



Management Report - 2015

To Stockholders:

The management of Ouro Fino Saúde Animal Participações S.A. (the “Company”) and its subsidiaries (jointly referred to as “Ouro Fino” or the “Group”) submits for your appreciation the Management Report, the parent company and consolidated financial statements for the year ended December 31, 2015 and the independent auditor's report thereon.

These financial statements have been prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

MESSAGE FROM MANAGEMENT

At the end of 2015 the Company had achieved expected results and a consistent growth. Our revenues increased by 23.6% and reached R\$ 534.0 million. We also had an increase of 21.3% in EBITDA, which totaled R\$ 119.1 million, and an increase of 27.7% in profit, which totaled R\$ 69.2 million.

The production animals segment had an increase in revenues of 25.9%, and totaled R\$ 435.7 million, reflecting a share gain in several lines, as well as an increase in the net sales of the seven new products launched. We would highlight the launches, in August, of Voss Performa, an Eprinomectin-based endectocide focusing on the cattle finishing period, and, in November, of Superhion, an innovative ectoparasiticide, which combines the knock-out effect of the Fipronil molecule with the lasting protection of the Fluzuron molecule.

As regards the companion animals segment, in late 2015 we implemented the “Ouro Fino Pet Distribution” project, which comprises direct sales to pet shops and vet clinics in the Southern and Western regions of the city of São Paulo and aims to be a benchmark for the other 42 distributors of the current network, as well as to hold training courses for the improvement of management practices for various audiences in the companion animals market in Brazil.

In 2015, our international strategic process developed. Our operations in Mexico were extended, with an increase in the sales team and in the customer base. In Colombia, we acquired the local distributor in September, increased the sales team and started the process for registration of new products. We continued working to consolidate our international presence and show consistent results over the next periods.

We had a substantial development in the construction of the new plant of biological products and maintained our planned schedule to obtain the licenses and start the production of the new vaccines in early 2017.

Lastly, as a result of our work, we were considered as the best veterinary company in Latin and South America in 2015, and received the Animal Pharm award.

We continue to be enthusiastic about our business and thank all of you for your confidence in our work.

Dolivar Coraucci Neto
CEO

Fábio Lopes Júnior
CFO and Investor Relations Officer



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Brief History

The Company is a listed corporation headquartered in Cravinhos, state of São Paulo, and registered with the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. in the Novo Mercado (New Market) category. It was established on April 10, 2014 and its objective and main activity is the investment in companies operating in the animal health industry (production and sale of veterinary drugs, vaccines and other products) through three business segments:

- **Production Animals:** Represents the production and sale in the domestic market of veterinary drugs, vaccines and other products for cattle, pigs, poultry, sheep, horses and goats and the rendering of processing services for other companies operating in the same segment;
- **Companion Animals:** Represents the production and sale in the domestic market of veterinary drugs and other products for dogs and cats;
- **International Operations:** Represents the production and sale in the foreign market, mainly to Latin American countries, of veterinary drugs, vaccines and other products for production and companion animals.

To serve its customers the Company has a complete portfolio of animal health products, composed of 119 veterinary products and approximately 4,200 customers, including agricultural product resellers, cooperatives, agribusinesses, farmers and distributors that are present throughout the national territory and abroad. Among the customers, the largest one represents only about 2% of the Company's revenue, and, therefore, there is no concentration that may result in dependence on specific customers.

The economic group of which the Company is part was established in 1987 by its founding partners, Norival Bonamichi and Jardel Massari, initially exclusively for the production of veterinary drugs and other products for production animals (cattle, horses, poultry and pigs).

In the period from 1987 to 1999, the growth was organic and substantially in the production animals line. In 2000, Ouro Fino took the first step towards diversification by also operating in the companion animals market (dogs and cats).

From 2001 to 2004, based on the idea that innovation and technological development are distinguishing features of strategy, Ouro Fino invested in the construction, in the city of Cravinhos, state of São Paulo, of a new and modern technology and industrial complex, considering that the former facilities were no longer appropriate for the expanded operations.

In 2007, investments for entering the biological segment started, with the construction of a modern industrial plant (factory and biosafety level laboratory) for the production of vaccines against foot-and-mouth disease. Works were completed in October 2008, and certification by the Biosafety Committee of the Ministry of Agriculture, Cattle Breeding and Supply (MAPA) was granted in December of the same year. This certification entitled Ouro Fino to receive virus seeds and initiate the development of the vaccine. The license for selling the vaccine was granted by MAPA in October 2010, after two years of development.



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Also in 2007, Ouro Fino began the construction of the industrial plant of hormonal therapeutic products, with the objective of developing a portfolio for full Fixed-Time Artificial Insemination protocol. Construction of the plant was completed in early 2008 and the sales of the Company's own production started in the second half of that year.

In 2014, after complying with all legal requirements, 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 2015, we extended our actions in the foreign market, strengthening our presence in Mexico by increasing the number of the sales team members and our customer base. Also, in September we completed the process for acquisition of our local distributor in Colombia, with a view to expanding our presence in that country.

As a result of our work, we were considered as the best company in Latin and South America in 2015, and received the Animal Pharm award. The award considered aspects such as innovation, development and international strategies in the animal health business.

About the market

The animal health industry comprises the production and sale of veterinary drugs, vaccines and other products for production animals and companion animals. In this market, national and multinational companies operate, and the major multinational players also are (or have been) large companies of the pharmaceutical industry focusing on human health with global operations. This market is primarily divided into ruminants, poultry, pigs, dogs and cats, horses and others.

Considering that ruminants represent 55% of the total animal health market in Brazil (Source: Sindan), the sales of veterinary products for production animals are impacted by a seasonality that is a characteristic of the market, where more significant sales are concentrated in two periods: April/May and October/November. This is due to vaccination campaigns against foot-and-mouth disease in cattle held on a national basis, except in the state of Santa Catarina. Considering that vaccination is mandatory, the farmer usually tries to associate the application of other veterinary products with the FMD vaccine, thus streamlining the management of animals.

In this scenario, Ouro Fino manufactures solutions for cattle, horses, poultry, pigs, goats, dogs and cats in all pharmaceutical forms, including solid, liquid, semi-solid, oral and injectable drugs, pills and vaccines.

In the production animals segment, the solutions comprise anti-inflammatory, anticoccidial drugs, antibiotics, anti mastitis medicines, disinfectants, ectoparasiticides, endectocides, endoparasiticides, hemoparasiticides, inoculants, probiotics, supplements, therapeutic products and products for animal reproduction and vaccines.

For the companion animals segment, solutions include anesthetics, sedatives, anti-inflammatory and antimicrobial drugs, antibiotics, ear and skin products, disinfectants, ectoparasiticides, endoparasiticides and supplements.

The demand for products of the production animals segment has growth potential by factors such as low level of use of proper techniques in the properties, diffusion potential of the use of reproduction protocols, such as the technique of artificial insemination in fixed time (TAI), and potential genetic improvement of Brazilian livestock.



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The process for expansion of the agricultural limits over the area formerly designed for cattle breeding and the increase in land prices, which will lead to a reduction in extensive cattle breeding, require that farmers increasingly use proper techniques to get best results in their properties. In this context, the increase in the demand for technology becomes essential for farmers to maintain their businesses competitive in terms of profitability, considering the opportunities presented by agriculture.

According to data from Agroconsult consultancy, this trend can be seen when comparing the pasture areas in relation to the production of arrobas per hectare, where one can note a reduction in the area intended for pastures and an increase in the number of arrobas produced per hectare. This inversely proportional curve shows the trend to use more techniques, that is, to use more animal health products to increase productivity.

Another aspect to be considered is the low use of TAI protocols, which increase the productivity of farmers. The offtake rate, that is, the production in arrobas or heads in any given time period in relation to the initial livestock, is low if compared to more developed countries. The higher the offtake rate, the higher the internal production of the livestock. Therefore, encouraging the use of reproduction techniques such as TAI presents advantages like greater control of management in the properties by reducing the interval between births, optimizing the use of labor, systemic monitoring of the livestock, less disposal of animals for lack of pregnancy, factors directly related to productivity in properties. There is, therefore, room for expansion of the market and the Company.

In this scenario, Ouro Fino maintains a Training and Qualification Center in Guatapar (SP) that receives, on a weekly basis, students for animal breeding courses, which include theoretical and practical classes and a visit to the Company's headquarters. The TAI training course lasts five days and is accredited by the Brazilian Association of Artificial Insemination (Asbia), which provides a certificate to the students. Therefore, the company contributes to the development of the properties and builds relationships and loyalty with customers who benefit from the structure offered by the Company.

Combining products and services is a marketing trend and Ouro Fino considers it already in its mission, when it proposes to offer to the market the best solutions in animal health, contributing to the high performance of the protein production chain. In short, all the investment in technology must be accompanied by investments in labor qualification, another market opportunity.

Furthermore, the Brazilian livestock has been undergoing a genetic improvement, with increased use of European breeds, thus bringing precocity and improving the quality of meat and production of milk, among other advantages. The dissemination of this genetically improved breed results in the use of more inputs, considering the higher susceptibility of these animals to the health challenges faced in Brazil.

For companion animals, the factors to be considered are the increase in the number of companion animals in Brazilian households: the age group of the fastest growing population is between 30 and 49 years; the average number of children per woman has fallen dramatically; the number of elderly has risen; the share of single-person households has risen, according to the National Household Sample Survey (PNAD) (Source: Pnad). There is a trend of this part of the population to acquire companion animals because in this context, there is the fact that the relationship between families and their pets have become increasingly emotional. The change in the status of pets is clear. They are no longer seen as pets, the "friends" of the owners, but have become companion animals, "family members", and no one leaves a "dear one" without basic items such as food, bath, health care, vaccines, etc.



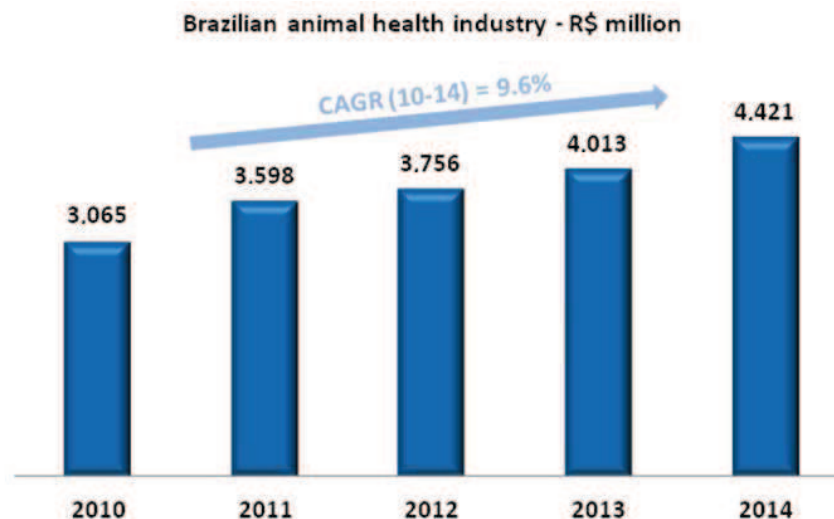
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The National Health Survey (PNS 2013) conducted by the Brazilian Institute of Geography and Statistics (IBGE) shows that there are more companion dogs than children in Brazil. In almost 45% of the Brazilian households, the equivalent to 29 million households, there is at least one dog.

In its mission, Ouro Fino states that it works for the longevity of companion animals and is directly inserted in this context.

This scenario and change in the population profile has led to a significant expansion of the pet market, which has been increasing by an average rate of approximately 18% in the last five years (Source: Brazilian Association of Animal Health Product Manufacturers (SINDAN)).

Net Sales in the Veterinary Market



Source: Sindan website

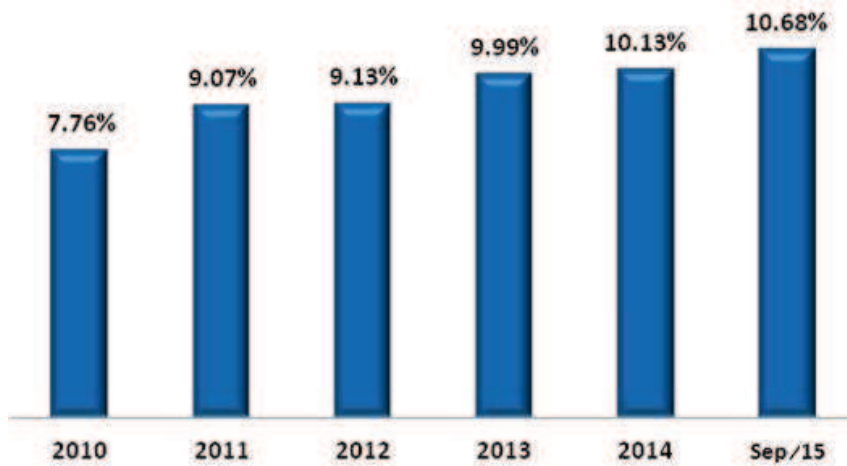
Ouro Fino ranks third in the national ranking of animal health and holds a 9.93% share of this market, based on figures for FY2014, according to SINDAN data.



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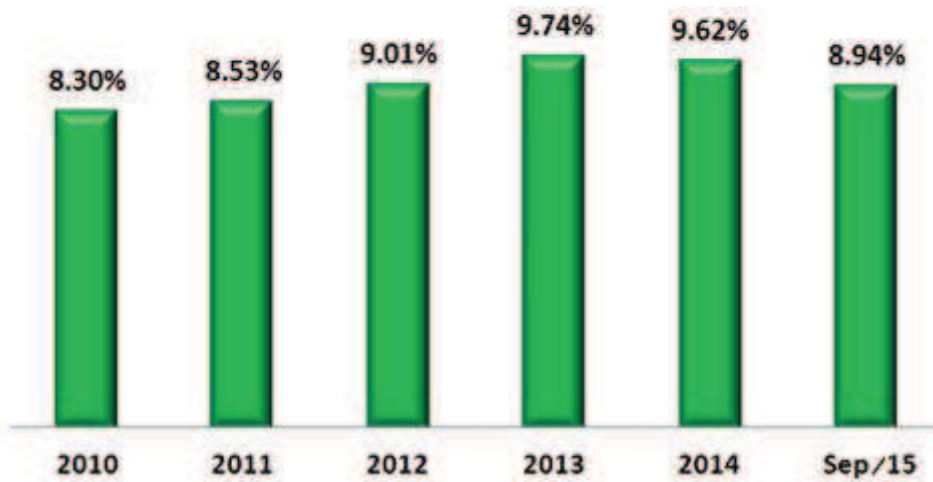
Market Share Evolution

Production Animals



Source: PPE (Sindan (Ouro Fino))

Companion Animals



Source: PPE Sindan (Ouro Fino)



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Economic and financial performance

Information on the financial statements

Considering that the Company was established on April 10, 2014, the parent company and consolidated financial statements ("consolidated") for 2015 include information on results for comparison purposes, which do not properly represent all of the operations of the Group. In this context, for 2014, management decided to present in its report information derived from the combined consolidated financial statements ("combined") of the Company's subsidiaries.

This combined financial information for 2014 was also adjusted to better reflect profit from continuing operations, adjusted for extraordinary events, especially to consider expenses of the parent company, not included in combined figures, and to disregard specific expenses related to the process to become a listed company.

Financial performance

<i>R\$ million</i>	2014	2015	Var %
Net revenue	432.2	534.0	23.6%
Cost of sales	(171.9)	(236.6)	37.6%
Gross profit	260.3	297.4	14.3%
<i>(gross margin)</i>	60.2%	55.7%	-4.5 p.p.
Expenses (*)	(179.6)	(199.5)	11.1%
Operating profit	80.7	97.9	21.3%
<i>(operating margin)</i>	18.7%	18.3%	-0.4 p.p.
Finance result	(11.4)	(10.6)	-7.0%
Income tax and social contribution	(15.1)	(18.1)	19.9%
Profit from continuing operations, adjusted	54.2	69.2	27.7%
<i>(adjusted profit margin)</i>	12.5%	13.0%	0.5 p.p.
Adjusted EBITDA	98.2	119.1	21.3%
<i>(adjusted EBITDA margin)</i>	22.7%	22.3%	-0.4 p.p.

(*) In 2014, considers adjustments for operating expenses of the parent company, not included in the combined figures, and IPO related expenses.

Net revenue

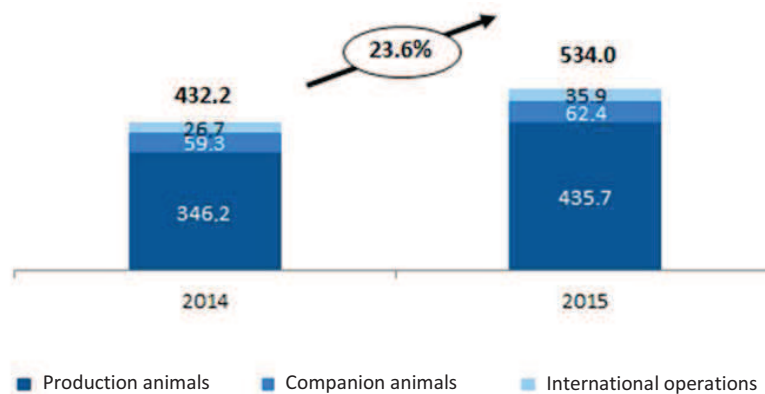
<i>R\$ million</i>	2014	2015	Var %
Net sales revenue	432.2	534.0	23.6%
Production animals	346.2	435.7	25.9%
Companion animals	59.3	62.4	5.2%
International operations	26.7	35.9	34.5%

The Company presented net revenues of R\$ 534.0 million in 2015, which represented an increase of 23.6% in comparison with 2014.



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Net revenue - Evolution (R\$ million)



- The **Production Animals** segment presented net revenues of R\$ 435.7 million in 2015, an increase of 25.9%. In 2015, it is worth highlighting the increase in revenues related to the seven new products launched, and the increase in the sales of the current product line with share gain in various therapeutic classes, especially the antiparasiticides line.
- The **Companion Animals** segment presented net revenues of R\$ 62.4 million in 2015, with an increase of 5.2% in comparison with 2014. Performance below the historical performance levels mainly reflects the Company's decision to bring forward the "Ouro Fino Pet Distribution" project for direct sales to pet shops and vet clinics in the southern and western regions of the city of São Paulo and it also aims to be a benchmark for the other 42 distributors of the current network, with sales in the 1st quarter of 2016.
- The **International Operations** segment presented net revenues of R\$ 35.9 million in 2015, with an increase of 34.5%. This growth was mainly due to the increase in the sales of the subsidiary in Mexico, which grew by 72.2% in Mexican pesos over the prior year, thus reflecting the result of the increase in the number of the sales team members and the expansion of the customer base. Also it is worth highlighting the resumption of sales in Colombia, following the acquisition of the former local distributor in September.

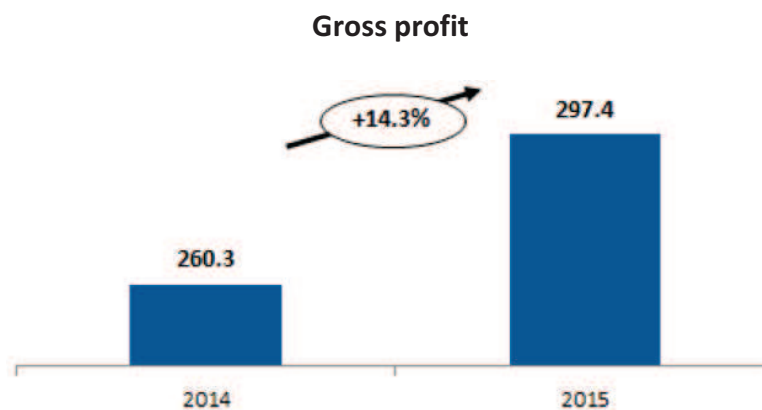


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Cost of sales, gross profit and gross margin

<i>R\$ million</i>	2014	2015	Var %
Cost of sales	(171.9)	(236.6)	37.6%
Gross profit	260.3	297.4	14.3%
<i>(gross margin)</i>	60.2%	55.7%	-4.5 p.p.

Gross profit reached R\$ 297.4 million in 2015, an increase of 14.3% in comparison with 2014. The gross margin decrease in the periods presented is substantially due to not transferring to prices the full increases in costs resulting from the appreciation of the U.S. dollar and the inflation rate for 2015, the strategy for prioritization of the share gain in some products, the sale of a less favorable mix, with higher participation of poultry and pigs and a worst scenario for the prices of vaccines against foot-and-mouth disease.



Selling, general and administrative expenses

<i>R\$ million</i>	2014	2015	Var %
Selling, general and administrative and other expenses	(179.6)	(199.5)	11.1%
<i>Percentage on net revenue</i>	41.6%	37.4%	-4.2 p.p.

Reflecting the Company's efforts for more efficiency in operations and aiming to reduce expenses, in 2015 total selling, general and administrative expenses increased less than net revenues through dilution of expenses. In 2015, these expenses totaled R\$ 199.5 million, a dilution of 4.2 p.p. on net revenues.

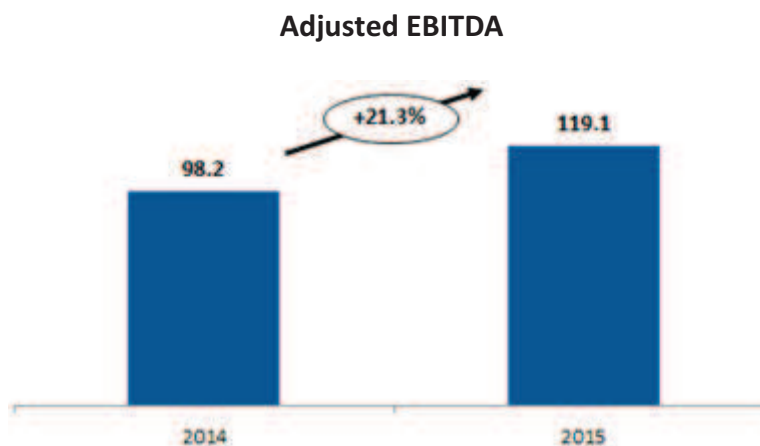


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EBITDA and EBITDA margin

<i>R\$ million</i>	2014	2015	Var %
Profit from continuing operations	54.2	69.2	27.7%
(-) Discontinued operations	(1.2)		-100.0%
(+) Operating expenses incurred by parent company	7.1		-100.0%
(-) IPO related expenses	(8.8)		-100.0%
Profit for the period	51.3	69.2	34.9%
(+) Finance result, net	11.4	10.6	-7.0%
(+) Income tax and social contribution	15.1	18.1	19.9%
(+) Depreciation and amortization	16.7	20.1	20.4%
EBITDA	94.5	118.0	24.9%
(+) Discontinued operations	1.2		-100.0%
(-) Operating expenses incurred by parent company	(7.1)		-100.0%
(+) IPO related expenses	8.8		-100.0%
(+) Other	0.8	1.1	37.5%
Adjusted EBITDA	98.2	119.1	21.3%
Net sales revenue	432.2	534.0	23.6%
EBITDA margin	21.9%	22.1%	0.2 p.p.
adjusted EBITDA margin	22.7%	22.3%	-0.4 p.p.

In 2015, adjusted EBITDA was R\$ 119.1 million, an increase of 21.3% in comparison with 2014, with an adjusted EBITDA margin of 22.3%. This result reflects an increase in revenues and the dilution of SG&A expenses, which offset the decrease in gross margin.





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Finance result

R\$ million	2014	2015	Var %
Finance result	(11.4)	(10.6)	-7.0%

Net finance costs in 2015 totaled R\$ 10.6 million against R\$ 11.4 million in 2014. The contribution related to the IPO was partially used to settle debts indexed to the CDI, thus helping the Company to achieve a better finance result in 2015 in comparison with 2014.

Income tax and social contribution

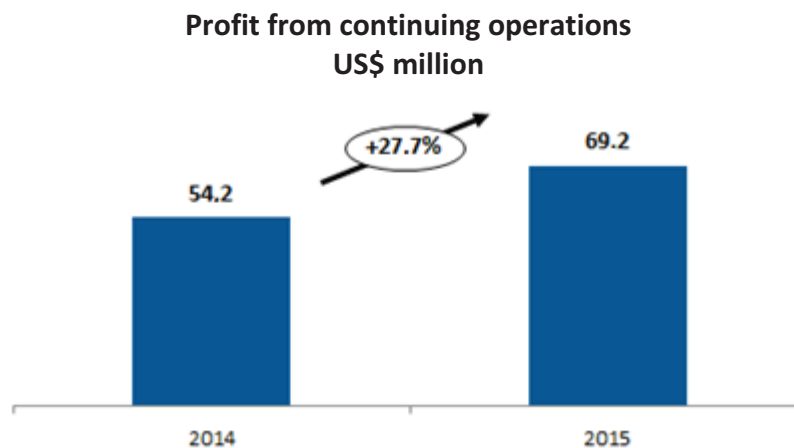
R\$ million	2014	2015	Var %
Income tax and social contribution	15.1	18.1	19.9%
<i>Percentage on profit before income tax and social contribution</i>	<i>21.8%</i>	<i>20.7%</i>	<i>-1.1 p.p.</i>

In 2015, income tax and social contribution totaled R\$ 18.1 million, with the effective rate of 20.7% and decrease of 1.1 p.p. in comparison with 2014.

Profit

R\$ million	2014	2015	Var %
Profit from continuing operations	54.2	69.2	27.7%
<i>(profit margin)</i>	<i>12.5%</i>	<i>13.0%</i>	<i>0.5 p.p.</i>

In 2015, profit totaled R\$ 69.2 million, an increase of 27.7% in comparison with 2014, reflecting a substantial increase in the adjusted EBITDA for the year, as a result of a better business performance in the year.





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Indebtedness

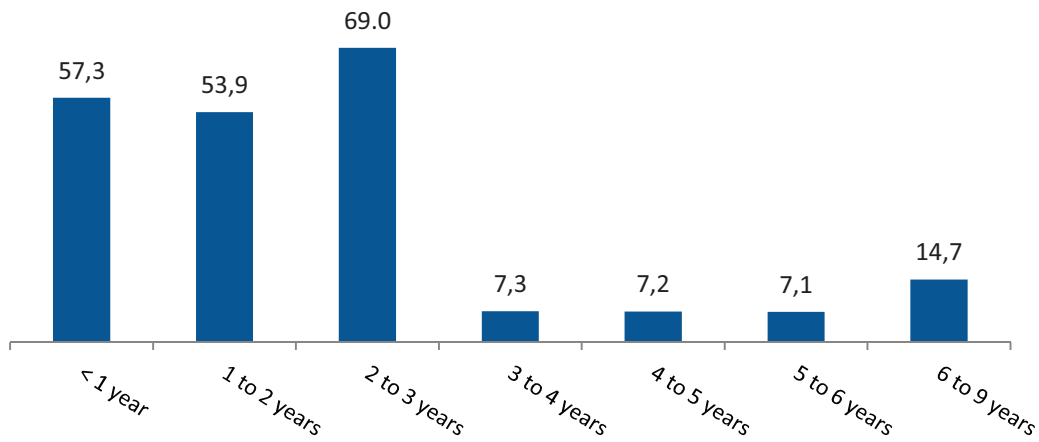
In R\$ million	December 31, 2014	December 31, 2015
Current	103.1	57.3
Non-current	112.6	159.2
Gross debt	215.7	216.5
(-) Derivative financial instruments, net	9.2	0.4
Derivatives net debt	206.5	216.1
(-) Cash and cash equivalents ¹	72.5	23.4
Net debt	134.0	192.7
Average cost of debt (in December)²	7.54%	7.98%
Net debt/Adjusted annual EBITDA	1.37	1.62

Notes:

¹ In 2014, includes R\$ 6.1 in cash of the holding, which was not included in the combined statements.

² Average cost calculated taking into account derivative financial instruments for hedging purposes.

Aging of bank debt



Aging of debt considers the year between January 1 and December 30.



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Industrial Units

Our plants are located in Cravinhos, São Paulo, and are as follows:

- Plant for manufacturing animal health drugs, considered one of the most modern in Latin America, with a built area of approximately 24,840m². The project was conceived under the provisions of Good Manufacturing Practices (GMP). It complies with the concepts established in applicable rules by the Ministry of Agriculture (MAPA), including the most strict world regulatory rules, such as those issued by the Food and Drugs Administration (FDA) in the United States and the European Medicines Agency (EMA) of the European Union.
- A plant for the production of FMD vaccine, with a built area of approximately 5,651m², which is equipped with a biosafety level laboratory (BSL-4), certified by the Ministry of Agriculture and Supply (MAPA), with a capacity to manufacture 50 million doses/year.
- The Plant of Biological Products (scheduled to be completed at the end of 2016), with approximately 6,842m² of built area. It complies with the provisions of Good Manufacturing Practices (GMP) and includes the most strict world regulatory rules, such as those issued by the Food and Drugs Administration (FDA) in the United States and the European Medicines Agency (EMA) of the European Union.

Research, Development and Innovation – RD&I










One of the main targets of the Group is to remain at the technological forefront of the segment, continuously investing in research, development and innovation. The RD&I structure has 6 internal laboratories for the development of new products and an internal team of approximately 120 people, made up of pharmacists, chemists, veterinarians, biologists and engineers.

Furthermore, the Group has partnerships with renowned universities and research centers, including the University of São Paulo – USP, University of Franca - UNIFRAN, Technological Research Institute - IPT, Brazilian Agricultural Research Corporation - EMBRAPA, Oswaldo Cruz Foundation - FIOCRUZ, Butantan Institute, State University of Campinas - UNICAMP, Federal University of São Carlos - UFSCAR, Dom Bosco Catholic University - UCDB, Federal University of Viçosa - UFV and Julio de Mesquita Filho São Paulo State University - UNESP. Partnerships and agreements provide access to significant intellectual capital, innovation and technology, and help recycling methods used in processing our products.



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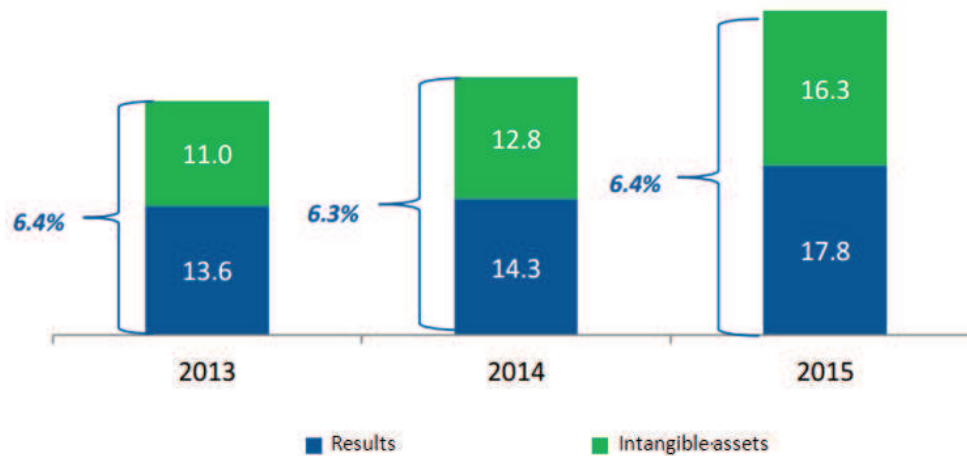
In line with these investments, we launched nine products in 2015:

Launches during 2015					
	Name	Indication	Category	Line	Launched in
	Lactofur	For the treatment of severe infections in dairy and beef cattle and pigs.	Antimicrobial	Production Animals	Mar/15
	Ciprolac Vaca Seca	For the prevention and healing of mastitis (mammary gland infection) in the dry period, for the cows to produce more milk of a better quality.	Antimicrobial	Production Animals	Mar/15
	Isocox	For treatment of black diarrhea.	Other	Production Animals	Apr 15
	Trissulfon SID	For the treatment of infections in intestinal, urinary and respiratory tracts, skin and ear infections and also for the treatment of isospora canis, caused by agents that are sensitive to its spectrum of action	Antibiotic & Therapeutic	Companion Animals	Jun 15
	Enfrent	Prescribed for the treatment and prevention of parasitic sadness in cattle.	Parasiticide	Production Animals	Aug/15
	Voss Performa	Eprinomectin-based broad-spectrum endectocide for cattle	Parasiticide	Production Animals	Aug/15
	Doxifin Tabs	Doxycycline-based palatable antimicrobial for dogs and cats	Antimicrobial	Companion Animals	Aug/15
	Superhion	Includes two of the most modern active ingredients in the market, Fluzaron and Fipronil, for control of external parasites, ticks, botflies and horn flies	Parasiticide	Production Animals	Nov/15
	Colosso Avicultura	Used in the control of pests in poultry houses, combines highly safe active substances	Parasiticide	Production Animals	Dec/15



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In 2015, approximately 6.4% of the net revenue was invested in RD&I, totaling R\$ 34.1 million. The chart below shows the Company's total investments from 2013 to 2015.



Corporate Governance

New market: We conducted in October 2014 our initial public offering (IPO) on the São Paulo Futures, Commodities and Securities Exchange - BM&FBovespa S.A. in the Novo Mercado (New Market) category, which imposes the highest requirements for transparency and corporate governance practices. The listing in this special segment implies the adoption of a set of corporate rules that expand the rights of stockholders, and also of a more transparent and comprehensive information disclosure policy.

Board of Directors/Statutory Board: The Board of Directors comprises five directors, including three external and independent members, according to the new market provisions. The Company's Statutory Executive Board comprises two officers. A list with the name, job description and brief resume of our directors and officers can be found in the Company's Reference Form, in the Investor Relations section on our Website at www.ourofino.com/ri.

Statutory Audit Board: The Statutory Audit Board is an independent oversight body of the Executive Board and the Board of Directors, which seeks, through the principles of transparency, fairness and accountability, to contribute to the better performance of the organization. It consists of three independent external members and their duties are established in Article 163 of Law 6,404/76 and the Company's Bylaws.

Statutory Audit Committee: Advisory body directly linked to the Board of Directors, for the purpose of: (i) analyze the engagement and dismissal of independent auditors, (ii) review and supervise the activities of internal and external audit, (iii) monitor the quality and integrity of the mechanisms of internal controls and accounting information, (iv) evaluate and monitor risk exposure, and (v) review and monitor, together with management and internal auditors the appropriateness of transactions with related parties. Currently, the Audit Committee comprises three independent external members elected by the Board of Directors and is chaired by an independent member of the Board of Directors.



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Compensation Committee: Assists the Board of Directors in defining the compensation and benefit policy for directors and officers. The Compensation Committee has three members elected by the Board of Directors, of which 2 are external members, and is chaired by an independent member of the Board of Directors.

Relationship with independent auditors: In accordance with CVM Instruction 381/03, the Company and its subsidiaries adopt a formal procedure, prior to the hiring of other professional services not related to external audit, of consulting with the independent auditors, in order to ensure that the execution of these other services does not affect the independence and objectivity that are necessary for the performance of independent audit services. In this context, during the year ended December 31, 2015, the following additional services were contracted:

Contracted on	Nature of service	Fees	% in relation to the audit services
Apr/2015	Issuance of bringdown letter upon the exercise of the greenshoe IPO.	R\$ 58.3 thousand	11.96%
Aug/2015	Due Diligence of financial, tax, legal and labor aspects in the process of business combination with Bracol Agronegócio SAS.	R\$ 159.4 thousand	32.68%
Sep/2015	Evaluation of Risks of Information Security and Strategy for Protection of Sensitive Information.	R\$ 25.8 thousand	5.29%

Arbitration: Under the New Market's regulations and the Company's bylaws, the controlling shareholder, the management, the Company itself and the members of the Supervisory Board should undertake to resolve any and all dispute or controversy related to or resulting from these rules of the Regulation of the New Market, the Agreement to Participate in the New Market, the Arbitration Commitment Clauses, especially as regards their application, validity, effectiveness, interpretation, breach and effects, through arbitration. The differences related to the sale of the Company's control shall also be resolved by arbitration.

Statement of Statutory Board: In compliance with item VI of Article 25 of the Brazilian Securities Commission (CVM) Regulatory Instruction 480/09, the Company's officers represent that they have reviewed and discussed and are in agreement with the financial statements for the year ended December 31, 2015 and the conclusions expressed in the independent auditors' report thereon.

Human Resources

The satisfaction of our employees is very important for us and our greatest competitive advantage. Once satisfied, our employees become motivated to generate value to the business. In this context, Human Resources policies based on a set of actions founded on principles aimed at attracting and retaining professionals according to the demands of business through proper remuneration, constant professional development, safety and well-being of employees. At December 31, 2015, the number of employees was approximately 1,300, characterized by a diverse, young and dynamic profile, considering that 59% of our employees have less than 35 years old.

It is worth mentioning their good educational level, considering that 55% have bachelor's or higher degrees (15% have graduate courses, 29% hold bachelor's degrees and 11% have not finished or are presently taking undergraduate courses). Management, in particular, is formed by professionals of recognized professional experience in the market and in the Company.



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Social Responsibility

In 2015, we began the study for implementation of the social responsibility requirements established in standard SA 8000, by structuring mechanisms to assess the positive social impacts of the projects developed.

The purpose of the standard is to define and guide the commitment of Ouro Fino to social responsibility. This commitment implies the definition of the performance levels expected by the Company in relation to each requirement in standard SA8000 and its social responsibility management system, both internally (aspects that are controllable and influenced by Ouro Fino) and in terms of compliance standards expected from its customers, suppliers and subcontractors. We hope that the management and commitment to social responsibility are continually enhanced, covering the entire Company value chain.

We are aware of our role in the social and economic development of the environment in which we operate. In this regard, we allocated own resources, or those arising from tax incentive laws to various social and educational projects, thus contributing to social inclusion and improving the community's quality of life.

We are involved in several social programs and projects, thus intensifying our commitment to work with the community.

With the "Golden Youth" program we annually serve 130 children in Ouro Fino's headquarters, with a mission to contribute to the development and social inclusion of disadvantaged children of public schools through actions where children spend their idle time with sports practices, the development of artistic activities, environmental responsibility, and food and support for their families. The project "Golden Citizens" is an extension of this program and annually serves 30 adolescents through the formation of an orchestra of flutes and citizenship classes. At this stage of continuity, young people are registered to work in the future as apprentices (as from 14 years of age) in companies located in the region and in Ouro Fino.

Another program focusing on social development is the course of artificial insemination offered to professionals from all over Brazil providing access to technical knowledge, with certification from the Brazilian Association of Artificial Insemination (ASBIA) about the bovine reproduction. We invest in the training of these personnel bearing all the expenses, such as accommodation, food and materials used in the course. We have the support of six universities and research centers that contribute to the practical application of the concepts learned in the classroom. On the last day of the training, we offer participants a visit to our headquarters, so that they can know the process of manufacture of the products they have used. A total of 645 individuals were trained in 2015 and 567 individuals in 2014.

With the hippotherapy project we annually serve 35 people with physical or mental disabilities, in partnership with the Cavalry Platoon of the 3rd Battalion of the Military Police of the Interior, located in Ribeirão Preto (SP). Our participation includes providing an educator for the implementation of therapies, the uniform of practitioners and therapists and medications for the treatment of the horses used.

Through tax incentives we also collaborate with several projects entitled to tax benefits, including: the Cancer Hospital in Barretos, the "Ring-around-the-rosy in the square" project, the "Heirs of the future" project and the Hippotherapy project developed by the Hospital of the School of Medicine of Ribeirão Preto (FAEPA / USP).



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Environment

Considering everything we have achieved over the years, the objective of Ouro Fino now is to ensure the continuity of business coupled with environmental preservation. Our effort is linked both to internal actions, with the management of environmental aspects and impacts, and to external actions, with the development of new products and markets.

In carrying out our activities we comply with all applicable environmental laws and seek to reduce the main ecological "footprints", by encouraging energy and water efficiency, and reducing waste generation. The result of this search can be seen in the daily practices of our employees, as well as in investments in more efficient equipment and processes.

The Brazilian agricultural sector is at the center of several environmental sensitive and important issues, such as illegal pasture expansion on areas of high biodiversity (deforestation of the Amazon and the Cerrado region) and the relation with the increased greenhouse gas emissions, due to increased livestock. Operating in this market, we direct our efforts to develop products that increase production efficiency and minimize impacts. We understand this challenge and consider in our business vision the development of an agricultural sector with less environmental impact.

Working in this way allows value generation in products, because reducing the environmental impact of livestock producers is made through increasing performance, that is, to produce more in smaller areas and using fewer resources. To accomplish this, we are next to the producer through our commercial team and different communication channels, promoting the understanding of the performance improvements when properly using the products offered.

Acting in the value chain, understanding the real and significant impacts of rural production, in addition to being able to measure them, will be the challenge and the commitment we make for the coming years. Will direct our efforts to reduce environmental risks in the value chain, spreading the conditions for improved productivity, measuring and monitoring the effectiveness of these actions and reaping the results in environmental analytical and accurately.

Our main challenge will be to stimulate a market culture that understands the value of environmental preservation for the prosperity of the agricultural sector, allowing the reduction of the numerous environmental risks we are exposed when neglecting the value of natural resources and ecosystems.

For 2016, we are adopting a position in relation to climate change management through an inventory of greenhouse gas emissions with short, medium and long-term targets.



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Final comments

Ouro Fino is confident and, based on its historical good performance, maintains its commitment to devote continuous efforts for a sustainable growth. In our continuous search for business excellence, we thank our customers, suppliers, financing agents, stockholders and associates for their trust in the actions carried out by Ouro Fino, and we invite all of you to continue sharing our ideals in the coming years.