(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated interim financial statements at March 31, 2014 and report on review

(A free translation of the original in Portuguese)

Report on review

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

Introduction

We have reviewed the accompanying combined consolidated interim balance sheet of Ouro Fino Saúde Animal Participações S.A. (the "Company") as at March 31, 2014 and the related statements of income combined consolidated, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of the combined consolidated interim financial statements in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Basis for qualified conclusion

As mentioned in Note 2.1 (a), the Company's combined consolidated interim financial statements do not include comparative figures in the statements of income, comprehensive income and changes in equity, as well as their corresponding notes for the quarter ended March 31, 2013, as required by IAS 34.

Conclusion on the combined consolidated interim financial statements

Based on our review, except for the possible effects of the matter described in the "Basis for qualified conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying combined consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position combined consolidated of Company, at March 31, 2014, and their financial performance combined consolidated and their cash flows combined consolidated for the quarter then ended, in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

Emphasis of matter - financial statement combination

We draw attention to Note 2.1 (a) to these combined consolidated interim financial statements which describes that the businesses included in these financial statements were not operated by a single corporate entity during the period presented. These interim financial statements, therefore, do not necessarily indicate the results that would have been obtained if these entities had operated as a single legal entity during the period or will do so in the future. Our conclusion is not qualified in respect of this matter.

Ribeirão Preto, May 4, 2015

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)

Contents

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated balance sheet

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

Assets	**Note**	**March 31, 2014**	**December 31, 2013**
Current assets			
Cash and cash equivalents	7	12,352	38,423
Trade receivables	9	133,332	133,608
Derivative financial instruments	8	2,106	2,982
Inventories	10	85,862	65,447
Taxes recoverable	11	3,041	3,238
Income tax and social contribution recoverable		6,900	6,900
Other assets		9,212	8,389
		252,805	258,987
Non-current assets held for sale	13		19,494
		252,805	278,481
Non-current assets			
Long-term receivables			
Trade receivables	9		1,596
Derivative financial instruments	8	1,868	2,833
Taxes recoverable	11	27,152	24,878
Deferred income tax and social contribution	14	7,232	7,168
Other assets		267	1,898
		36,519	38,373
Intangible assets	15	55,736	53,307
Property, plant and equipment	16	172,469	168,520
		228,205	221,827
Total non-current assets		264,724	260,200
Total assets		517,529	538,681

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated balance sheet
All amounts in thousands of reais **(continued)**

Liabilities and equity	Note	March 31, 2014	December 31, 2013
Current liabilities			
Trade payables		24,141	16,108
Derivative financial instruments	8	11	
Borrowings	17	48,851	53,728
Salaries and social charges		19,771	20,789
Taxes payable		3,004	3,877
Income tax and social contribution payable		436	596
Interest on capital	12		3,565
Commissions on sales		4,263	4,828
Other liabilities		6,694	6,011
		107,171	109,502
Liabilities related to non-current assets held for sale	13		965
		107,171	110,467
Non-current liabilities			
Derivative financial instruments	8	1,126	1,046
Borrowings	17	161,195	172,285
Provision for contingencies	18	3,177	3,135
Deferred income tax and social contribution	14	3,502	4,431
Related parties	12	37,897	37,897
		206,897	218,794
Total liabilities		314,068	329,261
Equity	19	203,409	209,379
Non-controlling interests		52	41
Total equity		203,461	209,420
Total liabilities and equity		517,529	538,681

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of income
Quarter ended March 31, 2014
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	
Continuing operations		
Revenue	21	74,960
Cost of sales	22	(28,182)
Gross profit		46,778
Selling expenses	22	(30,049)
General and administrative expenses	22	(10,172)
Other expenses, net	23	(99)
Operating profit		6,458
Finance income		4,932
Finance costs		(7,739)
Finance result	24	(2,807)
Profit before income tax and and social contribution		3,651
Income tax and social contribution	25	
Current		(451)
Deferred		993
Earnings for the quarter from continuing operations		4,193
Discontinued operations		
Loss for the quarter from discontinued operations	13	(475)
Profit for the quarter		3,718

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of comprehensive income
Quarter ended March 31, 2014
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Profit for the quarter	3,718
Other components of comprehensive income	
Items that will be reclassified to profit or loss	
Foreign exchange variation of investee located abroad	(46)
Total comprehensive income for the quarter	3,672
From continuing operations	4,147
From discontinued operations	(475)
	3,672

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated 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								
		Capital								
	Note	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Carrying value adjustments	Retained earnings	Total	Non-controlling interests	Total equity
At January 1, 2014		87,065	79,772	1,000	167,837	15,258	26,284	209,379	41	209,420
Comprehensive income for the quarter										
Profit for the quarter							3,705	3,705	13	3,718
Foreign exchange variation of subsidiary located abroad						(46)		(46)		(46)
Total comprehensive income for the quarter						(46)	3,705	3,659	13	3,672
Contributions by and distributions to owners of the Company										
Dividend distribution	19 (b)						(9,629)	(9,629)		(9,629)
Non-controlling interests									(2)	(2)
Total contributions by and distributions to owners of the Company							(9,629)	(9,629)	(2)	(9,631)
At March 31, 2014		87,065	79,772	1,000	167,837	15,212	20,360	203,409	52	203,461

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of cash flows
Quarter ended March 31, 2014
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Cash flows from operating activities	
Profit before income tax and social contribution including discontinued operations	3,176
Adjustments for:	
Provision for impairment of trade receivables	273
Depreciation and amortization	3,726
Gains on disposal of property, plant and equipment	(500)
Interest and monetary and exchange variations, net	1,951
Unrealized derivative financial instruments	1,933
Provision for contingencies	42
Changes in working capital	
Trade receivables	24,610
Inventories	(19,816)
Taxes recoverable	3,629
Other assets	1,027
Trade payables	(11,040)
Taxes and charges payable	(905)
Other liabilities	(987)
Cash provided by operations	7,119
Interest paid	(2,503)
Income tax and social contribution paid	(581)
Net cash provided by operating activities	4,035
Cash flows from investing activities	
Investments in intangible assets	(3,767)
Purchase of property, plant and equipment	(6,704)
Proceeds from sale of property, plant and equipment	4,887
Net cash used in investing activities	(5,584)
Cash flows from financing activities	
Repayment of borrowings	(15,518)
Dividends and interest on capital paid	(9,107)
Net cash used in financing activities	(24,625)
Decrease in cash and cash equivalents, net	(26,174)
Cash and cash equivalents at the beginning of the quarter	38,423
Exchange gains on cash and cash equivalents	103
Cash and cash equivalents at the end of the quarter	12,352

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

All amounts in thousands of reais unless otherwise stated

1 General information

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

At the Extraordinary General Meeting held on June 30, 2014, the stockholders approved the merger of net assets consisting of investments, net of corresponding carrying value adjustments, of Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de México, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., in the net amount of R$ 188,626, based on an appraisal report at book value as of June 24, 2014 issued by independent appraisers.

Before the merger, Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de México, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. were controlled by the related party Ouro Fino Participações e Empreendimentos S.A. Also, Ouro Fino Participações e Empreendimentos S.A. held a 99.55% interest in Ouro Fino Química Ltda. and a 100% interest in Ouro Fino Hong Kong Limited in the period presented in these interim financial statements. The investments in Ouro Fino Química Ltda. and Ouro Fino Hong Kong Limited were not included in the net assets contributed to the Company.

The investment held by Ouro Fino Participações e Empreendimentos S.A. in the combined consolidated companies is presented below:

		Percentage holding	
Combined entity	**Parent**	**March 31, 2014**	**December 31, 2013**
Ouro Fino Saúde Animal Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.99%	99.99%
Ouro Fino Agronegócio Ltda.	Ouro Fino Participações e Empreendimentos S.A.	97.80%	97.80%
Ouro Fino Pet Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.50%	99.50%
Ouro Fino de México, S.A. de CV	Ouro Fino Saúde Animal Ltda.	96.43%	96.43%

These combined consolidated interim financial statements represent the combination of the animal health segment, comprising the following companies under common control: Ouro Fino Agronegócio Ltda., Ouro Pet Ltda. and Ouro Fino Saúde Animal Ltda., which include the consolidated interim financial statements of its subsidiary Ouro Fino de México, S.A. de C.V. (hereinafter referred to as the "Ouro Fino Group" or the "Group"). The other entities under common control (Ouro Fino Química Ltda. and Ouro Fino Hong Kong Limited) have not been combined because they do not operate in the animal health industry.

These combined consolidated interim financial statements are being presented for the purpose of providing historical information relating to all of the animal health activities under common control of Ouro Fino Participações e Empreendimentos S.A. Regardless of the existing corporate structure at the time, the entities included in these combined consolidated interim financial statements did not operate as a single legal entity during the periods presented.

All amounts in thousands of reais unless otherwise stated

The issue of these combined consolidated interim financial statements was authorized by the Company's Board of Directors on May 04, 2015.

After the corporate restructuring of June 30, 2014, the Group comprised the following companies:

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

Ouro Fino Saúde Animal Participações S.A. is a listed corporation headquartered in Cravinhos, state of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category. Its objective and main activity is the direct or indirect investment in the subsidiaries listed below.

On October 17, 2014, the Company completed the public offering process for the primary and secondary distribution of its common shares. The public offering was carried out on the OTC market, as established in CVM Instruction 400. In this context, 1,923,077 common shares were issued at R$ 27.00 per share, resulting in a capital increase of R$ 51,923, which was approved by the Board of Directors at a meeting held on October 17, 2014.

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

The table below shows the number of the Company's common shares held by holders of not less than 5% of common shares and the members of management.

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

(b) Ouro Fino Saúde Animal Ltda.

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

(c) Ouro Fino Agronegócio Ltda.

This company is headquartered in Cravinhos, state of São Paulo, and has as its main activities the sale in the domestic market of veterinary drugs and products for livestock (cattle, pigs, poultry, sheep, horses and goats) acquired from the company mentioned in item (b) above. As a part of the marketing strategy, this company also carried out the sale of pedigree cattle, embryos and semen. This activity was discontinued at the end of 2013.

(d) Ouro Fino Pet Ltda.

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

(e) Ouro Fino de México, S.A. de CV

A subsidiary of Ouro Fino Saúde Animal Ltda. (96.43% equity interest), headquartered in Guadalajara, Mexico. Its main activity is the sale, exclusively in Mexico, of veterinary drugs and other products purchased from its parent company and the company mentioned in item (c) above.

1.1 Discontinued operations

At a meeting held on December 10, 2013, the members of the Board of Directors decided to discontinue the activity of raising and selling pedigree cattle and *Criollo* horses ("Genetics Division") which was, until then, carried out by the subsidiary Ouro Fino Agronegócio Ltda., as described in Note 13.

2 Summary of significant accounting policies

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

2.1 Basis of preparation of the combined consolidated interim financial statements

The combined consolidated interim financial statements have been prepared and are being presented in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting (International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and predecessor bodies.

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

(a) Purpose of presenting the combined consolidated interim financial statements

The purpose of presenting the combined consolidated interim financial statements is to provide historical financial information of the Ouro Fino Group for comparing results in the veterinary products segment. Management believes that the presentation of these combined consolidated interim financial statements provides significant, useful and important information of the Group, as well as its financial position for the periods presented.

The presentation of these combined consolidated interim financial statements is not required by the Brazilian corporate legislation, but they are being presented to provide supplementary information on the Group's operations. These financial statements do not represent the parent company or consolidated interim financial statements of Ouro Fino Saúde Animal Participações S.A. or Ouro Fino Saúde Animal Participações S.A. and its subsidiaries, and should not be taken as a basis for purposes of calculation of dividends, taxes or for any other corporate purposes or profitability analysis or past or future performance.

The definition of control used to assess the existence of common control in the preparation of the combined consolidated interim financial statements is in accordance with the provisions of IAS 27.

2.2 Combination

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

(a) The balances of asset and liability and income accounts of the combined companies were aggregated and the balances resulting from transactions between these companies were eliminated.

(b) The combined equity is the sum of the accounts presented by individual companies and does not represent the asset and liability accounts of an individual legal entity.

All amounts in thousands of reais unless otherwise stated

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

2.3 Consolidation

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

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

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

Equity at March 31, 2014 and December 31, 2013 and the results of operations for the quarter ended March 31, 2014 of the combined companies can be presented as follows:

(i) Balance sheet

								March 31, 2014
								Combined
	Consolidated							
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de Mexico, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined-consolidated
Current								
Assets	107,655	2,405	110,060	202,450	27,469	339,979	(87,174)	252,805
Liabilities	(122,692)	(1,036)	(123,728)	(65,747)	(3,160)	(192,635)	85,464	(107,171)
Current assets (liabilities), net	(15,037)	1,369	(13,668)	136,703	24,309	147,344	(1,710)	145,634
Non-current								
Assets	225,314	85	225,399	40,713	78	266,190	(1,466)	264,724
Liabilities	(109,070)		(109,070)	(97,657)	(170)	(206,897)		(206,897)
Non-current assets (liabilities), net	116,244	85	116,329	(56,944)	(92)	59,293	(1,466)	57,827
Equity	101,207	1,454	102,661	79,759	24,217	206,637	(3,176)	203,461

All amounts in thousands of reais unless otherwise stated

	Consolidated			Combined				December 31, 2013
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de Mexico, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined-consolidated
Current								
Assets	81,467	2,235	83,702	207,784	21,515	313,001	(34,520)	278,481
Liabilities	(82,833)	(1,133)	(83,966)	(56,178)	(2,527)	(142,671)	32,204	(110,467)
Current assets (liabilities), net	(1,366)	1,102	(264)	151,606	18,988	170,330	(2,316)	168,014
Non-current								
Assets	217,425	44	217,469	43,753	84	261,306	(1,106)	260,200
Liabilities	(107,277)		(107,277)	(111,347)	(170)	(218,794)		(218,794)
Non-current assets (liabilities), net	110,148	44	110,192	(67,594)	(86)	42,512	(1,106)	41,406
Equity	108,782	1,146	109,928	84,012	18,902	212,842	(3,422)	209,420

(ii) Statement of income

	Consolidated			Combined				March 31, 2014
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de Mexico, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined-consolidated
Net sales revenue	44,251	1,204	45,455	58,487	11,821	115,763	(40,803)	74,960
Profit (loss) before income tax and social contribution	(3,074)	357	(2,717)	339	5,764	3,386	265	3,651
Income tax and social contribution	1,136	(1)	1,135	64	(450)	749	(207)	542
Profit (loss) from continuing operations	(1,938)	356	(1,582)	403	5,314	4,135	58	4,193
Loss from discontinued operations				(475)		(475)		(475)
Profit (loss) for the quarter	(1,938)	356	(1,582)	(72)	5,314	3,660	58	3,718

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

(ii) Income and expenses for each statement of income are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(iii) All resulting exchange differences are recognized as a separate component of equity, in the account "Carrying value adjustments".

2.6 Cash and cash equivalents

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

2.7 Financial assets

2.7.1 Classification

The combined consolidated companies classify their financial assets, at initial recognition, in the following categories: loans and receivables, measured at fair value through profit or loss and available for sale. The classification depends on the purpose for which the financial assets were acquired.

(a) Loans and receivables

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

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

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

2.7.2 Recognition and measurement

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

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

2.7.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legal right should not be contingent on the occurrence of future events and should be applicable in the ordinary course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7.4 Impairment of financial assets

Assets carried at amortized cost

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

2.8 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 combined consolidated companies mainly operate with exchange rate and interest rate swap contracts. Derivatives are recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Since the Group does not adopt hedge accounting, the changes in the fair value of derivative instruments are recognized immediately in the statement of income within "Finance result".

2.9 Trade receivables

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

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

2.10 Inventories

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

2.11 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered mainly through a sale transaction and when a sale is considered highly probable.

They are stated at the lower of the carrying amount and the fair value less costs to sell (Note 13).

2.12 Current and deferred income tax and social contribution

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

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

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

Deferred income tax and social contribution are recognized on accumulated tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the interim financial statements. They are determined based on tax rates in effect on the balance sheet date and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

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

2.13 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 combined company Ouro Fino Saúde Animal Ltda. evaluates its projects based on its own methodology, which considers various analysis frameworks, and that the projects will be successful as from the development of "pilots" of the products made according to the requirements of regulatory bodies, accompanied by analyses of financial feasibility.

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

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

(b) Trademarks and licenses purchased

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

(c) Computer software

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

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

2.14 Property, plant and equipment

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

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

The costs of borrowings used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for its intended use.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, net" in the statement of income.

2.15 Impairment of non-financial assets

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

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business and are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recorded at the amount of the related invoice.

2.17 Borrowings

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

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

2.18 Provisions

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

2.19 Other assets and liabilities

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

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

2.20 Employee benefits

(a) Private pension plan

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

(b) Profit sharing

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

2.21 Revenue recognition

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

(a) Sales of products

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

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

(b) Finance income

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

2.22 Other income and expenses

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

2.23 Leases

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

Lease obligations are included in borrowings.

2.24 Distribution of dividends and interest on capital

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

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

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

The following new standards and interpretations to existing standards were issued by the IASB but are not effective for 2014. Early adoption of the standards is encouraged by the IASB.

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

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

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

3 Critical accounting estimates and judgments

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

3.1 Critical accounting estimates and assumptions

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

(a) Impairment of intangible assets

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

(i) assumptions of future revenue generation, based on market conditions (current and expected) and on the Group's planned market share;

(ii) estimates of direct and indirect manufacturing costs; and

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

The projection period covers five or more years as from the estimated launching date, depending on the estimates of the product's life cycle, market development and level of associated technological innovation. Provisions are recorded when the recoverable amount (net present value of cash flow) is below the amount of the recorded asset, pursuant to the Group's accounting policy presented in Note 2.14.

(b) Income tax, social contribution and other taxes

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

(c) Provision for contingencies

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

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

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

4 Financial risk management

4.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2014	December 31, 2013
Assets in foreign currency		
Cash and cash equivalents	3,071	4,460
Trade receivables	9,861	8,273
Advances to suppliers	6,477	4,786
	19,409	17,519
Liabilities in foreign currency		
Borrowings (*)	1,118	1,303
Trade payables	9,848	9,939
Advances from customers	841	
	11,807	11,242
Net exposure - assets	7,602	6,277

(*) The balance of borrowings in foreign currency does not consider working capital loans amounting to R$ 12,783 (December 31, 2013 - R$ 17,924), because an exchange rate swap has been contracted.

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

All amounts in thousands of reais unless otherwise stated

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

		Impact of the appreciation/depreciation of the U.S. dollar on the portfolio balance					
		2.2627	2.4500	1.8375	1.2250	3.0625	3.6750
Assets/liabilities	**Risk**	**March 31, 2014**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**
			(probable)	depreciation - 25%)	depreciation - 50%)	appreciation - 25%)	appreciation - 50%)
Cash and cash equivalents	US$ depreciation	3,071	254	(577)	(1,408)	1,086	1,917
Trade receivables	US$ depreciation	9,861	816	(1,853)	(4,522)	3,486	6,155
Advances to suppliers	US$ depreciation	6,477	536	(1,217)	(2,970)	2,289	4,043
Borrowings	US$ appreciation	1,118	93	210	513	(395)	(698)
Trade payables	US$ appreciation	9,848	815	1,851	4,516	(3,481)	(6,147)
Advances from customers	US$ appreciation	841	70	158	386	(297)	(525)
Net effect		7,602	628	(5,866)	(14,315)	11,034	19,485

(ii) Interest rate risk

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

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

The Group understands that at present the fluctuations in interest rates do not significantly affect its finance result, since at March 31, 2014, 77% (December 31, 2013 - 63%) of its borrowings are linked to fixed interest rates and 6.25% (December 31, 2013 - 13%) are linked to the long-term interest rate (TJLP), which has a history of low volatility.

(b) Credit risk

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

The credit risk is mitigated through the broad customer base and careful selection of customers by business segment (cattle, horses, pigs, poultry and pets), in addition to the utilization of guarantees, establishment of individual exposure limits and a well-defined credit policy that utilizes credit risk modeling, through which a rating and credit risk level is attributed to each customer, based on the Group's 27 years of experience in the market.

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

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

The Group classifies its customer portfolio through risk evaluation methodologies developed with the purpose of expressing the real risk of its customers. Weights are attributed to each indicator and a rating is defined based on their combination. The Group's synthetic credit risk rating for its customers is defined according to ratings ranging from "AA" (the lowest risk) to "E" (the highest risk) (Note 6).

(c) Liquidity risk

This is the risk of the Group not having sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volume in expected receipts and payments. The Group adopts a responsible policy for managing its financial assets and liabilities, which is monitored by the Chief Financial Officer through operating strategies to ensure liquidity, profitability and security.

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

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

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

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

All amounts in thousands of reais unless otherwise stated

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

	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
At March 31, 2014				
Trade payables	24,141			
Borrowings (*)	57,595	101,686	73,024	1,058
Derivative financial instruments, net	(2,095)	(742)		
Other payables	68,712	(70)	2,224	7,878
	148,353	100,874	75,248	8,936
At December 31, 2013				
Trade payables	16,108			
Borrowings (*)	63,225	117,583	72,393	215
Interest on capital	3,565			
Derivative financial instruments, net	(2,982)	(1,787)		
Other payables	37,066	36,466	1,119	7,878
	116,982	152,262	73,512	8,093

(*) 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.

4.2 Capital management

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

All amounts in thousands of reais unless otherwise stated

The gearing ratios at March 31, 2014 and December 31, 2013 are as follows:

	Note	March 31, 2014	December 31, 2013
Borrowings	17	210,046	226,013
Derivative financial instruments, net	8	(2,837)	(4,769)
Cash and cash equivalents	7	(12,352)	(38,423)
Net debt		194,857	182,821
Equity	19	203,461	209,420
Total capital		398,318	392,241
Gearing ratio (%)		48.92	46.61

4.3 Fair value estimation

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

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

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

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

All amounts in thousands of reais unless otherwise stated

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

As per combined consolidated balance sheet	Classification	March 31, 2014	December 31, 2013
Assets - Derivative financial instruments			
Exchange rate swap	Level 2	3,974	5,815
Liabilities - Derivative financial instruments			
Exchange rate and interest rate swap	Level 2	(1,137)	(1,046)
		2,837	4,769

5 Financial instruments by category

	March 31, 2014		December 31, 2013		
	Assets at fair value through profit or loss	Loans and receivables	Assets at fair value through profit or loss	Loans and receivables	Available for sale
Assets as per balance sheet					
Cash and cash equivalents		12,352		38,423	
Derivative financial instruments	3,974		5,815		
Receivables		133,332		135,204	
Non-current assets held for sale					5,020
Other assets, except for prepaid expenses		4,867		7,618	
	3,974	150,551	5,815	181,245	5,020

	March 31, 2014		December 31, 2013		
	Liabilities at fair value through profit or loss	Other financial liabilities	Liabilities at fair value through profit or loss	Available for sale	Other financial liabilities
Liabilities as per balance sheet					
Trade payables		24,141			16,108
Derivative financial instruments	1,137		1,046		
Borrowings		210,046			226,013
Interest on capital					3,565
Commissions on sales		4,263			4,828
Related parties		37,897			37,897
Non-current liabilities held for sale				965	
Other liabilities		6,694			6,011
	1,137	283,041	1,046	965	294,422

6 Credit quality of financial assets

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

All amounts in thousands of reais unless otherwise stated

The balances of bank current accounts, repurchase agreements and bank deposits (CDBs) amounting to R$ 12,328 (2013 - R$ 38,401) were held in prime financial institutions rated as A-2 by Standard & Poor's.

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

	March 31, 2014	December 31, 2013
AA	27,508	38,279
A	54,193	46,689
B	24,700	25,146
C	19,338	19,787
D	8,390	5,635
E	2,396	2,588
	136,525	138,124

7 Cash and cash equivalents

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

	March 31, 2014	December 31, 2013
Cash		
In local currency	3	3
In foreign currency	21	19
	24	22
Banks		
In local currency	4,157	8,840
In foreign currency	3,050	4,441
	7,207	13,281
Bank Deposit Certificates (CDBs)	5,121	25,120
	12,352	38,423

All amounts in thousands of reais unless otherwise stated

8 Derivative financial instruments

	March 31, 2014		December 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Exchange rate and interest rate swap	3,974	1,137	5,815	1,046
Non-current	(1,868)	(1,126)	(2,833)	(1,046)
Current	2,106	11	2,982	

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

The notional principal amounts of the outstanding exchange rate swap contracts at March 31, 2014 correspond to US$ 5,625 thousand (December 31, 2013 - US$ 11,250 thousand) and of the interest rate swap contracts to R$ 20,400 (December 31, 2013 - R$ 20,400).

9 Trade receivables

	March 31, 2014	December 31, 2013
Domestic customers	126,664	129,851
Foreign customers	9,861	8,273
Provision for impairment of trade receivables	(3,193)	(2,920)
	133,332	135,204
Non-current		(1,596)
Current	133,332	133,608

The foreign trade receivables at March 31, 2014 corresponded to US$ 4,359 thousand (December 31, 2013 - US$ 2,744 thousand).

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2014	December 31, 2013
Not yet due		
Up to 3 months	75,887	89,533
From 3 to 6 months	22,022	34,401
Over 6 months	3,323	3,765
	101,232	127,699
Past due		
Up to 3 months	28,745	5,861
From 3 to 6 months	1,291	1,701
Over 6 months	5,257	2,863
	35,293	10,425
	136,525	138,124

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

Changes in the provision were as follows:

At January 1, 2013	2,412
Additions	508
At December 31, 2013	2,920
Additions	273
At March 31, 2014	3,193

All amounts in thousands of reais unless otherwise stated

10 Inventories

	March 31, 2014	December 31, 2013
Finished products	34,804	28,565
Raw materials	21,158	18,277
Imports in transit	3,737	1,831
Packaging materials	9,144	6,159
Advances to suppliers	8,137	2,766
Semi-finished goods	5,897	5,252
Other	5,210	4,822
Provision for inventory losses	(2,225)	(2,225)
	85,862	65,447

11 Taxes recoverable

	March 31, 2014	December 31, 2013
ICMS	26,969	24,819
ICMS, PIS and COFINS on acquisitions of property, plant and equipment	1,303	769
IRRF	1,045	735
IPI	523	483
PIS and COFINS	265	1,143
Other	88	167
	30,193	28,116
Non-current	(27,152)	(24,878)
Current	3,041	3,238

ICMS credits of R$ 25,705 at March 31, 2014 (December 31, 2013 - R$ 23,627), were mainly relate to Ouro Fino Saúde Animal Ltda. These credits are generated by tax-exempt sales in intrastate transactions and sales with a sixty-percent reduction in the calculation basis in interstate transactions, with the full/partial maintenance of credits on inputs, pursuant to the ICMS Agreement 100/97.

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

All amounts in thousands of reais unless otherwise stated

At March 31, 2014, all ICMS credits related to 2010, 2011 and 2012 amounting to R$ 10,634 had already been approved by the tax authorities, and R$ 5,600 had been released for immediate use. The residual balance of R$ 5,034 was temporarily withheld in connection with tax assessment notices which have been discussed at an administrative level and obligations related to the submission of electronic files under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009.

12 Related parties

(a) Balances as per balance sheet

	March 31, 2014	December 31, 2013
Assets		
Accounts receivable (i)	74	91
	74	91
Liabilities		
Interest on capital (ii)		3,565
Advances for future capital increase (iii)	37,897	37,897
Trade payables (iv)		3
Borrowings (v)	16,039	17,708
	53,936	59,173

(i) Trade receivables

At March 31, 2014, trade receivables referred to the reimbursement of expenses from related party Ouro Fino Química Ltda. totaling R$ 74 (December 31, 2013 - R$ 91).

(ii) Interest on capital

At December 31, 2013, the balances payable of interest on capital amounting to R$ 3,565 referred to the related party Ouro Fino Participações e Empreendimentos S.A.

(iii) Advances for future capital increase

Advances for future capital increase amounting to R$ 37,897 at March 31, 2014 and December 31, 2013 refer to the related party Ouro Fino Participações e Empreendimentos S.A.

All amounts in thousands of reais unless otherwise stated

(iv) Trade payables

The balance of R$ 3 of trade payables at December 31, 2013 referred to the reimbursement of expenses to related party Ouro Fino Química Ltda.

(v) Borrowings

Refers to borrowings from the related party BNDES Participações S.A., under conditions similar to those practiced with third parties, totaling R$ 16,039 (December 31, 2013 - R$ 17,708).

(b) Statement of income

	March 31, 2014
Finance costs	(197)
Other income, net	104
	(93)

The results in the quarter ended March 31, 2014 in transactions between related parties refer mainly to the reimbursement of expenses and interest on borrowings.

(c) Management remuneration

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

	March 31, 2014
Salaries	904
Labor charges	150
	1,054

13 Non-current assets and liabilities held for sale and discontinued operations

Genetics Division

At the end of 2013, the Group decided to discontinue operations related to purchase, management and sale of pedigree Nelore cattle and *Criollo* horses ("Genetics Division") (Note 1.1). Assets and liabilities related to this activity were reclassified to "assets and liabilities held for sale". The sale was finalized in January 2014 and, therefore, the cash flows presented below represent the result of this transaction.

All amounts in thousands of reais unless otherwise stated

(i) Cash flows

	March 31, 2014	December 31, 2013
Operating cash flows		19,534
Investing cash flows		(4,654)
Cash flows from realization of assets and liabilities held for sale	18,529	
Total cash flows	18,529	14,880

(ii) Nature of assets held for sale

	December 31, 2013
Trade receivables	4,906
Biological assets	9,948
Intangible assets	3
Property, plant and equipment	4,523
Other assets	114
	19,494

(iii) Nature of liabilities related to assets held for sale

	December 31, 2013
Trade and other payables	965

The assets and liabilities held for sale were written down to their fair value less costs to sell. This is a non-recurring fair value which has been measured using market observable inputs, being the prices for recent sales of similar businesses, and is therefore within Level 2 of the fair value hierarchy.

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2014
Discontinued operations	
Net sales revenue	5,908
Cost of sales	(6,736)
Gross loss	(828)
Selling expenses	(81)
General and administrative expenses	(187)
Other income, net	621
Loss for the quarter from discontinued operations	(475)

14 Current and deferred income tax and social contribution

Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. determine income tax and social contribution on the taxable profit method, calculated at the rates of 25% for income tax and 9% for social contribution, whereas Ouro Fino Pet Ltda. adopts the deemed profit method. The Group also has a company located in Mexico, which calculates its taxes based on the regulations of that country. Therefore, there is no direct correlation between the amounts presented in the combined consolidated statement of income and the results that would have been obtained by applying the standard rates mentioned above.

Deferred tax credits arise from accumulated income tax and social contribution losses, as well as from temporary differences. Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available to offset temporary differences and/or income tax and social contribution losses, considering projections of future results based on internal assumptions and future economic scenarios, which are, therefore, subject to changes.

All amounts in thousands of reais unless otherwise stated

(a) Composition, nature and realization of taxes

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

	March 31, 2014	December 31, 2013
Tax credits on:		
Accumulated income tax and social contribution losses	4,872	1,632
Temporary differences		
Provisions	1,839	5,270
Derivative financial instruments	521	266
	7,232	7,168

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

	March 31, 2014	December 31, 2013
Tax credits on:		
Accumulated income tax and social contribution losses	(1,487)	
Temporary differences		
Provisions	(2,443)	(2,496)
Unrealized profit in inventories		(141)
Pre-operating expenses written-off	(1,296)	(1,344)
	(5,226)	(3,981)
Tax liabilities on:		
Deemed cost of land	7,878	7,878
Foreign exchange variations - on cash basis	538	280
Unrealized profit in inventories	66	
Accelerated depreciation	246	254
	8,728	8,412
Total liabilities, net	3,502	4,431
Total deferred tax credits	12,458	11,149
Total deferred tax liabilities	8,728	8,412

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

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2014	December 31, 2013
Opening balance	2,737	1,566
Provisions	(3,484)	3,181
Accumulated income tax and social contribution losses	4,727	(1,418)
Unrealized profit in inventories	(207)	(366)
Pre-operating expenses written-off	(48)	(193)
Exchange rate variations - taxation on cash basis	(258)	(323)
Accelerated depreciation	8	24
Derivative financial instruments	255	266
Closing balance	3,730	2,737

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

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

	March 31, 2014	December 31, 2013
Deferred tax assets to be recovered		
within 1 year	11,435	10,073
from 2 to 5 years	1,023	1,076
	12,458	11,149
Deferred tax liabilities to be settled		
within 1 year	850	534
after 5 years	7,878	7,878
	8,728	8,412

All amounts in thousands of reais unless otherwise stated

15 Intangible assets

	At January 1, 2013	Additions	Provision for impairment	Amortization	Amounts transferred to assets held for sale	At December 31, 2013
Trademarks and licenses purchased	4,118			(330)		3,788
Development and registration of products	25,149	11,002	(808)	(2,138)		33,205
Computer software	1,741	15,097		(521)	(3)	16,314
	31,008	26,099	(808)	(2,989)	(3)	53,307

	At January 1, 2014	Additions	Amortization	At March 31, 2014
Trademarks and licenses purchased	3,788		(81)	3,707
Development and registration of products	33,205	1,790	(410)	34,585
Computer software	16,314	1,977	(847)	17,444
	53,307	3,767	(1,338)	55,736

	At December 31, 2013			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	5,163		(1,375)	3,788
Development and registration of products	41,242	(2,141)	(5,896)	33,205
Computer software	18,856		(2,542)	16,314
	65,261	(2,141)	(9,813)	53,307

	At March 31, 2014			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	5,163		(1,456)	3,707
Development and registration of products	43,032	(2,141)	(6,306)	34,585
Computer software	20,833		(3,389)	17,444
	69,028	(2,141)	(11,151)	55,736

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

The development and registration of products substantially refer to expenditures for new veterinary drugs of R$ 27,385 (December 31, 2013 - R$ 26,005) and expenditures for the development of a vaccine against foot-and-mouth disease of R$ 7,200 (December 31, 2013 - R$ 7,200).

All amounts in thousands of reais unless otherwise stated

Additionally, in the year ended December 31, 2013, expenditures were incurred in software SAP ERP R3 totaling R$ 3,021 and in other project-related items totaling R$ 11,624. In the quarter ended March 31, 2014, the amount of the expenditures incurred with the project was R$ 1,120.

In the year ended December 31, 2013, the Group recognized impairment losses of R$ 808.

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

16 Property, plant and equipment

	At January 1, 2013	Additions	Transfers	Disposals	Depreciation	Amounts transferred to assets held for sale	At December 31, 2013
Land	24,947						24,947
Buildings and improvements	71,046	969	2,171	(36)	(2,285)	(2,543)	69,322
Machinery and equipment and industrial facilities	42,485	3,535	5,702	(1,000)	(3,745)	(418)	46,559
Vehicles, tractors and aircraft	10,375	2,210	(27)	(831)	(1,640)	(12)	10,075
Furniture and fittings	2,566	627	17	(125)	(469)	(97)	2,519
IT equipment	2,332	2,189	1	(74)	(818)	(18)	3,612
Construction in progress	1,039	8,922	(309)	(31)			9,621
Other	2,392	9,119	(7,555)	(117)	(539)	(1,435)	1,865
	157,182	27,571		(2,214)	(9,496)	(4,523)	168,520

	At January 1, 2014	Additions	Transfers	Disposals	Depreciation	At March 31, 2014
Land	24,947					24,947
Buildings and improvements	69,322		(1,962)		(498)	66,862
Machinery and equipment and industrial facilities	46,559	896	1,891	(1)	(1,016)	48,329
Vehicles, tractors and aircraft	10,075	1,120	(13)	(365)	(379)	10,438
Furniture and fittings	2,519	219	(18)		(121)	2,599
IT equipment	3,612	183			(249)	3,546
Construction in progress	9,621	3,332	113	(1)		13,065
Other	1,865	954	(11)		(125)	2,683
	168,520	6,704		(367)	(2,388)	172,469

	At December 31, 2013			At December 31, 2014			
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,947		24,947	24,947		24,947	
Buildings and improvements	80,958	(11,636)	69,322	78,996	(12,134)	66,862	3.23%
Machinery and equipment and industrial facilities	69,833	(23,274)	46,559	72,619	(24,290)	48,329	6.78%
Vehicles, tractors and aircraft	18,003	(7,928)	10,075	18,745	(8,307)	10,438	13.29%
Furniture and fittings	5,148	(2,629)	2,519	5,349	(2,750)	2,599	10.25%
IT equipment	8,753	(5,141)	3,612	8,936	(5,390)	3,546	18.76%
Construction in progress	9,621		9,621	13,065		13,065	
Other	3,546	(1,681)	1,865	4,489	(1,806)	2,683	9.88%
	220,809	(52,289)	168,520	227,146	(54,677)	172,469	

The balance of construction in progress mainly comprises the construction of the new plant of the biological products unit of R$ 10,863 (December 31, 2013 - R$ 8,978).

All amounts in thousands of reais unless otherwise stated

(a) Leases

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

The net book value of leased vehicles totaled R$ 1,207 at March 31, 2014 (December 31, 2013 - R$ 1,647).

(b) Guarantees

Land, buildings, machinery and equipment amounting to R$ 16,866 (December 31, 2013 - R$ 18,824) are pledged as collaterals for borrowings (Note 17).

17 Borrowings

	Finance charges incurred	Final due date	March 31, 2014	December 31, 2013
In foreign currency				
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.58% p.a. (December 31, 2013 - 2.59% p.a.)	2016	1,118	1,303
Export credit note	Exchange variation and weighted average rate of 4.28% p.a. (December 31, 2013 - 4.28% p.a.)	2016	12,783	17,924
In local currency				
FINEP (Technological innovation)	Weighted average rate of 4.51% p.a. (December 31, 2013 - 4.46% p.a.)	2018	158,425	167,645
BNDES - FINEM	Weighted average rate of 7.89% p.a. (December 31, 2013 - 7.89% p.a.)	2016	10,104	11,387
BNDES - FINAME	Weighted average rate of 4.70% p.a. (December 31, 2013 - 4.50% p.a.)	2022	4,817	5,018
Export credit note	Weighted average rate of 8% p.a. (December 31, 2013 - 8% p.a.)	2016	21,972	21,619
Finance leases	Weighted average rate of 13.38% p.a. (December 31, 2013 - 13.22% p.a.)	2015	827	1,117
			210,046	226,013
Current			(48,851)	(53,728)
Non-current			161,195	172,285

All amounts in thousands of reais unless otherwise stated

(a) Finance lease liabilities

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

Leases are payable as follows:

	March 31, 2014	December 31, 2013
Within 1 year	504	839
From 1 to 3 years	323	278
	827	1,117

(b) Guarantees for borrowings

The financing for research, innovation and development of products obtained from the Fund for Financing of Studies and Projects (FINEP) which, at March 31, 2014 totaled R$ 158,425 (December 31, 2013 - R$ 167,645), are guaranteed by a surety of the related party Ouro Fino Participações e Empreendimentos S.A. and bank guarantees of R$ 17,748.

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

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

The carrying amounts of borrowings approximate their fair values.

All amounts in thousands of reais unless otherwise stated

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

	March 31, 2014	December 31, 2013
2015	32,587	52,232
2016	60,054	58,779
2017	36,667	31,679
2018	30,903	28,651
2019 to 2022	984	944
	161,195	172,285

(c) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for working capital borrowings contracted in foreign currency (US$), which amounted to R$ 12,783 (December 31, 2013 - R$ 17,924), to exchange the financial charges for those based on the CDI rate (Note 8).

18 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, 2014	December 31, 2013
Labor	2,779	2,714
Civil and social security	398	421
	3,177	3,135

In addition, some Group companies are parties to other administrative disputes, including those which were the object of tax assessments. No provisions were constituted to cover possible losses, based on the opinion of the legal advisors. Disputes for which a favorable outcome was considered as possible totaled R$ 23,132 (December 31, 2013 - R$ 22,387), 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, 2014	December 31, 2013
Opening balance	3,135	2,634
Additions	85	1,292
Reductions	(43)	(791)
Closing balance	3,177	3,135

19 Equity

(a) Capital

(i) Ouro Fino Saúde Animal Ltda.

Fully paid-up capital comprises 87,064,319 quotas with no par value.

In the quarter ended March 31, 2013, a capital increase of R$ 8,905 took place, representing 8,904,319 quotas, through utilization of an advance for future capital increase by parent company Ouro Fino Participações e Empreendimentos S.A.

(ii) Ouro Fino Agronegócio Ltda.

Fully paid-up capital comprises 79,772,495 quotas with no par value.

(iii) Ouro Fino Pet Ltda.

Fully paid-up capital comprises 1,000,000 quotas with no par value.

(b) Allocation of profit

According to the bylaws of the combined companies profit will be allocated as follows:
The profit determined, as resolved by quotaholders representing 75% of capital can be:

- distributed to quotaholders, totally or partially, in proportion to their ownership interest or as resolved at the quotaholders' meeting, not excluding, however, any quotaholder from the results computed; and/or
- withheld, totally or partially, in retained earnings or reserve account or capitalized.

The following distributions took place: dividends of R$ 9,629 at March 31, 2014 (December 31, 2013 - R$ 32,297) and interest on capital of R$ 4,193 at December 31, 2013.

(c) Carrying value adjustments

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

20 Segment information

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

The segments are:

- Livestock - production and sale in the domestic market of veterinary drugs, vaccines and other products for livestock (cattle, pigs, poultry, sheep, horses and goats).

- Pets - production and sale in the domestic market of veterinary drugs and other products for pets (dogs, cats and ornamental birds).

- Foreign operations - production and sale in the foreign market of veterinary drugs, vaccines and other products for livestock (cattle, pigs, poultry, sheep, horses and goats). Exports of these products are mainly to Latin America.

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

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

All amounts in thousands of reais unless otherwise stated

The results by segment are as follows:

	March 31, 2014			
	Results by business segment			
	Livestock	Pets	Foreign operations	Total
Net revenue	58,190	11,821	4,949	74,960
Cost of sales	(24,464)	(2,120)	(1,598)	(28,182)
Gross profit	33,726	9,701	3,351	46,778
Selling expenses	(25,122)	(3,461)	(1,466)	(30,049)
General and administrative expenses (not segmented)				(10,172)
Other revenues, net (not segmented)				(99)
Operating profit				6,458
Finance income (not segmented)				4,932
Finance costs (not segmented)				(7,739)
Finance result (not segmented)				(2,807)
Profit before income tax and and social contribution				3,651
Income tax and social contribution				
Current (not segmented)				(451)
Deferred (not segmented)				993
Earnings from continuing operations				4,193

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

	March 31, 2014
Mexico	1,204
Venezuela	1,420
Colombia	855
Guatemala	444
Paraguay	410
Other	616
	4,949

21 Revenues

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

	March 31, 2014
Domestic customers	
Gross sales and services	79,999
Taxes and deductions on sales	(9,988)
	70,011
Foreign customers	
Gross sales	4,949
	4,949
	74,960

All amounts in thousands of reais unless otherwise stated

22 Costs and expenses by nature

	March 31, 2014
Cost of sales	
Variable costs (raw and consumption materials)	16,769
Personnel expenses	4,778
Depreciation and amortization	1,955
Outsourced services	1,502
Electric power	662
Other	2,516
	28,182
Selling expenses	
Personnel expenses	13,998
Sales team expenses	9,267
Outsourced services	2,439
Freight charges	1,757
Depreciation and amortization	905
Telecommunications and electricity	419
Other	1,264
	30,049
General and administrative expenses	
Personnel expenses	7,178
Depreciation and amortization	866
Outsourced services	680
Vehicle expenses	375
Telecommunications and electricity	209
Travel expenses	197
Donations and sponsorship	69
Maintenance and consumption materials	66
Other	532
	10,172
	68,403

All amounts in thousands of reais unless otherwise stated

23 Other expenses, net

	March 31, 2014
Gains on disposal and write-off of PP&E	83
Income (losses) from sales of scrap, rentals and other	(57)
Bonuses received	8
Federal, state, municipal and other taxes	(133)
	(99)

24 Finance result

	March 31, 2014
Finance income	
Foreign exchange variation	2,286
Gains on derivatives	2,241
Income from financial investments	253
Interest receivable	145
Discounts obtained	7
	4,932
Finance costs	
Foreign exchange variation	(1,657)
Interest payable	(2,625)
Losses on derivatives	(2,992)
Finance charges	(268)
Bank fees	(65)
Other	(132)
	(7,739)
Finance result	(2,807)

All amounts in thousands of reais unless otherwise stated

25 Income tax and social contribution benefit

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

	March 31, 2014
Profit before income tax and social contribution including discontinued operations	3,176
Standard rates	34%
	(1,080)
Reconciliation to the effective rate:	
Permanent differences:	
Adjustment related to the calculation of subsidiary taxed based on the deemed profit method	1,510
Adjustment related to the calculation of foreign subsidiary taxed based on the rate in effect in that country	120
Other permanent differences	(8)
Income tax and social contribution	542
Reconciliation with the statement of income:	
Current	(451)
Deferred	993
	542

26 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 in the quarter ended March 31, 2014 totaled R$ 213.

(b) Profit sharing

The Group companies offer to their employees a variable remuneration program, calculated based on quantitative and qualitative goals established by management. During the quarter ended March 31, 2014, the amount of the profit-sharing provision was R$ 2,690.

27 Insurance cover (unaudited)

The Group had insurance coverage for operating risks and comprehensive civil liability, with a maximum indemnity of R$ 269,374 at March 31, 2014. The Group's management considers these amounts to be sufficient to cover any potential liability risks, damages to the assets and loss of profits.

28 Events after the reporting period

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

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

(b) On February 10, 2015, an increase of R$ 850 in the capital of Ouro Fino Agronegócio Ltda. from R$ 79,772 to R$ 80,622 was approved.

On February 25, 2015, an increase of R$ 103,410 in the capital of Ouro Fino Saúde Animal Ltda. from R$ 87,064 to R$ 190,474 was approved.

* * *

Atenção

***** Não destacar esta folha do trabalho *****

Departamento de Traduções - 13o. andar

Dados do Projeto

Cliente	**Ouro Fino Saúde Animal Participações S.A.**
Departamento	Assurance
Tipo de trabalho	DF - 31/03/2014 (Combinadas)
Idioma	P/I
Nome do arquivo	**OFSA314-COMB-GHM.DOCX / OFSA314-COMB-GHM.XLSX**
Código para débito	01034514/0006
Sócio	
Gerente	Lia Fonseca
Sócio substituto	
Encaminhar para	**Jessica Matsuki**

Andamento - Traduções

	Nome	**Data**	**Observações**	
Entrada		27.04.2015	☐ Track Changes	☐ ____________
Tradução	Cliente		☐ Free Translation	
Tradução do parecer	VH	28.04.15	☐ Ponto por vírgula	☐ ____________
Revisão da tradução	GHM	27-29.04.15	☐ Corretor ortográfico	
Correções	Débora	29.04.15	☐ Montagem ITR	☐ ____________
Cheque	Yara	30.04.15	☐ Formatação	
2a.. Revisão			☐ Correções	☐ ____________
Correções			☐ Rodapé	
3a.. Revisão			☐ OK	

	HISTÓRICO DE ALTERAÇÕES / PONTOS DE ATENÇÃO PARA O USUÁRIO		
Página da versão original	**VERSÃO ORIGINAL**	**Página da versão traduzida**	**VERSÃO TRADUZIDA**
			Tradução feita pelo cliente. Traduzimos somente o parecer.
			OBSERVAÇÃO DE GH MITCHELL:
		Parecer	Favor atentar para a observação do sócio revisor inserido como 'comment' na margem direita do arquivo e realçado em amarelo. Favor verificar e ajustar na versão em português, se for o caso.