

**Quotation (05-09-12):**

FJTA3 R\$ 2.50  
FJTA4 R\$ 2.42

**Number of shares:**

ON 47,137,539  
PN 94,275,078  
Total 141,412,617

**Website:**

www.taurusri.com.br

**Porto Alegre, May 14, 2012** - Forjas Taurus S.A. (BM&FBOVESPA: FJTA3, FJTA4), which operates in the **Defense and Security** industry, as the largest weapons manufacturer in Latin America and one of the largest in the world; as well as in the **Metallurgy and Plastics** industry, as a market leader in the production of motorcycle helmets, and also manufactures plastic containers, and carries out forgery, M.I.M – *Metal Injection Molding* and boiler-related activities, reports hereby its results for the 1st quarter of 2012 (1Q12). For purposes of comparison and comments about management discussion and analysis of results (MD&A), data for the 1st quarter of 2011 was reclassified (1Q11<sup>R</sup>) due to assets and liabilities held for sale and discontinued operations, since disposal of subsidiary Taurus Máquinas-Ferramenta Ltda. was decided by management in September 2011. The comments on performance for 1Q12 were made in relation to pro-forma information for 1Q11<sup>R</sup>, although original data for 1Q11 is being presented for Quarterly Information - ITR purposes. The Company has eight plants in Brazil and one in the USA and its operating and financial information, except where indicated otherwise, is consolidated in accordance with *International Financial Reporting Standards – IFRS* and amounts are expressed in millions of reais.

## FORJAS TAURUS REPORTS RESULTS FOR 1ST QUARTER 2012 (1Q12)

**Market value:**  
ON 117,843,848  
PN 228,145,689  
Total 345,989,536

**1 – Economic and Financial Performance****1.1 – Main Economic and Financial Indices**

Consolidated amounts are expressed in millions of reais, except where otherwise indicated

Ratios	1Q12	1Q11	1Q11 <sup>R</sup>	4Q11	Variation %		
					1Q12/1Q11	1Q12/1Q11 <sup>R</sup>	1Q12/4Q11
<b>Net revenue</b>	<b>178.4</b>	<b>164.6</b>	<b>155.9</b>	<b>174.3</b>	<b>8.4%</b>	<b>14.4%</b>	<b>2.3%</b>
Domestic market	69.8	74.4	65.8	84.3	-6.2%	6.1%	-17.2%
Foreign market	108.6	90.2	90.1	90.0	20.4%	20.5%	20.7%
Gross profit	66.1	60.1	60.67	76.7	10.1%	9.0%	-13.8%
<b>Gross margin - %</b>	<b>37.1%</b>	<b>36.5%</b>	<b>38.9%</b>	<b>44.0%</b>	<b>+ 0.6 p.p.</b>	<b>- 1.8 p.p.</b>	<b>- 6.9 p.p.</b>
Operating expenses	-35.8	-40.2	-37.3	-48.6	-11.1%	-4.2%	-26.4%
Operating profit (EBIT)	29.9	19.4	22.9	28.1	54.2%	30.8%	6.5%
Depreciation and amortization	7.6	7.3	6.5	7.5	3.9%	16.9%	1.3%
Net income	12.1	7.1	7.1	13.9	70.4%	70.4%	-12.9%
<b>Net margin - %</b>	<b>6,8%</b>	<b>4,3%</b>	<b>4,6%</b>	<b>8,0%</b>	<b>+ 2.5 p.p.</b>	<b>+ 2.2 p.p.</b>	<b>- 1.2 p.p.</b>
EBITDA *	36.5	27.5	30.1	37.1	32.7%	21,3%	-1.6%
<b>EBITDA margin - %</b>	<b>20,5%</b>	<b>16,7%</b>	<b>19,3%</b>	<b>21,3%</b>	<b>+ 3.8 p.p.</b>	<b>+ 1.2 p.p.</b>	<b>- 0.8 p.p.</b>
Total assets	1,126.9	1,114.3	933.1	1,112.6	1,1%	20.8%	1.3%
Equity	334.3	32.,2	430.6	325.2	2,8%	-22.4%	2.8%
Investments (CAPEX)	15.8	9.6	9.6	8.7	64,6%	64.6%	81.6%

\* EBIT: For EBIT calculation purposes, equity pickup result was not considered, contained in operating expenses of the ITR form.

\* EBITDA: Earnings before interests, tax, depreciation and amortization.

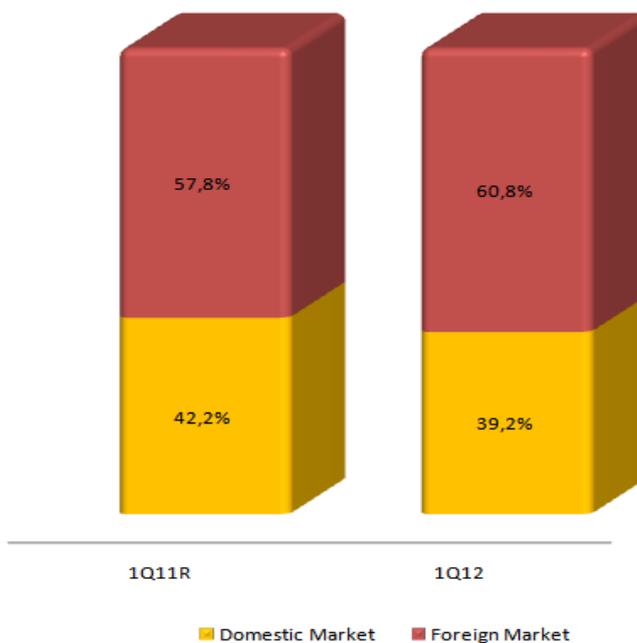
**Pro-forma: 1Q11<sup>R</sup>** Data related to 1st quarter of 2011 was reclassified (1Q11<sup>R</sup>) due to assets and liabilities held for sale and discontinued operations, since disposal of subsidiary Taurus Máquinas-Ferramenta Ltda was decided by management in September 2011 and was disclosed in the ITR for 3Q11.



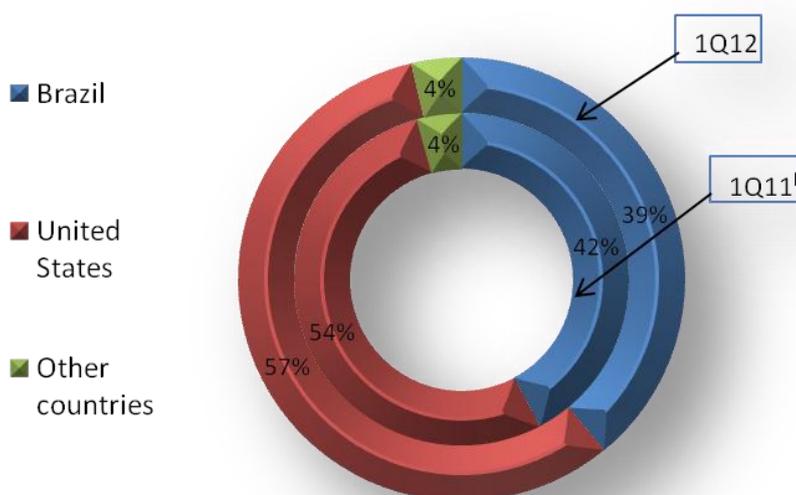
## 1.2 – Consolidated net revenue

Consolidated net revenue for 1Q12 totaled R\$ 178.4 million, up 14.4% as compared to 1Q11<sup>R</sup>. This increase is explained mainly by the 20.5% increase in sales to foreign market, which correspond to 60.8% of total consolidated net revenue. Sales to the USA alone represented 57% of total sales and 94% of exports. There was consumption increase in the USA market in 2011, which continued at the beginning of 2012.

We illustrate below Company sales, in the domestic and foreign markets, expressed in millions of reais, for the quarter being analyzed:



## Consolidated sales by country



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**NÍVEL 2**  
BM&FBOVESPA

**FJTA3 NÍVEL 2**  
BM&FBOVESPA

**FJTA4 NÍVEL 2**  
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### 1.3 – Information by business segment

The table below sets out consolidated financial highlights by business segment:

	Net revenue			Gross profit			Gross margin			Pretax income				
	1Q12		1Q11 <sup>R</sup>	Var.	1Q12	1Q11 <sup>R</sup>	Var.	1Q12	1Q11 <sup>R</sup>	Var.	1Q12	1Q11 <sup>R</sup>	Var.	
<b>Weapons</b>	131.1	73,4%	115.6	74,2%	13,4%	43.8	43.5	0,7%	33,4%	37,6%	-5,2 p.p.	12.8	9.4	36,2%
<b>Helmets</b>	32.1	18,0%	28.0	18,0%	14,6%	13.8	11.1	24,3%	43,0%	39,6%	+3,4 p.p.	9.6	7.7	24,7%
<b>Other</b>	15.3	8,6%	12.3	7,9%	24,4%	8.5	6.1	39,3%	55,6%	49,6%	+6,0 p.p.	6.0	4.1	46,3%
<b>Total</b>	<b>178.5</b>		<b>155.9</b>		14,5%	<b>66.1</b>	<b>60.7</b>	8,9%	<b>37,0%</b>	<b>38,9%</b>	-1,9 p.p.	<b>28.4</b>	<b>21.2</b>	34,0%

- (i) Firearms – operations carried out by Forjas Taurus S.A. and Taurus Holdings, Inc. (USA);
- (ii) Motorcycle helmets – operations carried out by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;
- (iii) Other – forgery, boiler-related, bullet-proof vests and plastic products.

### Defense and Security Segment

#### Weapons

Weapon sales in 1Q12 represented 73.4% of total consolidated net revenue, aggregating R\$ 131.1 million, up 13.4% as compared to 1Q11<sup>R</sup> (R\$ 115.6 million or 74.2% of total consolidated net revenue). There was a small gross profit increase by 0.7%, with a decrease in gross margin of 5 p.p. due to the mix of products, however pretax income increased by 36% in 1Q12 as compared to 1Q11<sup>R</sup>.

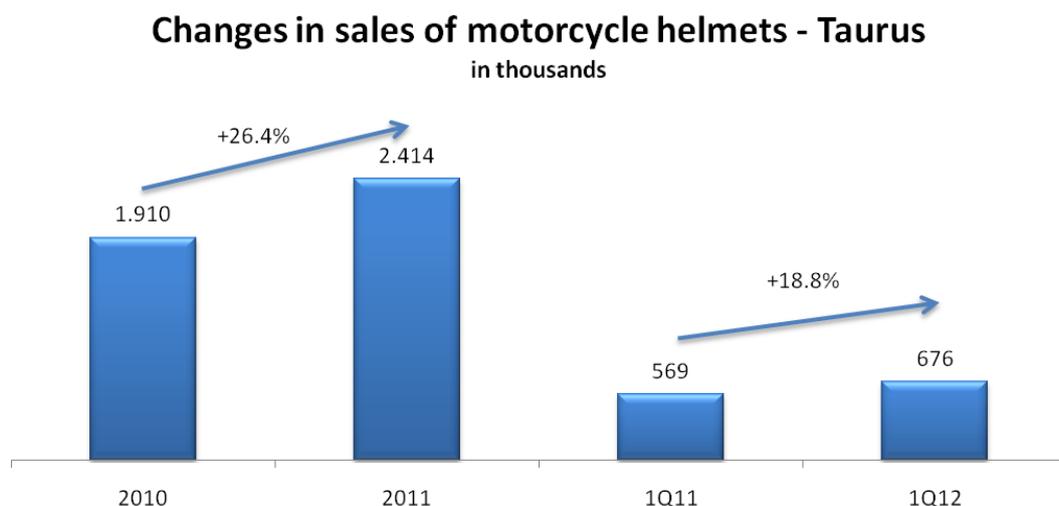
### Metallurgy and Plastics Segment

#### (1) Motorcycle helmets

Motorcycle helmet sales represented 18% (R\$ 32.1 million) of total consolidated net revenue for 1Q12, up 14.6% as compared to R\$ 28 million, and unaltered 18% of total consolidated net revenue for 1Q11<sup>R</sup>.

Despite the decrease in motorcycle sales in the market in 1Q12, mainly due to increase in consumer default, thus resulting in increased restrictions to consumer credit offer, Taurus succeeded in maintaining positive helmet sales evolution, thus increasing its market share.

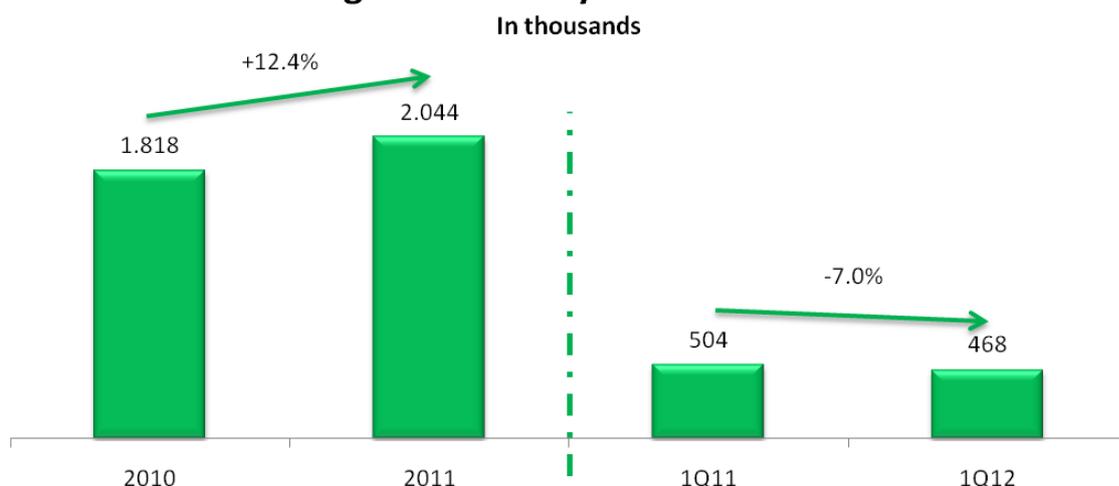
We set out below evolution of sales in Brazil of motorcycle helmets manufactured by Taurus, in 1Q11 and 1Q12.



Source: Company data



## Changes in motorcycle sales in Brazil



### (2) Other products

Consolidated net revenue from other products aggregated R\$ 15.3 million in 1Q12 or 8.6% of total consolidated net revenue (R\$ 12.3 million or 7.9% of total consolidated net revenue in 1Q11<sup>R</sup>).

Source: Abraciclo

### 1.4 – Gross profit and gross margin

Consolidated gross profit increased 8.9%, totaling R\$ 66.1 million in 1Q12, with gross margin of 37% (R\$ 60.7 million in 1Q11<sup>R</sup> and gross margin of 38.9%). Gross profit and gross margin were mainly affected by the following factors: Positive: (1) increase in the number of motorcycle helmets sold in Brazil; (2) productivity gains mainly in the motorcycle helmet manufacturing plants with conclusion of expansion of the plant in Simões Filho (Bahia state); and (3) impact from exchange variation; and Negative (1) increase in production costs and of raw materials for weapons and motorcycle helmets, respectively.

### 1.5 – Operating profit - EBIT

Consolidated operating profit, measured by EBIT (earnings before interest and taxes), increased 30.8%, totaling R\$ 29.9 million in 1Q12, with operating margin of 16.8% (R\$ 22.9 million and operating margin of 14.7% in 1Q11<sup>R</sup>). EBIT was mainly affected by the 9% increase in gross profit and the 4.2% decrease in total operating expenses as compared to 1Q11<sup>R</sup>.

### 1.6 – EBITDA and EBITDA margin

Consolidated cash generation in 1Q12 increased 21.3% as measured by EBITDA (earnings before interest, taxes, depreciation and amortization), totaling R\$ 36.5 million with EBITDA margin of 20.5% (R\$ 30.1 million and EBITDA margin of 19.3% in 1Q11<sup>R</sup>).



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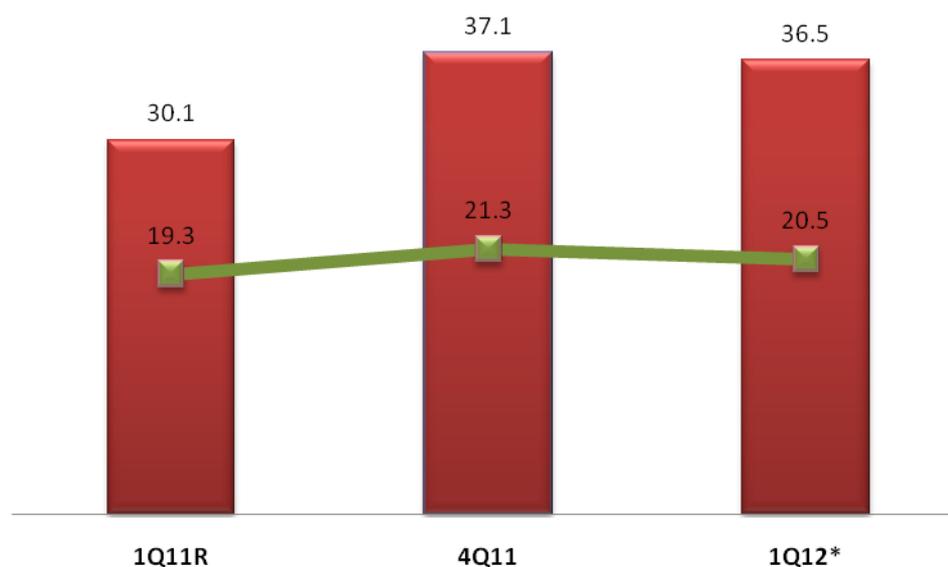
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### 1.7 – Financial expenses, net

Net financial expenses in 1Q12 totaled R\$ 1.9 million, down 12.8% as compared to R\$ 2.2 million in 1Q11<sup>R</sup>. This decrease in net financial expenses is mainly due to better foreign exchange result, which generated financial income proportionally higher than the increase in financial expenses.

The Company communicated to the market on April 3, 2012, the taking out of an international credit line, as approved by the Board of Directors' meeting held on March 29, 2012, through CVM IPE system, the taking out of a Revolving Line of Credit Facility by subsidiary Taurus Holdings, Inc. and its subsidiaries, in the amount of USD 75,000,000.00 (seventy-five million US dollars), with term of 5 (five) years and at competitive costs.

Fund raising abroad is in line with the Company's Business Plan and Budget for 2012, for the purpose of identifying loan alternatives for working capital purposes, with financial institutions in Brazil and in the USA, with more advantageous terms and costs, for capital expenditures (CAPEX), as well as to attain another target sought by management, i.e. business growth through acquisitions, especially in the USA, which has presented excellent opportunities that are being analyzed.

This operation is also part of the Company's sustainable internationalization strategy as well as to have access to global capital market.

### 1.8 – Net income

Consolidated net income for 1Q12 was up 70.4% in relation to 1Q11, totaling R\$ 12.1 million (as compared to R\$ 7.1 million). This market increase in consolidated net income was mainly due to the following factors: (a) increase in revenue from the defense and security as well as the metallurgy and plastics segments; (b) increase in gross profit; (c) decrease in net operating expenses; (d) profit realization on consolidated inventory; (e) exchange variation; (f) increase in financial income; and (g) increase in income before discontinued operations of Taurus Máquinas-Ferramenta Ltda., of which the impact was quite lower in relation to 4Q11 due to the measures that have been taken since the decision of discontinuing operations in September 2011.

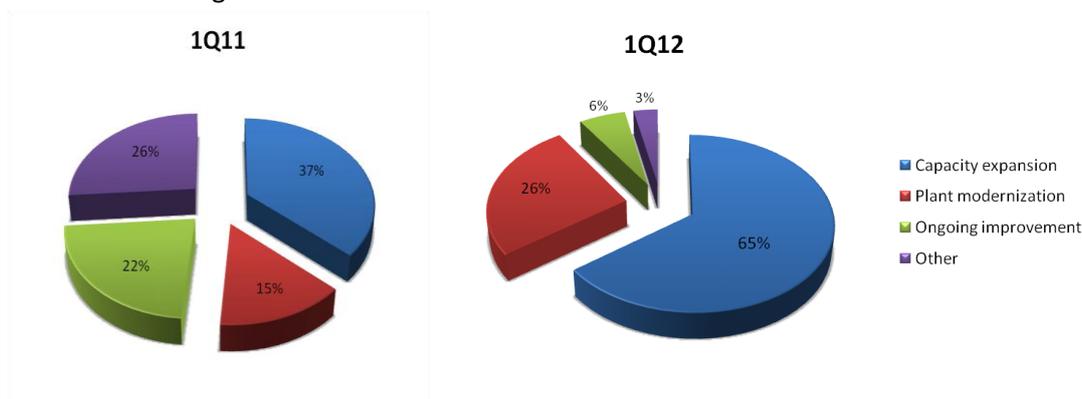


## 1.9 – Consolidated investments

Consolidated investments in property, plant and equipment in 1Q12 totaled R\$ 15.8 million (R\$ 9.6 million in 1Q11<sup>R</sup>). Depreciation and amortization totaled R\$ 6.6 million in the quarter, as compared to R\$ 7.2 million in 1Q11<sup>R</sup>.

The Company's capital budget of R\$ 79 million proposed by management for 2012 was approved by the Ordinary Shareholders' Meeting held on April 27, 2012, considering the previously announced acquisitions such as that of Steelinject in Brazil and Heritage Manufacturing INC. in the USA.

The graphs below illustrate investments in property, plant and equipment in 1Q12 and 1Q11<sup>R</sup>, with the following distribution:



## 1.10 – Financial position

Cash and short-term investments aggregated R\$ 186.0 million at March 31, 2012, up 15% as compared to R\$ 162.2 million at December 31, 2011), comprising variable-interest Bank Deposit Certificates (CDB), earning 98% to 103% of CDI, taken out with first-tier banks.

Total indebtedness of Taurus companies at March 31, 2012 aggregated R\$ 565.9 million, up 6% in relation to R\$ 533.8 million at December 31, 2011. The funds are mainly destined to: (i) working capital; (ii) investments for plants modernization; (iii) export financing; and (iv) acquisitions.

Long-term loans and financing totaled R\$ 246.7 million at March 31, 2012, up 6% as compared to December 31, 2011, not yet reflecting the fund raising of USD 75 million, within 5 years at competitive costs, by Taurus International INC. in the USA.

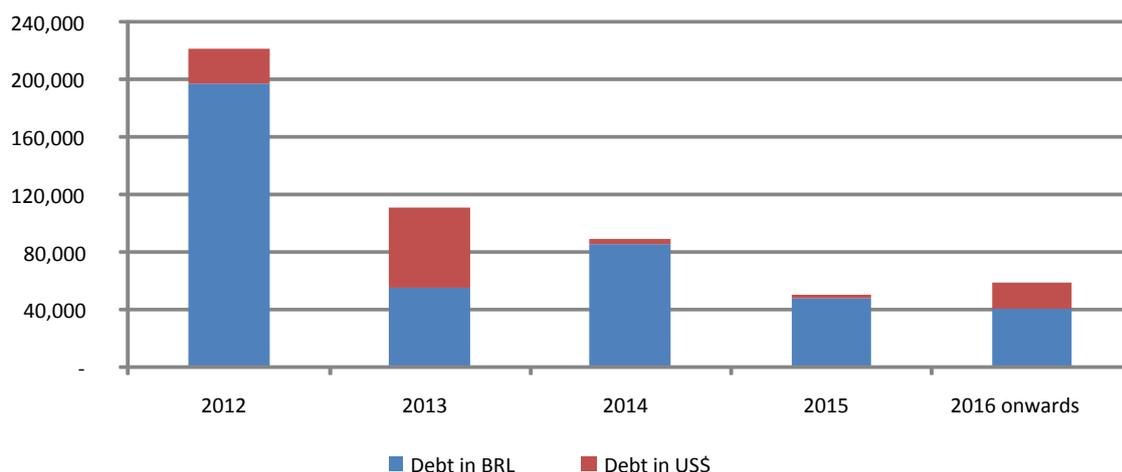
The funds raised will be destined to working capital to be used in operations in the USA, thus allowing the parent company in Brazil to grant shorter payment terms, as well as to pay HERITAGE acquisition for USD 10 million, of which USD 9 million was paid on April 30, 2012, with the remaining USD 1 million to be paid on April 30, 2013.



Strategically, payment terms were extended at lower costs and, even with the pressure for increasing short-term indebtedness, net indebtedness at March 31, 2012, increased only 2%, thus reaching R\$ 379.9 million, as compared to R\$ 371.6 million at December 31, 2011.

Loans and financing maturing in 2012, in local currency and in US dollars, are part of the Company's structural working capital, with regularly renewed credit lines. It also includes the amount of first-issue debentures, which are intended to be redeemed early through negotiation with debenture holders.

### Consolidated debt maturity schedule – In thousands of reais



The breakdown of financial ratios set out below includes advance on real estate credits (CRI) as well as sureties and guarantees and reflects the effects from the Company's corporate reorganization occurred in July 2011. We set out below the changes from December 2011 to March 2012 as well as the related ratios:

	In millions of reais		
	12/31/2011	3/31/2012	Variation
Indebtedness - short-term	99.0	142.1	44%
Indebtedness - long term	232.7	246.7	6%
Foreign exchange payable	39.6	23.9	-40%
Debentures	125.3	128.0	2%
Advance on real estate credits	36.1	34.4	-5%
Derivatives	1.0	-9.2	
Gross indebtedness	532.7	565.9	6%
(-) Cash and short-term investments	162.2	186.0	15%
Net indebtedness	370.5	379.9	2%
EBITDA	130.8	137.2	
Net indebtedness/EBITDA	2.84x	2.77 x <sup>(1)</sup>	00.07 x
EBITDA/financial expenses, net	2.75x	2.90 x <sup>(1)</sup>	+0.15 x



## 2 – Discontinued operations

### Taurus Máquinas-Ferramenta Ltda.

In September 2011, Company management prepared a plan for disposal of subsidiary Taurus Máquinas-Ferramenta Ltda., transaction which is scheduled to be concluded in the next 12 months.

Due to the decision of disposing of this investment, it was classified as “held for sale” and recorded in accordance with technical pronouncement IFRS 5 and CPC 31 – Non-current assets held for sale and discontinued operations.

The consolidated result of discontinued operations included in the income statement for 2011 is as under:

<b>Loss for the year from discontinued operations <sup>(1)</sup></b>	<b>03/31/12</b>	<b>03/31/11</b>
Revenues	10,347	8,212
Expenses	-15,513	-13,427
<b>Loss for the year from discontinued operations</b>	<b>-5,166</b>	<b>-5,215</b>

(1) Including elimination of transactions carried out between Taurus Máquinas-Ferramenta Ltda. and other Group companies.

The Company continues negotiating with a potential buyer already identified in order to agree the general terms for the sale. The Company is also evaluating the form of such transaction in order to meet the interests of both parties, including optimization of corporate structure and tax costs during and after the transaction. Management does not expect to incur significant additional losses with this transaction.

## 3 – Capital market

### Performance of shares of Forjas Taurus S.A. - Bovespa

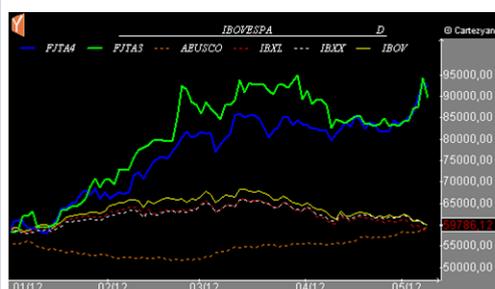
Company shares have been traded on Bovespa stock exchange since March 1982. On July 7, 2011, the Company was classified in Corporate Governance Level 2 of BM&FBovespa after a thorough review and restatement of its Charter in order to include adoption of differentiated corporate governance practices provided for Level 2.

Due to the corporate reorganization occurred in July 2011, which entailed capital increase, followed by share split and reverse split, the number of Company shares was increased to 141,412,617 shares at December 31, 2011, comprising 47,137,539 common shares, representing 33.3% equity interest and 94,275,078 preferred shares, representing the remaining 66.7% equity interest, with no further changes in the quarter ended March 31, 2012.

The table below sets out recent evolution of the main aspects related to liquidity, such as number of trade operations, financial volume and number of traded shares, as well as market value, based on certain information about shares traded on BM&FBovespa, clearly showing increase in liquidity and appreciation of Taurus shares along 2012 above the Ibovespa index:



	Mon. Average Dec/11	Cumul Average 2012 Jan/May/12	Cumul Average 2012 Dec/11	Méd. Acum. 2011 Jaz/Dez/11	Cumul Average 2011 Jan/Dec/11	Average 01 until 9/May/12	Average 01 until 9/May/11	Δ YoY
FJTA3 - 47.137.539 shares								
Stock price- R\$ share	1.49	2.30	54%	2.19	5%	2.37	3.24	-27%
Trades - Amount	30,274	16,257	-46%	33,369	-51%	8,600	2,089	312%
Trades - Volume R\$	49,231	36,069	-27%	67,909	-47%	20,933	9,352	124%
FJTA4 - 94.275.078 shares								
Stock price- R\$ share	1.45	2.07	42%	2.20	-6%	2.28	2.31	-1%
Trades - Amount	164,926	293,754	78%	167,176	76%	535,817	64,844	726%
Trades - Volume R\$	241,385	612,849	154%	378,049	62%	1,224,520	205,587	496%
Market Value FTSA - R\$ thousand								
141.412.617 shares	207,256	303,304	46%	310,697	-2%	326,113	370,553	-12%
Ibovespa	57,664	63,539	10%	61,246	4%	61,220	63,731	-8%



FJTA3							
Periodo	Max	Min	Average	Average Var. Daily	Average Neg.	Average Volume	Average Ammt.
jan/12	2,00	1,50	1,71	1,12	11,55	17.153	10.395
feb/12	2,52	1,85	2,15	1,35	16,71	58.991	29.800
mar/12	2,56	2,20	2,44	0,11	12,38	32.486	13.452
apr/12	2,46	2,09	2,28	(0,28)	9,60	23.983	10.265
may/12	2,54	2,25	2,37	1,36	19,17	20.933	8.600

FJTA4							
Periodo	Max	Min	Average	Average Var. Daily	Average Neg.	Average Volume	Average Ammt.
jan/12	1,64	1,57	1,61	0,86	112	332.742	205.243
fev/12	1,93	1,87	1,90	0,96	146	643.889	335.047
mar/12	2,17	2,09	2,13	0,17	205	636.767	296.614
abr/12	2,16	2,09	2,13	0,01	93	414.260	194.055
mai/12	2,43	2,25	2,28	1,65	147	1.224.520	535.817

## 4 – Subsequent Events

### 4.1. Engagement of new Independent Auditors

**In April 2012, Ernst & Young Terco Auditores Independentes S.S.** was engaged by the Company as independent auditor, in accordance with the mandatory rotation of auditor, prescribed by CVM Rule No. 509/11, as approved by the Board of Directors' meeting of April 17, 2012.

### 4.2. International credit line

**Communication to Market dated April 3, 2012**, of taking out of Revolving Line of Credit Facility by subsidiary Taurus Holdings, Inc. and its subsidiaries, in the amount of USD 75,000,000.00 (seventy-five million US dollars), with term of 5 (five) years and at competitive costs.

### 4.3. Acquisition of Heritage Manufacturing INC. ("HERITAGE")

**The Board of Directors' meeting held on April 30, 2012** unanimously approved acquisition by Taurus Holdings, Inc. ("TH"), a subsidiary of the Company, headquartered in Miami, Florida, USA, of Heritage Manufacturing, Inc. ("HERITAGE"), a US company, also located in Miami, Florida, authorizing the Executive Board of TH to prepare the necessary documents to acquire HERITAGE.

**The operation was recommended by the Executive Board of TH and the Executive Board of the Company** based on the analysis concluding that weapon sales have remained stable in the American market in the last few years and the acquisition of weapon manufacturing companies will allow attaining increase in market share, as well as operating in market niches. In addition, HERITAGE was subject matter of a Due Diligence review, carried out by Berkowitz Dick Pollack & Brandt, and no differences were detected in the balances previously presented.

**On May 2, 2012, the Company disclosed Relevant Information** to shareholders and the market in general, about acquisition by HERITAGE in Opa Locka, Florida, a company that proudly

manufactures an American legend, i.e. the Single Action Revolver, for US\$ 10,000,000.00 (ten million US dollars), payable in two installments, the first of US\$ 9,000,000.00 on 04-30-2012 and US\$ 1,000,000.00 until 04-30-2013.

**The investment amount has already been provided for by capital budget 2012**, recently approved by the Ordinary Shareholders' Meeting of April 27, 2012. The funds for this acquisition will derive from an international credit line taken out by the subsidiary of Taurus in the USA, with term of 5 years and at competitive cost, as per the Communication to Market dated April 3, 2012.

**Heritage Manufacturing was founded in 1992** by Jay Bernkrant and his wife, Maria Diaz, and its firearms were soon acknowledged for their notable precision, quality and value. With inclusion of Rough Rider 22LR and 22 Magnum revolvers to the products portfolio, this acquisition supplements our Taurus and Rossi products, being aligned with our growth strategy through acquisitions and partnerships with companies that are also qualified to offer firearms at accessible prices.

Taurus continues making shooting sports-related investments and HERITAGE offers accessible products to our customers, including hunting, plinking and cowboy- action shooting customers for amusement purposes.

**On May 3, 2012, the Company disclosed a Communication to Market** in reply to BM&FBovespa GAE/CREM Official Letter No. 2065 dated 05-02-12, with a copy to CVM, informing that HERITAGE acquisition was not approved by the Company's general shareholders' meeting and, due to the considerations below, understood that approval of the referred to acquisition was not necessary in light of article 256 of Brazilian corporation law, since:

(1) in meeting the "relevant investment" criterion:

(i) Taurus Holdings, Inc. ("TH"), a wholly-owned subsidiary of the Company, headquartered in Miami, Florida, USA, acquired on 04.30.2012, 100 (one hundred) shares, representing 100% equity interest in HERITAGE, for US\$10,000,000.00 (ten million US dollars) or, approximately R\$19,000,000.00 (nineteen million reais);

(ii) at 12.31.2011, date of closing of the Company's financial year preceding this acquisition, Company equity amounted to R\$325,200,000.00 (three hundred and twenty-five million and two hundred thousand reais); and

(iii) the Company's indirect investment in HERITAGE thus represents 5.9% of the Company's equity for the year ended 12.31.2011 and, consequently, is not relevant, on the terms of sole paragraph, article 247 of Brazilian corporation law.

(2) the acquisition price of HERITAGE, of US\$100,000.00 (one hundred thousand US dollars) per share, is not in excess of 1.5 (one and a half) times the higher of the 3 (three) amounts provided for by item II, main clause of article 256 of Brazilian Corporation law, considering that:

(i) there shall not be application of the parameter of average quotation of shares on stock exchange or in the organized OTC market during the 90 (ninety) days before the contract date, considering that HERITAGE was and is a closely-held company and, therefore, with shares not traded on stock exchange;

(ii) the amount of 15 (fifteen) times annual earnings per share of HERITAGE is of US\$261.825,00 (two hundred and sixty-one thousand, eight hundred and twenty-five US dollars), considering average annual earnings per share of HERITAGE for the years ended 12.31.2011 and 12.31.2010, since the unit value of earnings per share of such years was, respectively, of US\$22,060.00 (twenty-two thousand and sixty US dollars) and US\$12,850.00 (twelve thousand, eight hundred and fifty US dollars); and



(iii) the equity valuation report at market value of HERITAGE was not prepared, considering that item II, article 256 of Brazilian corporation law establishes a cap, i.e. one and a half times “the higher of the 3 (three) amounts”, so that determination of equity amount at market value will not affect the conclusion about the need or not of convening a General Shareholders’ Meeting to approve the acquisition.

Regarding the criterion established in item II, main clause of article 256 of Brazilian corporation law, we highlight that the price of acquisition of shares issued by HERITAGE (US\$100,000.00 per share) could not be (as in fact it is not) in excess of US\$392,737.50 per share (amount that represents one and a half times the amount of fifteen times annual earnings per share of HERITAGE, according to article 256, II, “C” of Brazilian corporation law). As such, even if the amount of equity of HERITAGE were determined at market value, according to article 256, II, “B” of Brazilian corporation law, there would not be any resulting effect, since: this amount is higher than the amount of annual earnings per share, the limit provided for by the referred to item II would only increase; and, since this amount is lower, the amount to be used would continue being annual earnings per share (for being the higher of the amounts).

## 5 – 2012 Guidance

Based on growth projections for the two main business segments defined by the Company in the **Defense and Security and Metallurgy and Plastics areas**, there was no change to date in relation to estimates at the end of 2011, except for the acquisition abroad communicated on May 2, 2012 as subsequent event, which confirms 2012 guidance:

**Consolidated net revenue** will be in excess of R\$ 700 million, owing to the contribution of HERITAGE to the subsidiary in Miami, Florida, as detailed below, as regards the main effects on Company businesses;

**EBITDA** will be in excess of R\$ 150 million owing to revenue increase prospects and the acquisitions made to date;

**Investments (CAPEX)** will aggregate approximately R\$ 79 million including the operations in the USA and the acquisitions already made in 2012;

**We will give continuity to the growth strategy**, analyzing opportunities for acquisition that may arise along the year; and

**The main effects from HERITAGE acquisition on the Company business are as follows:**

- ✓ Expansion of the Company’s portfolio of products and marks, considering the existing ones like Taurus and Rossi, and a market niche that it still not explored in the USA, combining quality and accessible products, allowing market share increase in the shooting sports segment;
- ✓ Heritage operates with a line of products created based on American tradition in the their far west mountains, denominated Rough Rider, which inspired the models and marks of single action revolvers; caliber 22 guns, as well as the line of



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accessories and ideal products for collectors, hunters or for the hobby, plinking or Cowboys Action-Shooting practice;

- ✓ Increased focus on the increase of sales in the US market, which currently represent 70% of the Company's weapon sales;
- ✓ Expansion of current installed capacity in the USA, with plans for expansion of production capacity of Heritage by 50% in the next 3 years;
- ✓ Heritage's production lines will be transferred to the current plant of Taurus in Miami, Florida, which will facilitate attainment of synergy gains and cost reduction;
- ✓ The investment in the acquisition represents less than 10% of the indirect controlling company's equity, therefore it is not considered a relevant acquisition under Brazilian legislation, as already explained in the Communication to Market dated May 3, 2012, in reply to Official Letter GAE/CREM 2065/12;
- ✓ Heritage will become a wholly-owned subsidiary of subsidiary Taurus International INC, an unlisted company, whose P&L will be consolidated by Forjas Taurus S.A., located in Brazil and listed at Level 2 of BM&FBovespa, with a marginal contribution to net income and profitability increase;
- ✓ Net revenue of Heritage represents more than 5% of consolidated net revenue in the USA of Taurus International INC, of approximately US\$ 180.5 million in 2011;
- ✓ The acquisition will contribute to increase growth of Taurus in the North American market (USA, Canada and Mexico), since the estimated 10% increase in net revenue in 2012 for these markets did not consider operating activities of Heritage; and
- ✓ The funds for this acquisition had already been provided for and will derive from an international credit line taken out by the subsidiary of Taurus in the USA, with term of 5 years and at competitive cost, according to the Communication to Market dated April 3, 2012.

