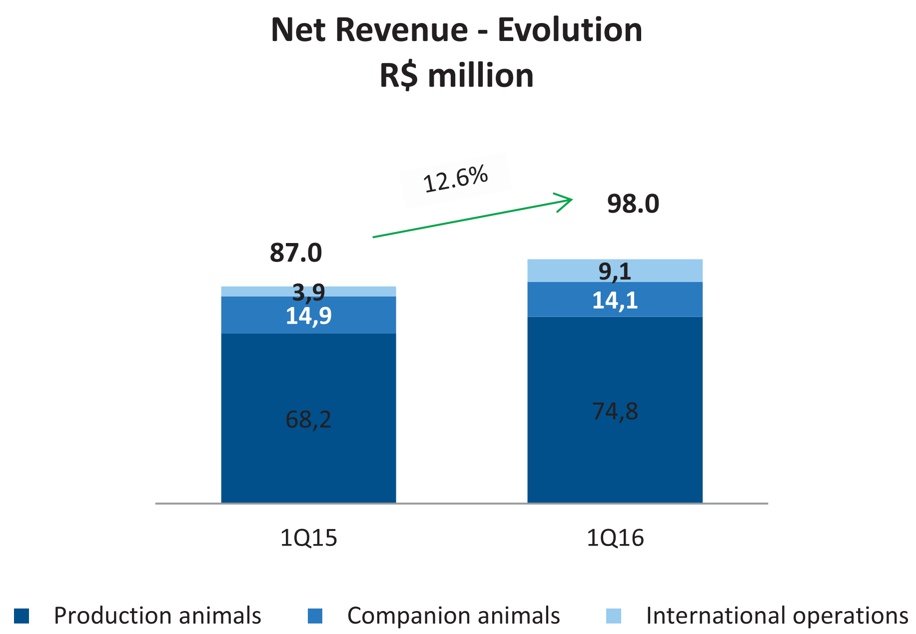
FINANCIAL PERFORMANCE

R$ million	1Q15	1Q16	Variation %
Net revenue	87.0	98.0	12.6%
Cost of sales	(35.7)	(45.9)	28.6%
Gross profit	**51.3**	**52.1**	**1.6%**
(gross margin)	*59.0%*	*53.2%*	*-5.8 p.p.*
Expenses*	(41.7)	(50.7)	21.6%
Operating profit	**9.6**	**1.4**	**-85.4%**
(operating margin)	*11.0%*	*1.4%*	*-9.6 p.p.*
Finance result, net	(0.7)	(4.6)	557.1%
Income tax and social contribution*	(1.4)	1.4	-200.0%
Adjusted profit (loss)	**7.5**	**(1.8)**	**-124.0%**
(adjusted profit (loss) margin)	*8.6%*	*-1.8%*	*-10.4 p.p.*
Adjusted EBITDA	**14.0**	**6.6**	**-52.9%**
(adjusted EBITDA margin)	*16.1%*	*6.7%*	*-9.4 p.p.*

(*) Does not consider expenses with the provision for impairment of trade receivables, which are considered non-recurring.

Net revenue

R$ million	1Q15	1Q16	Variation %
Net sales revenue	**87.0**	**98.0**	**12.6%**
Production animals	68.2	74.8	9.7%
Companion animals	14.9	14.1	-5.4%
International operations	3.9	9.1	133.3%



The Company presented net revenues of R$ 98.0 million in 1Q16, an increase of 12.6% in comparison with R$ 87.0 million in 1Q15, as described below.

- The **Production Animals** segment had net revenues of R$ 74.8 million in 1Q16, an increase of 9.7% in comparison with R$ 68.2 million in 1Q15. We would point out the price increases gradually transferred during the quarter and the increase in revenues from Fixed-Time Artificial Insemination (FTAI) protocols and antimicrobials, counting on the contribution of the sales of Resolutor for these.

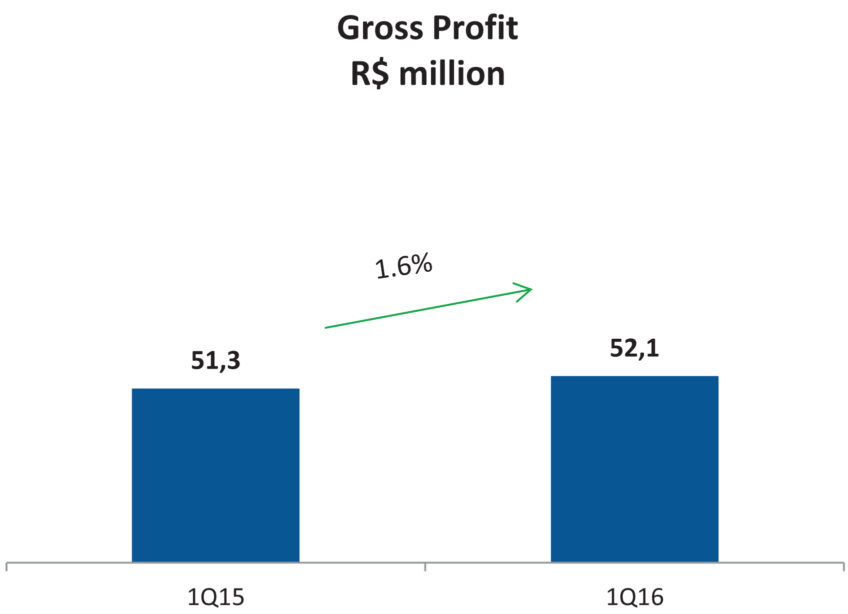
- The **Companion Animals** segment had net revenues of R$ 14,1 million in 1Q16, with a decrease of 5.4% in comparison with 1Q15, substantially reflecting the Company's decision to implement the "Ourofino Pet Distribution" project, with sales as from March 2016 only, and also the impact of the adjustments to the distribution chain with the replacement of two distributors, which were partially offset by the transfers of price increases.

- The **International Operations** segment had net revenues of R$ 9.1 million in 1Q16 against R$ 3.9 million in 1Q15, that is, an increase of 133.3%. This growth was mainly due to the increase in the sales of subsidiaries in Mexico and Colombia, which already represent approximately 50% of exports, and also to the beginning of the exports of vaccines against foot-and-mouth disease to Latin American countries, starting with exports to Paraguay.

Cost of sales, gross profit and gross margin

R$ million	1Q15	1Q16	Variation %
Cost of sales	(35.7)	(45.9)	28.6%
Gross profit	**51.3**	**52.1**	**1.6%**
(gross margin)	59.0%	53.2%	*-5.8 p.p.*

The change in gross margin in 1Q16, with an impact of 5.8 p.p. in comparison with 1Q15, is mainly due to the lower share of the companion animals segment and lower profitability of poultry and pigs segment. Also, it should be noted that the first quarter presents a lower percentage in relation to annual revenues, contributing to a lower dilution of fixed costs; additionally, it has a cost base more aligned with 4Q15, with impacts of the collective agreement and the inflation rate.



Selling, general and administrative expenses

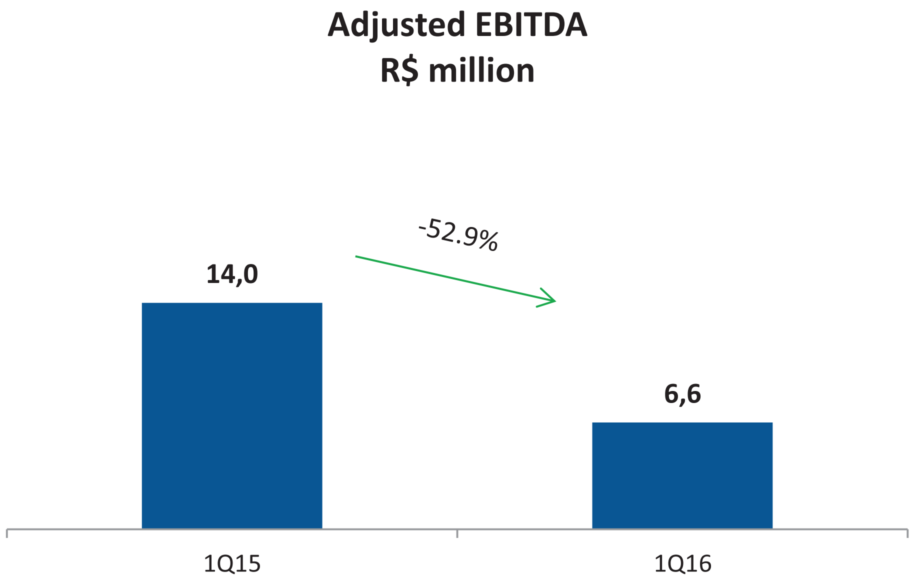
R$ million	1Q15	1Q16	Variation %
Selling, general and administrative and other expenses	**(41.7)**	**(50.7)**	**21.6%**
Percentage on net revenue	*47.9%*	*51.7%*	*3.8 p.p.*

In 1Q16, selling, general and administrative expenses totaled R$ 50.7 million. The growth of 21.6% in comparison with 1Q15, substantially reflects fixed expenses more aligned with 4Q15, increase in international trade structures and strategic changes in the domestic sales force, in line with the strategic plan of share expansion in the market where the company operates. In addition, the smaller percentage of sales in the first quarter in comparison with the other quarters of the year, due to the normal seasonality of the business, also contributed to the increase of 3.8 p.p. in expenses in relation to revenues in the period.

EBITDA and EBITDA Margin

R$ million	1Q15	1Q16	Variation %
Adjusted profit (loss)	**7.5**	**(1.8)**	**-124.0%**
(+) Non-recurring expenses, net of IRPJ/CSLL *		(1.6)	
Profit (loss) for the period	**7.5**	**(3.4)**	**-145.3%**
(+) Finance result, net	0.7	4.6	557.1%
(+) Income tax and social contribution	1.4	(2.2)	-257.1%
(+) Depreciation and amortization	4.4	5.2	18.2%
EBITDA	**14.0**	**4.2**	**-70.0%**
(+) Non-recurring expenses *		**2.4**	
Adjusted EBITDA	**14.0**	**6.6**	**-52.9%**
Net sales revenue	87.0	98.0	12.6%
EBITDA margin	***16.1%***	***4.3%***	***-11.8 p.p.***
adjusted EBITDA margin	***16.1%***	***6.7%***	***-9.4 p.p.***

Adjusted EBITDA in 1Q16 totaled R$ 6.6 million, a decrease of 52.9% in comparison with 1Q15, with Adjusted EBITDA margin of 6.6%. As explained above, this result reflects the decrease in gross margin and an increase in selling expenses, and it is important to note the lower percentage of revenues in the first quarter against annual revenues, which did not allow the dilution of fixed cost and expense components in 1Q16, which were more comparable to 4Q15.



Finance result

R$ million	1Q15	1Q16	Variation %
Finance result, net	**(0.7)**	**(4.6)**	**557.1%**

Net finance costs in 1Q16 totaled R$ 4.6 million against R$ 0.7 million in 1Q15. This increase reflects a lower level of net debt in 1Q15, which resulted from the contribution of funds in connection with the IPO conducted in October 2014.

Income tax and social contribution

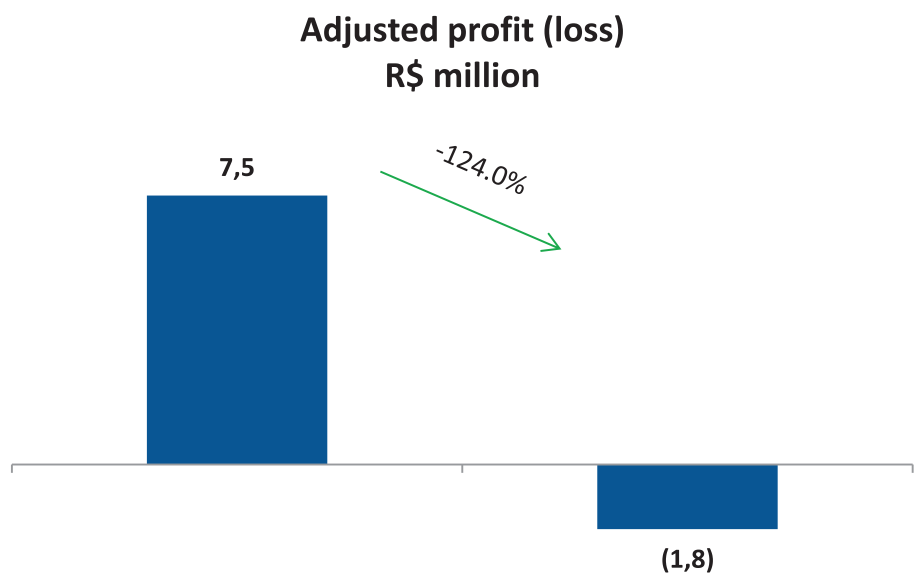
R$ million	1Q15	1Q16	Variation %
Income tax and social contribution	**1.4**	**(1.4)**	**-200.0%**
Percentage on profit before income tax and social contribution	*15.7%*	*43.8%*	*28.1 p.p.*

In 1Q16, income tax and social contribution had a positive effect of R$ 1.4 million, which reflects the loss recorded in the quarter.

Profit

R$ million			Variation %
Adjusted profit (loss)	**7.5**	**(1.8)**	**-124.0%**
(profit margin)	*8.6%*	*-1.8%*	*-10.4 p.p.*

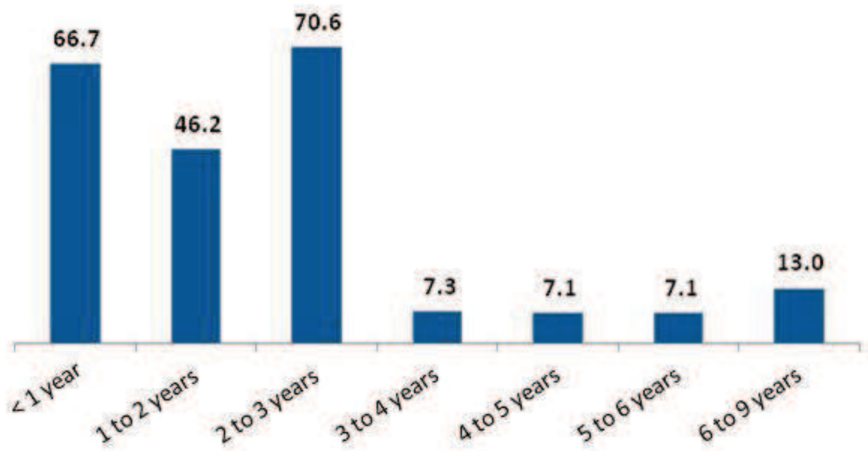
Net losses in 1Q16 totaled R$ 1.8 million, substantially reflecting the increase in finance costs and a lower adjusted EBITDA.



Indebtedness

In R$ million	March 31, 2015	March 31, 2016
Current	87.8	66.7
Non-current	126.0	151.4
Gross debt	**213.8**	**218.1**
(-) Derivative financial instruments, net	7.6	(7.9)
Derivatives net debt	**206.2**	**226.0**
(-) Cash and cash equivalents	79.2	43.1
Net debt	**127.0**	**182.9**
Average cost of debt (year)[1]	**6.10%**	**8.98%**
Net debt/Adjusted annual EBITDA	**1.27**	**1.64**
Note[1]: Average cost calculated on the net debt of derivatives.		

Aging of bank debt



Aging of debt considers the year between April 1 and March 30.

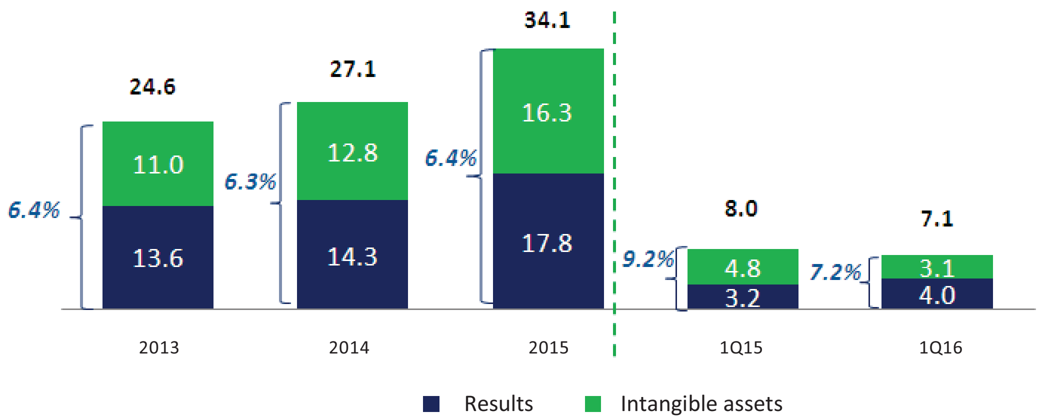
Launches of products

Launches in 1Q16					
	NAME	Description	Theurapetic class	Segment	Launched in
	**Ourovac Raiva**	Vaccine that stimulates an immune response to rabies infection.	Biological	Production animals	Jan/16
	**Resolutor**	Antibiotic prescribed for the quick treatment of animals, producing effects 30 minutes following application.	Antimicrobial	Production animals	Feb/16

Investments in research and development

In 1Q16, approximately 7.2% of the net revenue was invested in R&D, totaling R$ 7.1 million. The chart below shows the Company's total investments in R&D from 2013 to 1Q16.

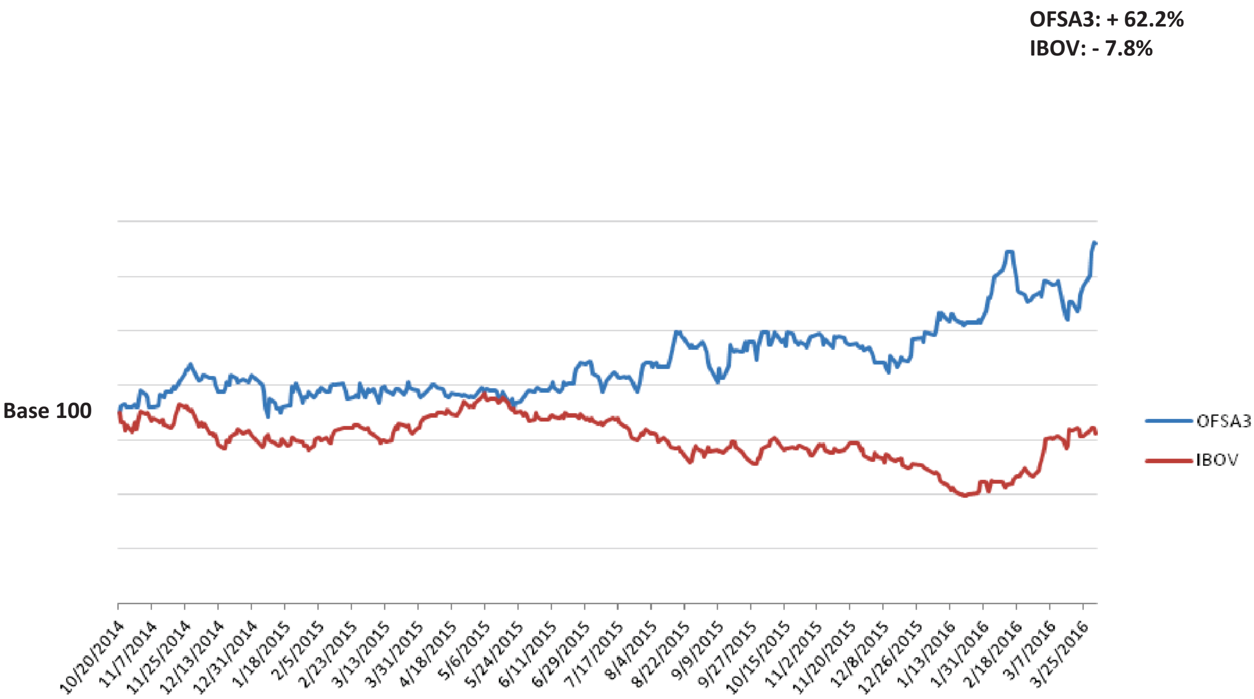
Investments in R&D
R$ million



PERFORMANCE OF THE SHARES

Ourofino shares started to be traded on the São Paulo Stock Exchange (BM&F Bovespa) on October 21, 2014 under the ticker OFSA3, at the initial price of R$27.00. The chart below presents the behavior of the share between the first trading day (10/21/2014) and the last day of 1Q16 (03/31/2016).

OFSA3 closed the trading session on 3/31/2016 at R$ 43.80, with a variation of 62.2% since the beginning of the session. In the same period, Ibovespa presented a devaluation of 7.8%.



Statement of operations (R$ thousands)	1Q15	1Q16
Revenue	87,044	98,030
Cost of sales	(35,716)	(45,881)
Gross profit	**51,328**	**52,149**
Selling expenses*	(33,117)	(41,140)
General and administrative expenses	(8,682)	(9,430)
Other income (expenses), net	45	(185)
Operating profit	**9,574**	**1,394**
Finance income	12,984	875
Finance costs	(3,768)	(13,235)
Foreign exchange variations, net	(9,947)	7,722
Finance result	(731)	(4,638)
Profit (loss) before income tax and social contribution	**8,843**	**(3,244)**
Current and deferred income tax and social contribution*	(1,338)	1,435
Adjusted profit (loss)	**7,505**	**(1,809)**

(*) Does not consider expenses with the provision for impairment of trade receivables, which are considered non-recurring.

Statement of cash flows (R$ thousand)	1Q15	1Q16
Cash flows from operating activities		
Profit (loss) before income tax and social contribution	**8,843**	**(5,603)**
Adjustments for:		
Provision for impairment of trade receivables	60	3,336
Changes in the provision for inventory losses and write-offs	(771)	920
Depreciation and amortization	4,365	5,216
Provision for impairment of intangible assets		111
Gains (losses) on disposal of property, plant and equipment and inta	(69)	428
Interest and monetary and exchange variations, net	12,065	(6,229)
Unrealized derivative financial instruments	(7,562)	10,594
Changes in the provision for contingencies	(399)	32
Share options granted	373	432
Changes in working capital		
Trade receivables	23,178	36,623
Inventories	(28,199)	(20,541)
Taxes recoverable	(466)	(2,188)
Other assets	(384)	1,957
Trade payables	15,258	(467)
Taxes and charges payable	(1,761)	(1,370)
Other liabilities	(2,501)	3,329
Cash from operations	**22,030**	**26,580**
Interest paid	(2,206)	(3,857)
Income tax and social contribution paid	(749)	(1,873)
Net cash provided by operating activities	**19,075**	**20,850**
Cash flows from investing activities		
Investments in intangible assets	(5,670)	(3,555)
Purchase of property, plant and equipment	(3,670)	(7,804)
Proceeds from sale of property, plant and equipment	324	387
Net cash used in investing activities	**(9,016)**	**(10,972)**
Cash flows from financing activities		
Proceeds from borrowings	42,774	42,402
Repayment of borrowings	(55,596)	(29,485)
Realized derivative financial instruments	9,201	(2,259)
Net cash provided by (used in) financing activities	**(3,621)**	**10,658**
Increase in cash and cash equivalents, net	**6,438**	**20,536**
Cash and cash equivalents at the beginning of the year	**72,453**	**23,380**
Foreign exchange gains (losses) on cash and cash equivalents	**291**	**(789)**
Cash and cash equivalents at the end of the period	**79,182**	**43,127**

Balance Sheet (R$ thousands)	12/31/2015	03/31/2016
Assets		
Current assets	**378,377**	**372,218**
Cash and cash equivalents	23,380	43,127
Trade receivables	225,740	184,967
Derivative financial instruments	22	
Inventories	109,263	127,510
Taxes recoverable	7,471	7,329
Income tax and social contribution recoverable	1,020	1,020
Related parties	1,870	1,499
Other assets	9,611	6,766
Non-current assets	**314,994**	**327,401**
Long-term receivables	**42,209**	**49,428**
Derivative financial instruments	1,713	894
Taxes recoverable	32,322	34,574
Deferred income tax and social contribution	5,558	10,494
Other assets	2,616	3,466
Permanent assets	**272,785**	**277,973**
Intangible assets	78,690	79,295
Property, plant and equipment	194,095	198,678
Total assets	**693,371**	**699,619**
Liabilities and equity		
Current liabilities	**149,994**	**162,464**
Trade payables	29,450	27,557
Derivative financial instruments	1,297	4,025
Borrowings	57,260	66,705
Salaries and social charges	24,333	26,565
Taxes payable	6,585	5,526
Income tax and social contribution payable	1,873	2,329
Dividends and interest on capital	16,433	16,433
Related parties	660	81
Commissions on sales	7,313	6,422
Other liabilities	4,790	6,821
Non-current liabilities	**163,068**	**159,944**
Derivative financial instruments		4,766
Borrowings	159,227	151,353
Provision for contingencies	3,841	3,825
Total liabilities	**313,062**	**322,408**
Total equity	**380,181**	**377,118**
Non-controlling interests	128	93
Total liabilities and equity	**693,371**	**699,619**