(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated interim financial statements at September 30, 2014 and report on review

(A free translation of the original in Portuguese)

Report on review of combined consolidated interim financial statements

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

Introduction

We have reviewed the accompanying combined consolidated balance sheet of Ouro Fino Saúde Animal Participações S.A. as at September 30, 2014 and the related statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period 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 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 statement based on our review.

Scope of the review

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

Conclusion on the combined consolidated interim financial statements

Based on our review, 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 of Ouro Fino Saúde Animal Participações S.A. as at September 30, 2014, and its financial performance for the quarter and nine-month period then ended and its cash flows for the nine-month period then ended in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

Ouro Fino Saúde Animal Participações S.A.

Emphasis of matter - financial statements 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 have not been operated by a single corporate entity during the period presented. Therefore, these interim financial statements are not necessarily an indication of the results of operations that would have been obtained if these businesses had been operated by a single corporate entity during the period, or an indication of future results of operations. Our conclusion is not qualified in respect of this matter.

Ribeirão Preto, November 11, 2014

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

Eduardo Dias Vendramini
Contador CRC 1SP220017/O-4

(A free translation of the original in Portuguese)

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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	September 30, 2014	December 31, 2013
Current assets			
Cash and cash equivalents	7	15,961	38,423
Trade receivables	9	141,008	133,608
Derivative financial instruments	8	6,857	2,982
Inventories	10	99,756	65,447
Taxes recoverable	11	3,112	3,238
Income tax and social contribution recoverable		3,307	6,900
Other assets		6,356	8,389
		276,357	258,987
Non-current assets held for sale	13		19,494
		276,357	278,481
Non-current assets			
Long-term receivables			
Trade receivables	9		1,596
Derivative financial instruments	8		2,833
Taxes recoverable	11	26,863	24,878
Deferred income tax and social contribution	14	2,371	7,168
Other assets		335	1,898
		29,569	38,373
Intangible assets	15	62,134	53,307
Property, plant and equipment	16	169,740	168,520
		231,874	221,827
Total non-current assets		261,443	260,200
Total assets		537,800	538,681

The accompanying notes are an integral part of these financial statements

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated balance sheet

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

Liabilities and equity	Note	September 30, 2014	December 31, 2013
Current liabilities			
Trade payables		24,947	16,108
Derivative financial instruments	8	10	
Borrowings	17	98,359	53,728
Salaries and social charges		26,237	20,789
Taxes payable		3,333	3,877
Income tax and social contribution payable		1,067	596
Dividends and interest on capital	12		3,565
Related parties	12	18,715	
Commissions on sales		5,004	4,828
Other liabilities		6,118	6,011
		183,790	109,502
Liabilities related to non-current assets held for sale	13		965
		183,790	110,467
Non-current liabilities			
Derivative financial instruments	8	1,002	1,046
Borrowings	17	121,994	172,285
Provision for contingencies	18	2,954	3,135
Deferred income tax and social contribution	14	2,123	4,431
Related parties	12	3,950	37,897
		132,023	218,794
Total liabilities		315,813	329,261
Equity	19	221,892	209,379
Non-controlling interests		95	41
Total equity		221,987	209,420
Total liabilities and equity		537,800	538,681

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of income at September 30

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

	Note	2014 Quarter	2014 (9 months)	2013 Quarter	2013 (9 months)
Continuing operations					
Net sales revenue	21	103,706	296,794	94,300	247,216
Cost of sales	22	(37,144)	(114,121)	(33,884)	(87,655)
Gross profit		66,562	182,673	60,416	159,561
Selling expenses	22	(37,241)	(104,823)	(34,676)	(89,264)
General and administrative expenses	22	(8,855)	(24,811)	(9,112)	(26,413)
Other expenses, net	23	82	(168)	1,940	(201)
Operating profit		20,548	52,871	18,568	43,683
Finance income		7,577	16,649	2,969	9,321
Finance costs		(12,849)	(26,982)	(5,250)	(15,570)
Finance result	24	(5,272)	(10,333)	(2,281)	(6,249)
Profit before income tax and social contribution		15,276	42,538	16,287	37,434
Income tax and social contribution	25				
Current		(2,248)	(6,101)	(2,148)	(4,599)
Deferred		(1,031)	(2,489)	(402)	678
Profit for the period from continuing operations		11,997	33,948	13,737	33,513
Discontinued operations					
Loss from discontinued operations	13	(555)	(1,135)	(2,194)	(4,845)
Profit for the period		11,442	32,813	11,543	28,668

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

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of comprehensive income at September 30

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

	2014		2013	
	Quarter	**(9 months)**	**Quarter**	**(9 months)**
Profit for the period	11,442	32,813	11,543	28,668
Other components of comprehensive income				
Items that will be reclassified to profit or loss				
Exchange variation of subsidiary located abroad	170	89	(12)	71
Total comprehensive income for the period	11,612	32,902	11,531	28,739
From continuing operations	12,167	34,037	13,725	33,584
From discontinued operations	(555)	(1,135)	(2,194)	(4,845)
	11,612	32,902	11,531	28,739

The accompanying notes are an integral part of these 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, 2013		78,160	79,772	1,000	158,932	15,099	20,770	194,801	34	194,835
Comprehensive income for the period:										
Profit for the period							28,645	28,645	23	28,668
Exchange variation of subsidiary located abroad						71		71		71
Total comprehensive income for the period						71	28,645	28,716	23	28,739
Contributions by and distributions to owners of the Company										
Capital increase	19 (a)	8,905			8,905			8,905		8,905
Dividend distribution	19 (b)						(32,296)	(32,296)		(32,296)
Non-controlling interests									5	5
Total contributions by and distributions to owners of the Company		8,905			8,905		(32,296)	(23,391)	5	(23,386)
At September 30, 2013		87,065	79,772	1,000	167,837	15,170	17,119	200,126	62	200,188
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 period:										
Profit for the period							32,763	32,763	50	32,813
Exchange variation of subsidiary located abroad						89		89		89
Total comprehensive income for the period						89	32,763	32,852	50	32,902
Contributions by and distributions to owners of the Company										
Dividend distribution	19 (b)						(20,339)	(20,339)		(20,339)
Non-controlling interests									4	4
Total contributions by and distributions to owners of the Company							(20,339)	(20,339)	4	(20,335)
At September 30, 2014		87,065	79,772	1,000	167,837	15,347	38,708	221,892	95	221,987

Ouro Fino Saúde Animal Participações S.A.

Combined consolidated statement of cash flows
Nine-month periods ended September 30

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

	Note	2014	2013
Cash flows from operating activities			
Profit before income tax and social contribution, including discontinued operations		41,403	32,589
Adjustments for:			
Provision for (reversal of) impairment of trade receivables	9	203	(232)
Reversal of provision for inventory losses	10	(139)	(805)
Provision for losses on advances		266	
Depreciation and amortization	15 and 16	12,068	9,210
Provision for impairment of intangible assets	15	776	
Gains on disposal of property, plant and equipment	23	(642)	(195)
Interest and monetary and exchange variations, net		14,889	12,209
Unrealized derivative financial instruments		(2,931)	(4,054)
Reversal of provision for contingencies	18	(181)	(190)
Changes in working capital			
Trade receivables		(4,928)	10,388
Inventories		(35,602)	(34,982)
Taxes recoverable		7,458	(8,270)
Other assets		(573)	8,580
Trade payables		(7,456)	11,160
Taxes and charges payable		(3,087)	1,422
Other liabilities		9,390	7,822
Cash provided by operations		30,914	44,652
Interest paid		(9,482)	(6,943)
Income tax and social contribution paid		(3,099)	(4,157)
Net cash provided by operating activities		18,333	33,552
Cash flows from investing activities			
Funds received from related parties - intercompany loan			12,726
Investments in intangible assets	15	(12,881)	(18,632)
Purchase of property, plant and equipment	16	(15,587)	(16,012)
Proceeds from sale of property, plant and equipment		12,704	663
Net cash used in investing activities		(15,764)	(21,255)
Cash flows from financing activities			
New borrowings		61,369	73,171
Repayment of borrowings		(70,511)	(23,659)
Funds received from related parties - intercompany loan		13,600	
Repayment of related parties - intercompany loan		(13,780)	(10,145)
Proceeds from advances for future capital increase		3,950	31,000
Dividends and interest on capital paid		(19,815)	(35,750)
Net cash provided by (used in) financing activities		(25,187)	34,617
Increase (decrease) in cash and cash equivalents, net		(22,618)	46,914
Cash and cash equivalents at the beginning of the period	7	38,423	15,775
Exchange gains on cash and cash equivalents		156	193
Cash and cash equivalents at the end of the period	7	15,961	62,882

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

All amounts in thousands of reais unless otherwise stated

1 General information

The Group's combined financial statements, which are the responsibility of the management of the combined companies, are presented solely for the purpose of providing, by means of a single financial statement, information relating to all of the veterinary activities of the Group, regardless of its corporate structure. In the year ended December 31, 2013 and the period ended June 30, 2014, the companies Ouro Fino Saúde Animal Ltda., Ouro Fino Agronegócio Ltda., Ouro Fino Pet Ltda. and Ouro Fino de Mexico, S.A. de CV (this indirectly) were controlled by Ouro Fino Participações e Empreendimentos S.A., and 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.

Ouro Fino Saúde Animal Participações S.A. (the "Company"), formerly A.H.N.S.P.E. Empreendimentos e Participações S.A., is a listed corporation headquartered in Cravinhos, in the State of São Paulo, as described in Note 1 (a). It was constituted 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 Stockholders' Extraordinary General Meeting held on June 30, 2014, the stockholders approved the merger of net assets consisting of investments, net of corresponding carrying value adjustments of Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de Mexico, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., based on an appraisal report at book value dated June 24, 2014, issued by independent appraisers, as summarized below:

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

Before the merger, Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de Mexico, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. 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 financial statements.

All amounts in thousands of reais unless otherwise stated

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

		Percentage holding		
Entity	**Parent**	**2013**	**2012**	**2011**
Ouro Fino Saúde Animal Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.99%	99.99%	99.99%
Ouro Fino Agronegócio Ltda.	Ouro Fino Participações e Empreendimentos S.A.	97.80%	97.50%	97.50%
Ouro Fino Pet Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.50%	96.50%	96.50%
Ouro Fino de México, S.A. de CV	Ouro Fino Saúde Animal Ltda.	96.43%	96.43%	96.43%

The objective of the corporate restructuring was to unify the control of the companies operating in the animal health industry into an entity operating only in this segment, as follows:

Entity	**Parent**	**Holding at September 30, 2014**
Ouro Fino Saúde Animal Ltda.	Ouro Fino Saúde Animal Participações S.A.	99.99%
Ouro Fino Agronegócio Ltda.	Ouro Fino Saúde Animal Participações S.A.	100.00%
Ouro Fino Pet Ltda.	Ouro Fino Saúde Animal Participações S.A.	100.00%
Ouro Fino de México, S.A. de CV	Ouro Fino Saúde Animal Ltda.	96.43%

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 combined consolidated financial statements for the period ended September 30, 2014 of Ouro Fino Saúde Animal Ltda. (and its wholly-owned subsidiary Ouro Fino de Mexico, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. hereinafter referred to as the Ouro Fino Group (the "Group"), 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 financial statements do not operate as a single legal entity during the period presented.

These combined consolidated 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 comprises the consolidated financial statements of its subsidiary Ouro Fino de Mexico, S.A. de C.V.

The issue of these combined consolidated interim financial statements was authorized by the Board of Directors on November 11, 2014.

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

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

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

All amounts in thousands of reais unless otherwise stated

On October 21, 2014, the Group completed the public offering process for the primary and secondary distribution of its common shares. The public offering was carried out on the OTC market, as established in CVM Instruction 400. In this context, 1,923,077 common shares were issued at R$ 27,00 per share, resulting in a capital increase of R$ 51,923, which was approved by the Board of Directors at a meeting held on October 17, 2014.

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

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

(b) Ouro Fino Saúde Animal Ltda.

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

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

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

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

(c) Ouro Fino Agronegócio Ltda.

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

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

A subsidiary of Ouro Fino Saúde Animal Ltda., headquartered in Guadalajara, Mexico. its main activity is the sale, exclusively in Mexico, of veterinary drugs and products purchased from its parent company 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 principal 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 years presented, and in all combined 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 for presenting the combined consolidated financial statements

The purpose for presenting the Group's combined consolidated 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 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 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 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 structure is offered to the market by Ouro Fino Saúde Animal Participações S.A. and includes entities and businesses that were combined in these combined consolidated financial statements, as presented in Note 2.2.

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

(b) Changes in accounting policies and disclosures

In 2014, new standards and revisions of IFRS became effective and were adopted by the Company, when applicable. Of these standards, the only one applicable to the Group is:

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

2.2 Combination

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

(a) The balances of asset and liability and income accounts of the combined companies were included 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.

(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.

All amounts in thousands of reais unless otherwise stated

2.3 Consolidation

The following accounting policies are applied in the preparation of the combined consolidated 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 September 30, 2014 and December 31, 2013 and the results of operations for the periods ended September 30 of the combined companies can be presented as follows:

(i) Balance sheet

								September 30, 2014
								Combined
			Consolidated					
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined consolidated
Current								
Assets	120,047	4,194	124,241	182,668	38,462	345,371	(69,014)	276,357
Liabilities	(179,199)	(1,649)	(180,848)	(53,744)	(12,455)	(247,047)	63,257	(183,790)
Current assets (liabilities), net	(59,152)	2,545	(56,607)	128,924	26,007	98,324	(5,757)	92,567
Non-current								
Assets	247,075	107	247,182	27,001	361	274,544	(13,101)	261,443
Liabilities	(85,496)		(85,496)	(58,121)	(259)	(143,876)	11,853	(132,023)
Non-current assets (liabilities), net	161,579	107	161,686	(31,120)	102	130,668	(1,248)	129,420
Equity	102,427	2,652	105,079	97,804	26,109	228,992	(7,005)	221,987

All amounts in thousands of reais unless otherwise stated

	Consolidated			Combined				December 31, 2013
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combinado-consolidado
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				September 30, 2014 - Quarter
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined consolidated
Net sales revenue	57,856	1,380	59,236	88,575	13,911	161,722	(58,016)	103,706
Profit before income tax and social contribution	164	308	472	10,787	6,336	17,595	(2,319)	15,276
Income tax and social contribution expense (income)	92		92	(3,523)	(535)	(3,966)	687	(3,279)
Profit from continuing operations	256	308	564	7,264	5,801	13,629	(1,632)	11,997
Loss from discontinued operations				(555)		(555)		(555)
Profit (loss) for the period	256	308	564	6,709	5,801	13,074	(1,632)	11,442

All amounts in thousands of reais unless otherwise stated

								September 30, 2014 - (9 months)
								Combined
			Consolidated					
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combinado-consolidado
Net sales revenue	166,055	4,034	170,089	241,070	41,773	452,932	(156,138)	296,794
Profit (loss) before income tax and social contribution	(1,992)	1,415	(577)	28,443	19,474	47,340	(4,802)	42,538
Income tax and social contribution expense (income)	1,138	(2)	1,136	(9,335)	(1,560)	(9,759)	1,169	(8,590)
Profit (loss) from continuing operations	(854)	1,413	559	19,108	17,914	37,581	(3,633)	33,948
Loss from discontinued operations				(1,135)		(1,135)		(1,135)
Profit (loss) for the period	(854)	1,413	559	17,973	17,914	36,446	(3,633)	32,813

								September 30, 2013 - Quarter
								Combined
			Consolidated					
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined consolidated
Net sales revenue	54,556	554	55,110	72,175	11,544	138,829	(44,529)	94,300
Profit before income tax and social contribution	8,472	105	8,577	1,801	5,231	15,609	678	16,287
Income tax and social contribution expense (income)	(1,695)	(464)	(2,159)	123	(421)	(2,457)	(93)	(2,550)
Profit from continuing operations	6,777	(359)	6,418	1,924	4,810	13,152	585	13,737
Loss from discontinued operations				(2,194)		(2,194)		(2,194)
Profit for the period	6,777	(359)	6,418	(270)	4,810	10,958	585	11,543

All amounts in thousands of reais unless otherwise stated

	September 30, 2013 - (9 months)							
				Combined				
	Consolidated							
	Ouro Fino Saúde Animal Ltda.	Ouro Fino de México, S.A. de C.V.	Total	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Total	Eliminations	Combined consolidated
Net sales revenue	132,574	2,060	134,634	200,984	32,248	367,866	(120,650)	247,216
Profit before income tax and social contribution	14,144	1,117	15,261	8,564	15,935	39,760	(2,326)	37,434
Income tax and social contribution expense	(2,380)	(466)	(2,846)	(474)	(1,199)	(4,519)	598	(3,921)
Profit from continuing operations	11,764	651	12,415	8,090	14,736	35,241	(1,728)	33,513
Loss from discontinued operations				(4,845)		(4,845)		(4,845)
Profit for the period	11,764	651	12,415	3,245	14,736	30,396	(1,728)	28,668

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, who 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 financial statements of each of the combined entities 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 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 Group classifies its financial assets, at initial recognition, in the following categories: loans and receivables 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.

2.7.4 Impairment of financial assets

Assets carried at amortized cost

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

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

2.9 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.

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

2.10 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 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 expenses for the year comprise current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity. In this case, the taxes are also recognized directly in equity.

The current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Group entities operate and generate taxable income. The currently defined tax rates in Brazilin 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 in liabilities, when there are amounts payable, or in assets, when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized on accumulated tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. They are determined based on tax rates in effect on the balance sheet date and which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences/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 projects based on its own methodology, which considers various analysis structures, and the projects will be successful from the development of "pilots" of the products made according to the requirements of regulatory bodies, accompanied by analyses of financial feasibility.

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

(b) Trademarks and licenses purchased

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

(c) Computer software

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years on the 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. Depreciation adjusted to reflect the deemed cost of land on the date of transition to IFRS/CPCs, is calculated 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.

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 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 Suppliers

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 year elapsed, using the effective interest rate method.

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

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

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

2.21 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 of its activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of products

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

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

(b) Finance income

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

2.22 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 financial statements based on the bylaws of each combined company. Any amount that exceeds the minimum required is only provided on the date it is approved by the quotaholders 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 the period ended September 30, 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. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires the classification of financial assets in two categories: measured at fair value and at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of income, unless this creates an accounting mismatch. The Group is assessing the full impact of IFRS 9. The standard is applicable as from January 1, 2015.

- 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.

Other standards issued are not relevant to the Group.

3 Critical accounting estimates and judgments

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

3.1 Critical accounting estimates and assumptions

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

(a) Impairment of intangible assets

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

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

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

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

The projection year covers five or more years as from the estimated launching date, depending on the estimates of the product's life cycle, market development and level of associated technological innovation. Provisions are recorded when the recoverable amount (net present value of cash flow) is below the amount of the recorded asset, pursuant to the combined companies' 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 typical development of business and markets, according to the currently known scenarios.

(c) Provision for contingencies

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

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

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

4 Financial risk management

4.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

All amounts in thousands of reais unless otherwise stated

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

	September 30, 2014	December 31, 2013
Assets in foreign currency		
Cash and cash equivalents	2,440	4,460
Trade receivables	6,864	8,273
Advances to suppliers	5,881	4,786
	15,185	17,519
Liabilities in foreign currency		
Borrowings (*)	906	1,303
Trade payables	12,306	9,939
Advances from customers	1,168	
	14,380	11,242
Net exposure - assets	805	6,277

(*) The balance of borrowings in foreign currency does not consider working capital amounting to R$ 58,419 (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. The amount of assets and liabilities in foreign currency fluctuates during a year, which may or may not cause a mismatch. Consequently, in order to mitigate risks arising from foreign exchange variations, the Group contracts derivative transactions when necessary, predominantly exchange rate swap.

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

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

(ii) Interest rate risk

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

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

The Group understands that at present the fluctuations in interest rates do not significantly affect its finance result, since at September 30, 2014, 51% (December 31, 2013 – 63%) of its borrowings are linked to fixed interest rates and 12% (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 customers portfolio through risk evaluation methodologies developed with the purpose of expressing the real risk of its customers. Weights are attributed to each indicator and a rating is defined based on their combination. The Group's synthetic credit risk rating for its customers is defined according to ratings ranging from "AA" (the lowest risk) to "E" (the highest risk) (Note 6).

(c) Liquidity risk

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

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

All amounts in thousands of reais unless otherwise stated

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

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

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

The table below analyzes the non-derivative financial liabilities into relevant maturity groups, based on the remaining period from the balance sheet date to the contractual maturity date.

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

	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
At September 30, 2014				
Trade payables	24,947			
Borrowings (*)	108,628	71,172	61,852	318
Derivative financial instruments, net	(6,847)	1,002		
Other liabilities	55,645	3,910	2,068	7,878
	182,373	76,084	63,920	8,196
At December 31, 2013				
Trade payables	16,108			
Borrowings (*)	63,225	117,583	72,393	215
Dividends payable and interest on capital	3,565			
Derivative financial instruments, net	(2,982)	(1,787)		
Other liabilities	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 in the balance sheet for borrowings.

4.2 Capital risk management

The objectives of the management of the combined companies 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 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 September 30, 2014 and December 31, 2013 are as follows:

	Note	September 30, 2014	December 31, 2013
Borrowings	17	220,353	226,013
Derivative financial instruments, net	8	(5,845)	(4,769)
Cash and cash equivalents	7	(15,961)	(38,423)
Net debt		198,547	182,821
Equity	19	221,987	209,420
Total capital		420,534	392,241
Gearing ratio (%)		47.21	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 payables are assumed to approximate their fair values, especially considering term and nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

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

As per combined balance sheet	Classification	September 30, 2014	December 31, 2013
Assets - Derivative financial instruments			
Exchange rate swap	Level 2	6,857	5,815
Liabilities - Derivative financial instruments			
Exchange rate and interest rate swap	Level 2	(1,012)	(1,046)
		5,845	4,769

All amounts in thousands of reais unless otherwise stated

5 Financial instruments by category

	September 30, 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		15,961		38,423	
Derivative financial instruments	6,857		5,815		
Accounts receivable		141,008		135,204	
Non-current assets held for sale					5,020
Other assets, except for prepaid expenses		4,720		7,618	
	6,857	161,689	5,815	181,245	5,020
	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		24,947			16,108
Derivative financial instruments	1,012		1,046		
Borrowings		220,353			226,013
Dividends and interest on capital					3,565
Commissions on sales		5,004			4,828
Related parties		22,665			37,897
Non-current liabilities held for sale				965	
Other liabilities		6,118			6,011
	1,012	279,087	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.

The balances of bank current accounts and bank deposits amounting to R$ 15,945 (December 31, 2013 - R$ 38,401) were held in prime financial institutions rated as A-2 by Standard & Poor's.

All amounts in thousands of reais unless otherwise stated

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

	September 30, 2014	December 31, 2013
AA	29,694	38,279
A	57,240	46,689
B	26,829	25,146
C	18,708	19,787
D	8,001	5,635
E	3,659	2,588
	144,131	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% of the Interbank Deposit Certificate (CDI) rate variation.

	September 30, 2014	December 31, 2013
Cash		
In local currency	3	3
In foreign currency	13	19
	16	22
Bank accounts		
In local currency	1,870	8,840
In foreign currency	2,427	4,441
	4,297	13,281
Bank Deposit Certificates (CDBs)	11,648	25,120
	15,961	38,423

All amounts in thousands of reais unless otherwise stated

8 Derivative financial instruments

	June 30, 2014		December 31, 2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Exchange rate and interest rate swap	6,857	1,012	5,815	1,046
Non-current		(1,002)	(2,833)	(1,046)
Current	6,857	10	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 September 30, 2014 correspond to US$ 23,835 thousand (December 31, 2013 – US$ 11,250 thousand) and of the interest rate swap contracts to R$ 20,548 thousand (December 31, 2013 – R$ 20,400 thousand).

9 Trade receivables

	September 30, 2014	December 31, 2013
Domestic customers	137,267	129,851
Foreign customers (U.S. dollar)	6,864	8,273
Provision for impairment of trade receivables	(3,123)	(2,920)
	141,008	135,204
Non-current		(1,596)
Current	141,008	133,608

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

	September 30, 2014	December 31, 2013
Falling due		
Up to 3 months	84,321	89,533
From 3 to 6 months	33,118	34,401
Over 6 months	12,089	3,765
	129,528	127,699
Past due		
Up to 3 months	7,664	5,861
From 3 to 6 months	820	1,701
Over 6 months	6,119	2,863
	14,603	10,425
	144,131	138,124

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

Changes in the provision were as follows:

At January 1, 2013	2,412
Additions	508
At December 31, 2013	2,920
Additions	203
At September 30, 2014	3,123

All amounts in thousands of reais unless otherwise stated

10 Inventories

	September 30, 2014	December 31, 2013
Finished products	44,099	28,565
Raw materials	26,133	18,277
Imports in transit	4,162	1,831
Packaging materials	10,647	6,159
Advances to suppliers	4,293	2,766
Semi-finished products	7,236	5,252
Others	5,272	4,822
Provision for inventory losses	(2,086)	(2,225)
	99,756	65,447

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

At January 1, 2013	1,528
Additions	1,962
Write-offs	(1,265)
At December 31, 2013	2,225
Additions	1,382
Reversal of provision for inventories	(1,521)
At September 30, 2014	2,086

11 Taxes recoverable

	September 30, 2014	December 31, 2013
ICMS	27,994	24,819
ICMS, PIS and COFINS on acquisitions of property, plant and equipment	699	769
IRRF	329	735
IPI	511	483
PIS and COFINS	337	1,143
Others	105	167
	29,975	28,116
Non-current	(26,863)	(24,878)
Current	3,112	3,238

All amounts in thousands of reais unless otherwise stated

ICMS credits, which amounted to R$ 25,647 at September 30, 2014 (December 31, 2013 - R$ 23,627), were mainly generated by Ouro Fino Saúde Animal Ltda. These credits are generated by exempted sales on domestic transactions and sales with a sixty-percent reduction in the calculation basis in interstate transactions, with the full/partial maintenance of credits on inputs, pursuant to the ICMS Agreement 100/97.

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

At September 30, 2014, all ICMS credits related to 2010, 2011 and 2012 were approved by the tax authorities, and R$ 10,886 were released for immediate use. The residual balance of R$ 7,960 was temporarily withheld in connection with tax assessment notices which have been discussed at an administrative level and obligations related to the submission of electronic files under the terms of the Coordinating Committee of Tax Administration Board (CAT) Ordinance 83/2009. Of the credits released, R$ 4,684 were used and the remaining amount will be used next year.

12 Related parties

(a) Balances as per balance sheet

	September 30, 2014	December 31, 2013
Assets		
Accounts receivable (i)	2,160	91
	2,160	91
Liabilities		
Intercompany loans (ii)	18,715	
Interest on capital (iii)		3,565
AFAC (iv)	3,950	37,897
Suppliers (v)	132	
Borrowings (vi)	9,787	17,708
	32,584	59,170

(i) Accounts receivable

Accounts receivable are represented by the reimbursement of expenses, especially expenditures with the Shared Services Center ("CSC"), according to the expense sharing agreement entered into on June 30, 2014, with related parties Ouro Fino Participações e Empreendimentos S.A. (R$ 25), Ouro Fino Química Ltda. (R$ 487) and Ouro Fino Saúde Animal Participações S.A. (R$ 24) and expenses incurred for the Initial Public Offering (IPO) with the related party Ouro Fino Saúde Animal Participações S.A. (R$ 1,545) and other receivables from the related party Condomínio Rural Ouro Fino (R$ 79). At December 31, 2013 the balance of R$ 91 of trade receivables referred to the related party Ouro Fino Química Ltda.

All amounts in thousands of reais unless otherwise stated

(ii) Intercompany loan

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

(iii) 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.

(iv) Advances for future capital increase

Advances for future capital increase refer to the related party Ouro Fino Saúde Animal Participações S.A. in the amount of R$3,950 (December 31, 2013 – R$37,897 with the related party Ouro Fino Participações e Empreendimentos S.A.). The advances for future capital increase were approved by the stockholders, are irrevocable and unconditional and will be utilized to pay up capital, when the corporate documents are registered. In the year ended December 31, 2013, the balances related to advances for future capital increase of Ouro Fino Saúde Animal Ltda. amounting to R$8,905 were paid up.

(v) Trade payables

The balance of R$ 132 of trade payables referred to the reimbursement of expenses to related party Ouro Fino Química Ltda.

(vi) Borrowings

Refers to borrowings from the related party BNDES Participações S.A., under conditions similar to those practiced with third parties, totalling R$ 9,787 (December 31, 2013 – R$ 17,708).

(b) Statement of income for the period

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Collection of expenditures for the CSC	1,703	5,689		
Sale of property, plant and equipment	17	17		
Interest on intercompany loans	(499)	(682)		(60)
Interest on borrowings	(220)	(776)	(297)	(958)
Others	80	672	117	557
	1,081	4,920	(180)	(461)

The results for the period ended September 30, between related parties mainly refer to the reimbursement of expenditures incurred with the Shared Services Center ("CSC") - R$ 5,689, sale of property, plant and equipment to the related party Ouro Fino Química Ltda. - R$ 17 and the remaining amount refers to other income/expenses - R$672 (September 30, 2013 – R$ 557).

Interest on loans, which are subject to interest of 100% of the CDI rate variation, as mentioned in Note 12 (a) refers to the related party Ouro Fino Química Ltda. - R$ 183 (September 30, 2013 – income of R$ 10) and the related party Ouro Fino Participações e Empreendimentos S.A. - R$ 499 (September 30, 2013 – R$ 70). Interest on borrowings refers to payables to the related party BNDES amounting to R$ 776 (September 30, 2013 – R$ 896).

(c) Management remuneration

Key management personnel include members of the Executive Board, whose remuneration is approved at the Ordinary General Meeting. At September 30, 2014, remuneration expenses totaled R$ 2,097 (September 30, 2013 – R$ 3,360), of which R$350 (September 30, 2013 – R$ 600) referred to labor charges.

(d) Other transactions with related parties

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

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

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 in combined as “assets and liabilities held for sale”. The transaction was carried out in January 2014 and, therefore, the cash flows presented below at September 30, 2014 represent the result of this transaction.

All amounts in thousands of reais unless otherwise stated

(i) Cash flows

	September 30, 2014	September 30, 2013
Operating cash flows		1,736
Investing cash flows		(965)
Cash flows from realization of assets and liabilities held for sale	18,529	
Total cash flows	18,529	771

(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:

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Discontinued operations				
Net sales revenue			1,484	3,206
Cost of sales			(1,820)	(5,762)
Gross loss			(336)	(2,556)
Selling expenses	(284)	(305)	(394)	(924)
General and administrative expenses	(31)	(244)		
Other expenses, net	(240)	(586)	(1,464)	(1,365)
Loss for the period from discontinued operations	(555)	(1,135)	(2,194)	(4,845)

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 statement of income and the results that would have been obtained by applying the standard rates mentioned above.

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

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

	September 30, 2014	December 31, 2013
Tax credits on:		
Accumulated income tax and social contribution losses		1,632
Temporary differences		
Provisions	1,880	5,270
Gain on mark-to-market adjusted swap	491	266
Total assets, net	2,371	7,168

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

	September 30, 2014	December 31, 2013
Tax credits on:		
Accumulated income tax and social contribution losses	(1,418)	
Temporary differences		
Provisions	(3,533)	(2,496)
Unrealized profit in inventories	(1,310)	(141)
Pre-operating expenses written-off	(1,200)	(1,344)
	(7,461)	(3,981)
Tax liabilities on:		
Deemed cost of land	7,878	7,878
Foreign exchange variations - taxation on cash basis	256	280
Loss on mark-to-market adjusted swap	1,222	
Accelerated depreciation	228	254
	9,584	8,412
Total liabilities, net	2,123	4,431
Total deferred tax credits	9,832	11,149
Total deferred tax liabilities	9,584	8,412

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:

	September 30, 2014	December 31, 2013
Opening balance	2,737	1,566
Provisions	(2,353)	3,181
Accumulated income tax and social contribution losses	(214)	(1,418)
Unrealized profit in inventories	1,169	(366)
Pre-operating expenses written-off	(144)	(193)
Exchange rate variations - taxation on cash basis	24	(323)
Accelerated depreciation	26	24
Gain on mark-to-market adjusted swap	(997)	266
Closing balance	248	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 period are as follows:

	September 30, 2014	December 31, 2013
Deferred tax assets to be recovered		
within 1 year	8,906	10,073
from 2 to 5 years	926	1,076
	9,832	11,149
Deferred tax liabilities to be settled		
within 1 year	1,706	534
after 5 years	7,878	7,878
	9,584	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	Provision for impairment	Amortization	Transfers	At September 30, 2014
Trademarks and licenses purchased	3,788			(248)	(2,965)	575
Development and registration of products	33,205	9,199	(776)	(1,941)	2,965	42,652
Computer software	16,314	5,159		(2,566)		18,907
	53,307	14,358	(776)	(4,755)		62,134

	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 September 30, 2014			
	Cost	Provision for impairment	Accumulated amortization	Net
Trademarks and licenses purchased	2,198		(1,623)	575
Development and registration of products	53,406	(2,917)	(7,837)	42,652
Computer software	24,015		(5,108)	18,907
	79,619	(2,917)	(14,568)	62,134

All amounts in thousands of reais unless otherwise stated

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$ 36,073 (December 31, 2013 - R$ 26,005) and expenditures for the development of a vaccine against foot-and-mouth disease of R$ 6,579 (December 31, 2013 - R$ 7,200).

Additionally, in 2013 expenditures were incurred in software SAP ERP R3 totalling R$ 3,021 and in other project-related items totaling R$ 11,624.

At September 30, 2014, the Group recognized impairment losses of R$ 776 (December 31, 2013 – R$ 808), of which R$ 340 related to intangible assets of avermectins (Note 1) and R$ 436 (December 31, 2013 – R$ 808) to the evaluation of the economic feasibility of other products.

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	Write-offs	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, 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
Others	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	Write-offs	Depreciation	September 30, 2014
Land	24,947					24,947
Buildings and improvements	69,322		(901)		(1,543)	66,878
Machinery, equipment and industrial facilities	46,559	3,906	1,892	(553)	(3,159)	48,645
Vehicles, tractors and aircraft	10,075	3,009	(13)	(6,985)	(1,209)	4,877
Furniture and fittings	2,519	919	(17)	(88)	(394)	2,939
IT equipment	3,612	644	(1)	(23)	(756)	3,476
Construction in progress	9,621	6,667	(947)	1		15,342
Others	1,865	1,036	(13)		(252)	2,636
	168,520	16,181		(7,648)	(7,313)	169,740

All amounts in thousands of reais unless otherwise stated

	At December 31, 2013			At September 30, 2014			
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Annual average depreciation rates
Land	24,947		24,947	24,947		24,947	
Buildings and improvements	80,876	(11,554)	69,322	79,975	(13,097)	66,878	2.73%
Machinery, equipment and industrial facilities	69,835	(23,276)	46,559	75,080	(26,435)	48,645	6.18%
Vehicles, tractors and aircraft	18,009	(7,934)	10,075	14,020	(9,143)	4,877	20.19%
Furniture and fittings	5,148	(2,629)	2,519	5,962	(3,023)	2,939	10.29%
IT equipment	8,754	(5,142)	3,612	9,374	(5,898)	3,476	18.73%
Construction in progress	9,621		9,621	15,342		15,342	
Others	3,605	(1,740)	1,865	4,628	(1,992)	2,636	11.05%
	220,795	(52,275)	168,520	229,328	(59,588)	169,740	

The balance of construction in progress mainly comprises the construction of the new plant of the biological products unit of R$ 13,561 (December 31, 2013 – R$ 8,978).

(a) Leases

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

The net book value of leased vehicles totaled R$ 933 at September 30, 2014 (December 31, 2013 - R$1,647).

(b) Guarantees

Land, buildings, machinery and equipment amounting to R$ 10,140 (December 31, 2013 - R$ 18,824) are pledged as collaterals for borrowings (Note 17).

All amounts in thousands of reais unless otherwise stated

17 Borrowings

	Finance charges levied	Final maturity	September 30, 2014	December 31, 2013
In foreign currency				
BNDES - FINEM	Average of exchange variations of funds obtained by BNDES and weighted average rate of 2.57% p.a. (December 31, 2013 - 2.59%)	2016	906	1,303
Export credit note	Exchange variation and weighted average rate of 4.28% p.a. (December 31, 2013 - 4.28% p.a.)	2016	9,229	17,924
Working capital	Exchange variation and weighted average rate of 1.68% p.a.	2015	49,190	
In local currency				
FINEP (Technological innovation)	Weighted average rate of 4.43% p.a. (December 31, 2013 - 4.46% p.a.)	2018	131,246	167,645
BNDES - FINEM	Weighted average rate of 2.89% p.a. (December 31, 2013 - 2.89% p.a.)	2016	7,546	11,387
BNDES - FINAME	Weighted average rate of 4.50% p.a. (December 31, 2013 - 4.50% p.a.)	2022	1,335	5,018
Export credit note	Weighted average rate of 8% p.a. (December 31, 2013 - 8% p.a.)	2016	20,548	21,619
Finance lease	Weighted average rate of 12.59% p.a. (December 31, 2013 - 13.22% p.a.)	2015	353	1,117
			220,353	226,013
Current			(98,359)	(53,728)
Non-current			121,994	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:

	September 30, 2014	December 31, 2013
Within 1 year	331	839
From 1 to 3 years	22	278
	353	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) and which, at September 30, 2014 totalled R$131,246, are guaranteed by a surety of the related party Ouro Fino Participações e Empreendimentos S.A. and bank guarantees of R$ 11,716.

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

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

At September 30, 2014, the subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. are guarantors of some borrowings from the related party Ouro Fino Química Ltda. totalling R$ 34,314 (December 31, 2013 – R$ 3,657), but these guarantees included a redemption clause in the case of public offering of shares issued by the Company, that is, they ceased to exist on October 17, 2014, according to Note 1 (a). The related party Ouro Fino Participações e Empreendimentos S.A., is also the guarantor of three loan agreements of the companies Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. with Finep, amounting to R$ 129,739 (December 31, 2013 – R$ 191,481). No amounts are charged for the guarantees provided.

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:

	September 30, 2014	December 31, 2013
2015	9,181	52,232
2016	53,849	58,779
2017	32,043	31,679
2018	26,606	28,651
2019 to 2022	315	944
	121,994	172,285

(c) Working capital borrowings in foreign currency

Exchange rate swap transactions were contracted for working capital borrowings contracted in foreign currency (US$), which amounted to R$ 58,419 (December 31, 2013 - R$ 17,924), to exchange the charges for those based on the CDI rate variation (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:

	September 30, 2014	December 31, 2013
Labor	2,614	2,714
Civil and social security	340	421
	2,954	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 amounted to approximately R$ 35,604 (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:

	September 30, 2014	December 31, 2013
Opening balance	3,135	2,634
Filing of new proceedings	1,037	1,292
Write-off of proceedings	(1,218)	(791)
Closing balance	2,954	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.

On March 31, 2013, a capital increase of R$ 8,905 took place, representing 8,904,319 quotas, through 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.

For the nine-month period ended September 30, 2014, dividends distributed totaled R$ 20,339 (September 30, 2013 – R$ 32,296).

(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 all exchange rate differences resulting from the translation of the balance sheet and the statement of income of the foreign subsidiaries.

20 Segment information

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

The segments are:

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

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

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

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

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

All amounts in thousands of reais unless otherwise stated

The results by segment are as follows:

	September 30, 2014 - Quarter			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	85,265	13,912	4,529	103,706
Cost of sales	(33,704)	(1,873)	(1,567)	(37,144)
Gross profit	51,561	12,039	2,962	66,562
Selling expenses	(32,049)	(3,719)	(1,473)	(37,241)
General and administrative expenses (not segmented)				(8,855)
Other revenues, net (not segmented)				82
Operating profit				20,548
Finance income (not segmented)				7,577
Finance costs (not segmented)				(12,849)
Finance result (not segmented)				(5,272)
Profit before income tax and social contribution				15,276
Income tax and social contribution				
Current (not segmented)				(2,248)
Deferred (not segmented)				(1,031)
Profit from continuing operations				11,997

All amounts in thousands of reais unless otherwise stated

	September 30, 2014 - (9 months)			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	240,022	41,774	14,998	296,794
Cost of sales	(101,925)	(6,603)	(5,593)	(114,121)
Gross profit	138,097	35,171	9,405	182,673
Selling expenses	(89,687)	(11,197)	(3,939)	(104,823)
General and administrative expenses (not segmented)				(24,811)
Other revenues, net (not segmented)				(168)
Operating profit				52,871
Finance income (not segmented)				16,649
Finance costs (not segmented)				(26,982)
Finance result (not segmented)				(10,333)
Profit before income tax and social contribution				42,538
Income tax and social contribution				
Current (not segmented)				(6,101)
Deferred (not segmented)				(2,489)
Profit from discontinued operations				33,948

	September 30, 2013 - Quarter			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	75,394	11,050	7,856	94,300
Cost of sales	(30,068)	(1,553)	(2,263)	(33,884)
Gross profit	45,326	9,497	5,593	60,416
Selling expenses	(29,602)	(3,632)	(1,442)	(34,676)
General and administrative expenses (not segmented)				(9,112)
Other revenues, net (not segmented)				1,940
Operating profit				18,568
Finance income (not segmented)				2,969
Finance costs (not segmented)				(5,250)
Finance result (not segmented)				(2,281)
Profit before income tax and social contribution				16,287
Income tax and social contribution				
Current (not segmented)				(2,148)
Deferred (not segmented)				(402)
Profit from continuing operations				13,737

All amounts in thousands of reais unless otherwise stated

	September 30, 2013 - (9 months)			
	Results by business segment			
	Livestock	Pets	International operations	Total
Net revenue	198,453	30,915	17,848	247,216
Cost of sales	(78,087)	(4,155)	(5,413)	(87,655)
Gross profit	120,366	26,760	12,435	159,561
Selling expenses	(75,893)	(9,631)	(3,740)	(89,264)
General and administrative expenses (not segmented)				(26,413)
Other revenues, net (not segmented)				(201)
Operating profit				43,683
Finance income (not segmented)				9,321
Finance costs (not segmented)				(15,570)
Finance result (not segmented)				(6,249)
Profit before income tax and social contribution				37,434
Income tax and social contribution				
Current (not segmented)				(4,599)
Deferred (not segmented)				678
Profit from continuing operations				33,513

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

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Mexico	1,371	4,036	554	2,060
Venezuela	1,342	2,762	2,893	7,130
Colombia	472	1,951	1,426	1,438
Paraguay	111	1,050	752	1,860
Costa Rica	222	935	237	237
Others	1,011	4,264	1,994	5,123
	4,529	14,998	7,856	17,848

All amounts in thousands of reais unless otherwise stated

21 Revenues

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

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Domestic customers				
Gross sales of products	113,588	322,507	98,757	261,106
Taxes and deductions on sales	(14,411)	(40,711)	(12,313)	(31,738)
	99,177	281,796	86,444	229,368
Foreign customers				
Gross sales of products	4,529	14,998	8,112	18,810
Taxes and deductions on sales			(256)	(962)
	4,529	14,998	7,856	17,848
	103,706	296,794	94,300	247,216

22 Costs and expenses by nature

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Personnel expenses	27,586	80,128	23,066	68,445
Variable costs (raw and consumption materials)	22,839	70,545	25,583	53,015
Sales team expenses	13,691	36,361	13,732	34,714
Others	3,202	15,130	2,100	8,980
Outsourced services	5,912	13,176	4,072	15,289
Depreciation and amortization	3,928	12,068	3,249	9,210
Freight charges	3,424	8,951	2,954	6,713
Telecommunications and electricity	1,202	4,002	975	3,737
Maintenance and consumption materials	333	969	1,231	2,735
Provision for impairment of intangible assets	10	776	-	
Vehicle expenses	147	767	77	340
Travel expenses	175	623	250	664
Donations and sponsorship	180	398	85	295
Reversal of provision for inventory losses	611	(139)	298	(805)
	83,240	243,755	77,672	203,332
Cost of sales	37,144	114,121	33,884	87,655
Selling expenses	37,241	104,823	34,676	89,264
General and administrative expenses	8,855	24,811	9,112	26,413
	83,240	243,755	77,672	203,332

All amounts in thousands of reais unless otherwise stated

23 Other income (expenses), net

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Trimestre	(9 months)
Gains on sale and write-off of PP&E	217	642	32	195
Bonuses received		9	26	94
Losses (gains) on other sales	(23)	(59)	568	408
Sundry charges	(40)	(97)	(85)	(407)
Sundry losses	(12)	(214)	1,458	(82)
Sundry taxes	(34)	(253)	(62)	(295)
Others	(26)	(196)	3	(114)
	82	(168)	1,940	(201)

24 Finance result

	September 30, 2014		September 30, 2013	
	Trimestre	(9 months)	Trimestre	(9 months)
Finance income				
Foreign exchange variation	1,901	7,169	2,112	4,117
Gains on derivatives	5,002	7,657	(79)	2,095
Income from financial investments	347	754	775	2,056
Interest receivable	123	380	118	803
Others		302		
Discounts obtained	71	254	12	36
Monetary variation	133	133	31	214
	7,577	16,649	2,969	9,321
Finance costs				
Foreign exchange variation	(7,528)	(11,877)	(1,230)	(5,324)
Interest payable	(3,668)	(8,998)	(3,068)	(7,524)
Losses on derivatives	(1,120)	(4,726)	(469)	(1,288)
Finance charges	(360)	(813)	(401)	(1,285)
Bank fees	(134)	(325)	(53)	(99)
Others	(35)	(83)		
Discounts granted	(4)	(160)	(29)	(39)
Monetary variation				(11)
	(12,849)	(26,982)	(5,250)	(15,570)
Finance result	(5,272)	(10,333)	(2,281)	(6,249)

All amounts in thousands of reais unless otherwise stated

25 Income tax and social contribution expense

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

	September 30, 2014		September 30, 2013	
	Quarter	(9 months)	Quarter	(9 months)
Profit before income tax and social contribution including discontinued operations	14,720	41,402	14,093	32,589
Standard rates	34%	34%	34%	34%
	(5,005)	(14,077)	(4,792)	(11,080)
Reconciliation to the effective rate:				
Permanent differences:				
R&D incentive			1,061	2,924
Adjustment related to the calculation of subsidiary taxed based on the deemed profit method	1,619	5,062	1,358	4,219
Adjustment related to the calculation of foreign subsidiary taxed based on the rate in effect in that country	105	478	(428)	(86)
Prior-year adjustments		17	212	212
Other permanent differences	2	(70)	38	(110)
Income tax and social contribution	(3,279)	(8,590)	(2,550)	(3,921)
Reconciliation with the statement of income:				
Current	(2,248)	(6,101)	(2,148)	(4,599)
Deferred	(1,031)	(2,489)	(402)	678
	(3,279)	(8,590)	(2,550)	(3,921)

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

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

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

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

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

26 Employee benefits

(a) Private pension plan - defined contribution

The combined 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 during the nine-month period ended September 30, 2014 totaled R$688 (September 30, 2013 - R$570).

(b) Profit sharing

The combined companies offer to their employees a variable remuneration program, calculated based on quantitative and qualitative goals established by management. During the nine-month period ended September 30, 2014, the amount of the profit-sharing provision was R$ 5,989 (September 30, 2013 – R$ 3,785).

27 Insurance cover

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

28 Events after the reporting period

As described in Note 1, on October 17, 2014, the Company completed the public offering process for the primary and secondary distribution of its common shares. The public offering was carried out on the OTC market, as established in CVM Instruction 400. In this context, 1,923,077 common shares were issued at the price of R$ 27.00 per share, resulting in a capital increase of R$ 51,923, considering the limit of authorized capital as per Article 6 of its bylaws, which was approved by the Board of Directors at a meeting held on October 17, 2014. After the registration with the Brazilian Securities Commission (“CVM”), the Company has traded its shares on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. ("BM&FBovespa") in the Novo Mercado (New Market) category, under the ticker OFSA3.

* * *

(A free translation of the original in Portuguese)

Ouro Fino Saúde Animal Participações S.A.

Assurance report on the pro forma combined consolidated financial information at September 30, 2013

(A free translation of the original in Portuguese)

Independent auditor's assurance report

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

We have completed our assurance engagement for the purpose of issuing a report on the compilation of the pro forma combined consolidated financial information of Ouro Fino Saúde Animal Participações S.A. (the "Company"), prepared by management. The accompanying pro forma combined consolidated financial information comprises the pro forma combined consolidated statement of income for the nine-month period ended September 30, 2013, as well as the explanatory notes attached. The applicable criteria based on which the Company compiled the pro forma combined consolidated financial information are specified in Technical Guidance OCPC 06 - "Presentation of pro forma financial information", issued by the Brazilian Accounting Pronouncements Committee (CPC), and summarized in Note 1.

The pro forma combined consolidated financial information has been compiled by the Company's management to illustrate the impact that the transaction presented in Note 3 would have had on the combined consolidated statement of income for the nine-month period ended September 30, 2013, if that transaction had happened on January 1, 2013. As part of this process, the Company used information extracted from the combined consolidated financial statements for the nine-month period ended September 30, 2013, on which we issued an unqualified report on review on November 11, 2014.

Management's responsibility for the pro forma consolidated financial information

Management is responsible for the compilation of the pro forma consolidated financial information in accordance with the criteria established in Technical Guidance OCPC 06 - "Presentation of pro forma financial information" and summarized in Note 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the pro forma consolidated financial information has been compiled by the Company's management, in all material respects, in accordance with the criteria established in Technical Guidance OCPC 06 - "Presentation of pro forma financial information" and summarized in Note 1.

PricewaterhouseCoopers, Av. Antônio Diederichsen, 400, 21º e 22º, Ed. Metropolitan Business Center, Ribeirão Preto, SP, Brasil 14020-250 T:(16) 2133-6600, Fax: (16) 2133-6685, www.pwc.com/br

Ouro Fino Saúde Animal Participações S.A.

We conducted our work in accordance with NBC TO 3420 - "Assurance engagements to report on the compilation of pro forma financial information included in a prospectus", issued by the Federal Accounting Council (CFC), equivalent to the International Standard ISAE 3420 - "Assurance engagements to report on the compilation of pro forma financial information included in a prospectus", issued by the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the pro forma consolidated financial information has been compiled, in all material respects, in accordance with the criteria established in Technical Guidance OCPC 06 - "Presentation of pro forma financial information", summarized in Note 1.

For the purposes of this engagement, we were not responsible for the restatement or re-issuance of any reports or opinions on any historical financial information used in the compilation of the pro forma consolidated financial information, nor were we engaged to audit or review the historical financial statements and other financial information used in the compilation of this pro forma financial information.

The purpose of the pro forma consolidated financial information is to exclusively illustrate the impact that the material event or transaction would have had on the entity's historical financial information, had that event or transaction happened on the prior date chosen for illustrative purposes. Accordingly, we do not provide any assurance that the actual result of the event or transaction at September 30, 2013 would have been as presented.

A reasonable assurance engagement on whether the pro forma combined consolidated financial information was compiled, in all material respects, in accordance with applicable criteria, involves performing procedures to assess whether the applicable criteria adopted by the Company's management, when compiling the pro forma consolidated financial information, offer a reasonable basis for the presentation of the material effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence as to whether:

. the corresponding pro forma adjustments result in the appropriate effect of these criteria; and

. the pro forma combined consolidated financial information reflects the adequate application of these adjustments to the historical financial information.

The procedures selected depend on the independent auditor's judgment, taking into consideration their understanding about the Company and about the nature of the event or transaction in relation to which the pro forma consolidated financial information has been compiled, as well as other circumstances relevant to the engagement. The engagement also involves assessing the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compilation of the pro forma consolidated financial information.

Ouro Fino Saúde Animal Participações S.A.

Opinion

In our opinion, the pro forma combined consolidated financial information was compiled, in all material respect, in accordance with the criteria established in Technical Guidance OCPC 06 "Presentation of pro forma financial information" and summarized in Note 1.

Ribeirão Preto, November 11, 2014

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

Eduardo Dias Vendramini
Contador CRC 1SP220017/O-4

(A free translation of the original in Portuguese)

Contents

Ouro Fino Saúde Animal Participações S.A.

Pro forma combined consolidated statement of income
All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Nine-month period ended September 30, 2013		
	Original (i)	**Pro forma adjustments (Nota 4)**	**Adjusted (*pro forma*)**
Continuing operations			
Net sales revenue	247.216		247.216
Cost of sales	(87.655)		(87.655)
Gross profit	159.561		159.561
Selling expenses	(89.264)	742	(88.522)
General and administrative expenses	(26.413)	2.918	(23.495)
Other income (expenses), net	(201)		(201)
Operating profit	43.683	3.660	47.343
Finance income	9.321		9.321
Finance costs	(15.570)		(15.570)
Finance result	(6.249)		(6.249)
Profit before income tax and social contribution	37.434	3.660	41.094
Income tax and social contribution			
Current	(4.599)	(1.244)	(5.843)
Deferred	678		678
Profit from continuing operations	33.513	2.416	35.929

(i) Extracted from the combined consolidated interim financial statements at September 30, 2014.

All amounts in thousands of reais unless otherwise stated

1 General information

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

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

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

Before the merger, Ouro Fino Saúde Animal Ltda. (and its subsidiary Ouro Fino de Mexico, S.A. de CV), Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. were subsidiaries of the related party Ouro Fino Participações e Empreendimentos S.A.

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

		Percentage holding		
Entity	**Parent**	**2013**	**2012**	**2011**
Ouro Fino Saúde Animal Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.99%	99.99%	99.99%
Ouro Fino Agronegócio Ltda.	Ouro Fino Participações e Empreendimentos S.A.	97.80%	97.50%	97.50%
Ouro Fino Pet Ltda.	Ouro Fino Participações e Empreendimentos S.A.	99.50%	96.50%	96.50%
Ouro Fino de México, S.A. de CV	Ouro Fino Saúde Animal Ltda.	96.43%	96.43%	96.43%

The objective of the corporate restructuring was to unify the control of the companies operating in the animal health segment in one entity operating solely in this segment.

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

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

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

On October 17, 2014, Ouro Fino Saúde Animal Participações S.A. carried out the primary and secondary offer of shares in Brazil on the over-the-counter market, in conformity with CVM Instruction 400 and other applicable standards.

(b) Ouro Fino Saúde Animal Ltda.

This subsidiary, headquartered in Cravinhos, in the State of São Paulo, has as its objective and main activity the research, development, production and sale of veterinary drugs, vaccines and products. The sales in the domestic market are carried out through the companies mentioned in items (c) and (d) below. As from 2013, the sales in the foreign market are carried out directly through third parties and also by the companies mentioned in items (c) and (e) below. This company also provides manufacturing services to order from third parties.

(c) Ouro Fino Agronegócio Ltda.

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

(d) Ouro Fino Pet Ltda.

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

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

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

These combined consolidated 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 comprises the consolidated financial statements of its subsidiary Ouro Fino de México, S.A. de C.V.

2 Basis of presentation

The unaudited pro forma combined consolidated financial information presented for the nine-month period ended September 30, 2013 has been prepared in accordance with the criteria established in Technical Guidance OCPC 06 - "Presentation of pro forma financial information", issued by the Brazilian Accounting Pronouncements Committee (CPC). The unaudited pro forma combined consolidated financial information derives from the combined consolidated interim financial statements for the nine-month period ended September 30, 2013, which have been prepared in accordance with the International Accounting Standard IAS 34 – "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB). The pro forma combined consolidated financial statements have been prepared to enable a comparison with the consolidated financial statements as at September 30, 2014 of OuroFino Saúde Animal Participações S.A., in connection with the public offering of shares of Ouro Fino Saúde Animal Participações S.A. carried out on October 17, 2014, as described in Note 1.

For the purpose of increasing the administrative efficiency, the Company and its subsidiaries Ouro Fino Saúde Animal Ltda., Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., along with related parties Ouro Fino Participações e Empreendimentos S.A. and Ouro Fino Química Ltda., have entered into an Expense Apportionment Contract for the implementation of the Shared Services Center (CSC).

2.1 Combination

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

(a) The balances of asset and liability and income accounts of the combined companies were included 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.

(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.

2.2 Consolidation

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

3 Purpose of presenting the pro forma combined consolidated financial information

Given the fact that during the nine-month period ended September 30, 2013, the companies Ouro Fino Saúde Animal Ltda., Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda., as well as the related party Ouro Fino Química Ltda., were subsidiaries of Ouro Fino Participações e Empreendimentos S.A., and that the sharing of the administrative services existing at the time was not formalized, the purpose of presenting this pro forma combined consolidated financial information is exclusively to illustrate the impacts that the combined consolidated statement of income would have suffered if the Shared Services Center (CSC) had been implemented on January 1, 2013.

This unaudited pro forma combined consolidated financial information has been prepared and is being presented in accordance with Technical Guidance OCPC 06 - "Presentation of pro forma financial information", issued by the Brazilian Accounting Pronouncements Committee (CPC). It should be read together with the following documents, to which it fully refers or from which it derives:

. audited combined consolidated interim financial statements of Ouro Fino Saúde Animal Participações S.A. for the nine-month period ended September 30, 2013; and

. Expense Apportionment Contract entered into by the Group companies, establishing the apportionment criteria for each relevant administrative activity, as well as the methodology for allocation and collection of the CSC expenses for each company of the Group.

This unaudited pro forma financial information is presented only for illustrative purposes and does not necessarily represent what the combined consolidated operating results would have been in case the transaction in question had not occurred on the indicated dates.

4 Pro forma adjustments

The pro forma combined consolidated financial information is based on assumptions and estimates that management believes to be reasonable to reflect the effects of the transactions in the period from January 1 to September 30, 2013. The criteria used in calculating the pro forma adjustment amounts, which are formalized in the Expense Apportionment Contract dated June 30 entered into by the companies Ouro Fino Saúde Animal Ltda., Ouro Fino Agronegócio Ltda., Ouro Fino Pet Ltda. and Ouro Fino Química Ltda., are as follows:

Expenses	Criterion
Marketing - creation	The criterion adopted was the number of jobs performed for each company. This number was obtained through systemic reports of the creation service requests, which include the number of jobs provided in the period. This piece of information was used to calculate the percentage of jobs performed for each Group company.
Marketing – communication	The amount of time spent in the communication activities was measured, and the sharing ratio was calculated, based on the number of employees dedicated to each activity in the department. For jobs relating to internal communication, the share was proportional to the total number of employees of each company that receives the services.
Marketing – Executive Board, fairs and events	The sharing ratio was calculated based on the amount of time spent in each service provided, according to the time-keeping records presented by the employees.
Human Resources	According to the number of employees allocated in each Group company, the Human Resources Department shared the total expenses relating to the department. The expenses relating to human resources, personnel, recruiting, training, social responsibility, safety and occupational medicine are all included in this item.
Supplies – purchase of production materials	The criterion adopted was the amount of time spent in each company's procurement negotiations, based on the purchase volume and the complexity of the negotiation. The production companies (Ouro Fino Saúde Animal and Ouro Fino Química) are included in this sharing criterion.

Expenses	Criterion
Supplies – purchase of non-production materials	The criterion adopted was the volume of purchases made by each company. This volume was obtained through non-production material purchase reports generated by the company's system. These reports provided the number of purchases made by each Group company, and this piece of information supported the calculation of the sharing ratio.
Supply Chain Management	The sharing ratio was calculated based on the amount of time spent on each service provided, according to the time-keeping records presented by the employees. The activities carried out by the Supply Chain Management comprise the management of material purchases, storage, production planning, and sales logistics.
Imports - Ouro Fino China	The sharing ratio was calculated based on the amount of time spent on each service provided, according to the time-keeping records presented by the employees. The activities correspond to negotiations of imports made from China for production companies Ouro Fino Saúde Animal and Ouro Fino Química.
Controllership	The sharing ratio was calculated based on the amount of time spent on each service provided, according to the time-keeping records presented by the employees. Expenses relating to controllership, taxes and financial projects are included in this category.
Legal department	The criterion adopted was the volume of jobs performed for each company. This volume was obtained through systemic reports of the service requests. Based on these reports, complexity analyses were carried out to establish the sharing ratio.
Administrative support	The criterion adopted was the volume of jobs performed for each company. This volume was obtained through the number of rentals, number of vehicles comprising the fleet, and the number of fixed and mobile phones, by assessing the complexity of each activity, in order to establish the percentage to be used.

Expenses	Criterion
Property conservation	The criterion adopted was the volume of jobs performed for each company, which was obtained through the number of maintenance orders created by the requesters.
Engineering and construction work	The sharing ratio was calculated based on the amount of time spent on each service provided, according to the time-keeping records presented by the employees.
Executive Board and Administrative Management	The sharing ratio was calculated based on the proportion of work carried out by their teams, which comprises: administrative support, property conservation, and engineering and construction work.
Finance department	The criterion adopted was the volume of transactions made and the amount of time spent, which are obtained through reports generated by the Ouro Fino's system. Based on these reports, complexity analyses were carried out to establish the sharing ratio.
Internal audit	The sharing ratio was calculated based on the amount of time spent on each service provided, according to the time-keeping records presented by the employees.
IT expenses – maintenance, SAP project, and project management	The total expenses relating to the department were shared according to the number of the SAP system users allocated in each Group company.
IT expenses – infrastructure	The total expenses relating to the department were shared according to the number of pieces of equipment allocated on each Group company.
IT Management	The sharing ratio was calculated based on the proportion of work carried out by their teams, which comprises: maintenance, SAP project, project management, and infrastructure.
Board of Directors and Statutory Audit Committee	The sharing ratio was calculated based on the amount of time spent on each activity performed.

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