



FORJAS TAURUS S.A.

3Q11



Quotations (30-09-11):

FJTA3 R\$ 1,91
FJTA4 R\$ 1,79

Porto Alegre, November 11, 2011 - Forjas Taurus S.A. (Bovespa: FJTA3, FJTA4), the largest producer of weapons in Latin America and one of the largest in the world, consisting of companies distributed between eight business units in Brazil and one in the USA, with its main activities involving the production and sale of weapons, motorbike helmets, and forging machinery, announces its results for the third quarter of 2011 (3Q11) and the accumulated results for the first nine months of 2011 (9M11). The Company's operational and financial information, except when stated otherwise, is consolidated in accordance with IFRS – *International Financial Reporting Standards* and the monetary values are expressed in millions of Reais.

COMMENTS ON CONSOLIDATED PERFORMANCE

Number of shares:

ON 47.137.539
PN 94.275.078
Total 141.412.617

1 – Economic – financial performance

1.1 – Main economic-financial indicators

Amounts consolidated in millions of R\$, except when stated otherwise

	Quarter			Accumulated		
	3Q10	3Q11	Variation	9M10	9M11	Variation
Net income	152,1	140,0	-8,0%	439,5	443,7	1,0%
Domestic market	75,0	74,1	-1,3%	182,3	204,6	12,2%
Foreign market	77,1	65,9	-14,5%	257,2	239,1	-7,0%
Exports – US\$	44,8	40,9	-8,5%	142,8	147,9	3,6%
Gross profit	70,8	66,2	-6,4%	202,9	187,6	-7,6%
Gross margin - %	46,5	47,3	-0,8 p.p.	46,2	42,3	-3,9 p.p.
Operational profit (EBIT)	29,5	26,6	-9,8%	80,5	70,9	-11,8%
Net profit	18,9	16,5	-13,0%	52,9	23,4	-55,8%
Net margin - %	12,4	11,8	-0,6 p.p.	12,0	5,3	-6,7 p.p.
EBITDA ¹	38,2	34,1	-10,7%	107,5	93,7	-12,9%
EBITDA margin - %	25,1	24,4	-0,7 p.p.	24,5	21,1	-3,4 p.p.
Total assets	996,7	1.107,9	11,2%	996,7	1.107,9	11,2%
Shareholders' equity	454,5	323,0	-28,9%	454,5	323,0	-28,9%
Investments	12,7	11,8	-6,9%	36,7	38,7	5,7%

1 - EBITDA = profit before interest, taxes, depreciation and amortization

1.2 – Consolidated net income

Consolidated net income reported in 3Q11 amounted to R\$ 140 million (R\$ 152,1 million in 3Q10). For the accumulated 9M11, consolidated net income reported an increase of 1% compared to the same period from the previous year, reaching R\$ 443,7 million.

On the domestic market, net income reached R\$ 204,6 million for 9M11, 12,2% greater than the R\$ 182,3 million reported for 9M10. The main factor contributing to this increase in income was the growth of 28,6% in net sales for the motorcycle helmets segment.

During the 9M11, net income for the export market decreased by 7% compared to the same period from 2010, reaching R\$ 239,1 million. This variation in net income reflects, mainly, the valuation of the Brazilian real against the North American currency, since, when measured in US

Website:

www.taurusri.com.br

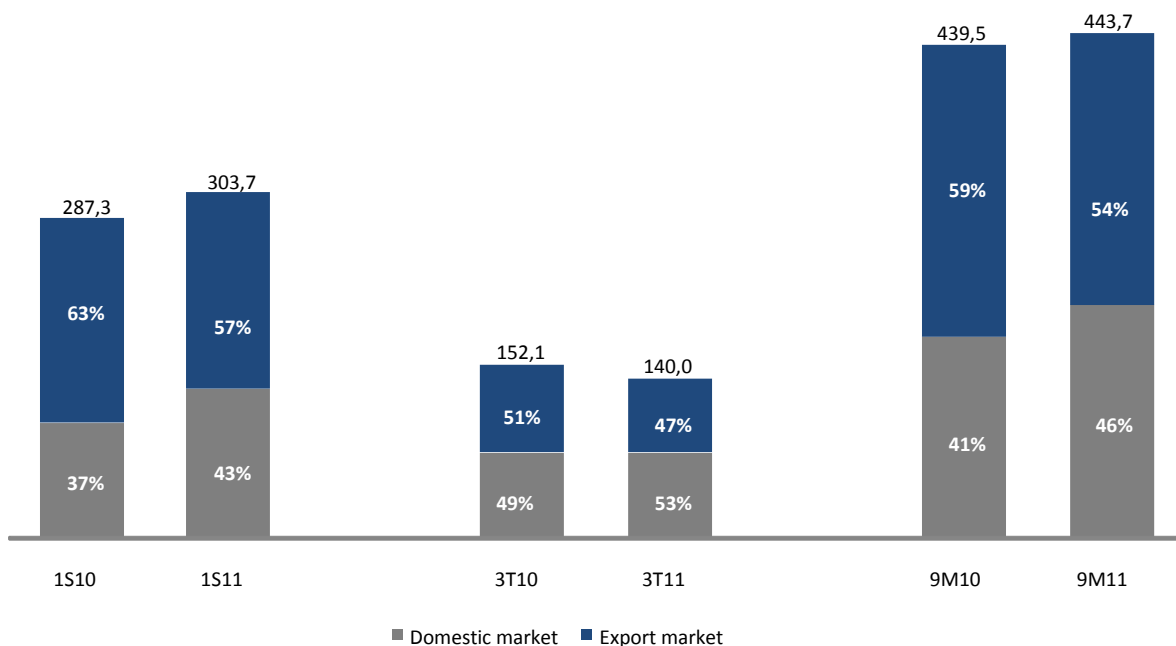
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dollars, sales on the export market amounted to US\$ 147,9 million, representing an increase of 3,6% compared to the US\$ 142,8 million registered in the same period from the previous year. The following graph illustrates the Company's sales, by market, in millions of reais, for 2011, compared to 2010.



1.3 – Information by business segment

The following table illustrates the consolidated financial highlights by business segment:

	Net income			Gross profit			Gross margin			Result before taxes		
	9M10	9M11	Var.	9M10	9M11	Var.	9M10	9M11	Var.	9M10	9M11	Var.
Guns	321,4	320,4	-0,3%	171,2	143,9	-15,9%	53,3%	44,9%	-8,4 p.p.	63,5	6,2	-90,2%
Helmets	67,5	86,8	28,6%	29,5	37,3	26,4%	43,7%	43,0%	-0,7 p.p.	19,5	31,8	63,1%
Others	50,6	36,5	-27,9%	2,2	6,4	190,9%	4,4%	17,4%	+13 p.p.	(3,9)	(4,6)	17,9%
Total	439,5	443,7	1,0%	202,9	187,6	-7,5%	46,2%	42,3%	-3,9 p.p.	79,1	33,4	-57,8%

- (i) Guns – operations undertaken by Forjas Taurus S.A. and Taurus Holdings, Inc. (United States);
- (ii) Motorcycle helmets – operations undertaken by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;
- (iii) Machinery – operations undertaken by Taurus Máquinas-Ferramenta Ltda.;
- (iv) Others – Forging segments (Forjas Taurus S.A.), boilers (9M10 Forjas Taurus S.A. and 9M11 Taurus Máquinas-Ferramenta Ltda.), bullet proof jackets and plastic products (Taurus Blindagens Ltda.)

Guns

Sales of guns in 3Q11 represented 69,3% of total consolidated net income, reaching R\$ 97 million (R\$ 112,5 million, equivalent to 74% of total consolidated net income in 3Q10). For 9M11, the segment reported consolidated net income of R\$ 320,4 million, representing 72,2% of total consolidated net income (R\$ 321,4 million, representing 73,1% of total consolidated net income for 9M10).

Motorcycle helmets

Sales of motorcycle helmets represented 21,4% (R\$ 30 million) of total consolidated net income in 3Q11, representing an increase of 27% of the R\$ 23,6 million, equivalent to 15,5% of total consolidated net income, reported in 3Q10. For 9M11, the segment represented 19,6% of total

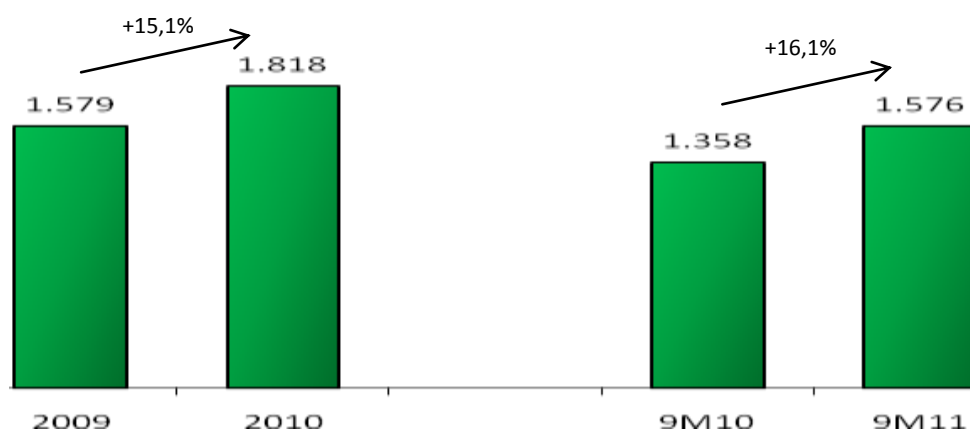


consolidated net income, reaching R\$ 86,8 million, 28,6% greater than the R\$ 67,5 million, or 15,4%, of total consolidated net income for 9M10.

Sales of motorbikes in Brazil in 2010 and in the first nine months of this year, leveraged the sales of motorcycle helmets, with the main consumer market being individuals, mainly from economic classes C and D.

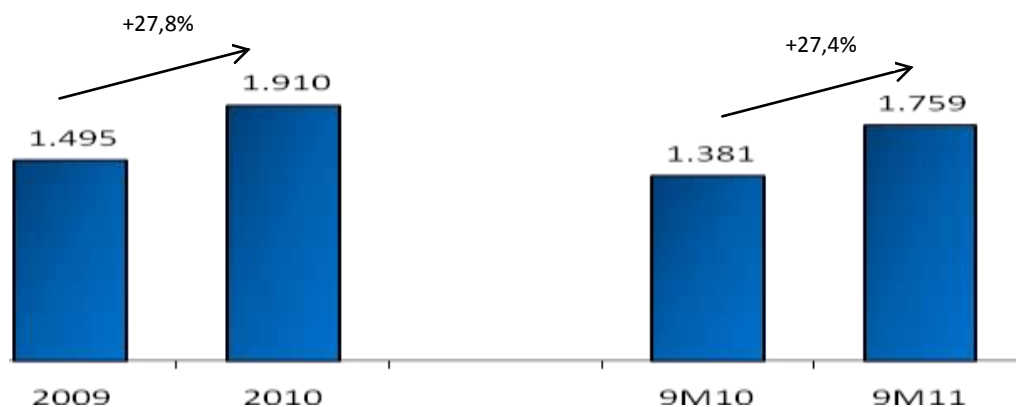
Presented below is the evolution of sales for the motorbike market in Brazil and the evolution of sales of motorcycle helmets manufactured by Taurus, in the years 2009 and 2010 and for the first nine months of 2010 and 2011.

Evolution of sales of motorbikes in Brazil
Quantities in millions of reais



Source: Abraciclo

Evolution of sales of motorcycle helmets - Taurus
Quantities in millions of reais



Source: Company date

Other segments

Net income from other products, amounted to R\$ 13 million in 3Q11, representing 9,3% of total consolidated net income (R\$ 16 million, equivalent to 10,5% of total consolidated net income in 3Q10). Accumulated for the 9M11, net income reached R\$ 36,5 million, equivalent to 8,2% of total consolidated net income (R\$ 50,6 million, or 11,5% of total consolidated net income for 9M10).

1.4 – Gross profit and gross margin

Consolidated gross profit reached R\$ 66,2 million in 3Q11, representing a gross margin of 47,3% (R\$ 70,8 million registered in 3Q10 and gross margin of 46,5%). In 9M11, gross profit reached R\$ 187,6 million and gross margin of 42,3% (R\$ 202,9 million and gross margin of 46,2% in 9M10).



The gross profit and gross margin were influenced mainly by the following factors: (i) valuation of the Real against the North American currency; and (ii) increase in the costs of production and raw materials for weapons and motorcycle helmets, respectively.

1.5 – Net operational expenses

Operational expenses (selling, general, administrative and other), net of other operational income, in 3Q11, amounted to R\$ 39,7 million or 28,3% of total consolidated net income, (R\$ 41,3 million, equivalent to 27,2% of total consolidated net income for 3Q10). In 9M11, operational expenses amounted to R\$ 116,6 million, equivalent to 26,3%, of total consolidated net income, 1,6 p.p. below the R\$ 122,4 million, equivalent to 27,9%, of total consolidated net income registered in 9M10.

1.6 – Operational profit - EBIT

Consolidated operational profit, measured based on the concept of EBIT (profit before interest and taxes), in 3Q11, amounted to R\$ 26,6 million, resulting in an operational margin of 19% (R\$ 29,5 million and operational margin of 19,4% in 3Q10). In 9M11, operational profit amounted to R\$ 70,9 million and the operational margin was 16% (R\$ 80,5 million and operational margin of 18,3% in 9M10).

1.7 – EBITDA and EBITDA margin

The generation of consolidated cash in 3Q11, measured based on EBITDA (profit before interest, taxes, depreciation and amortization), amounted to R\$ 34,1 million and registered an EBITDA margin of 24,4% (R\$ 38,2 million and EBITDA margin of 25,1% in 3Q10). The EBITDA for 9M11 amounted to R\$ 93,7 million and the EBITDA margin was 21,1% (R\$ 107,5 million and EBITDA margin of 24,5% in 9M10). The variation in the EBITDA was due mainly to the reduction reported for gross profit, as reported in item 1.4 above and the reduction of 3% in total operational expenses, net, as reported in item 1.5.

1.8 – Financial results

The net financial expenses in 3Q11 amounted to R\$ 29,3 million (R\$ 2,4 million, for the same period in 2010). The accumulated expenses to 9M11, amounted to R\$ 39,1 million (R\$ 2,6 million in 9M10). This increase in net financial expenses is due to the following factors: (i) valuation of the Real against the North American currency, resulting in a currency loss resulting in a currency loss on liabilities of approximately R\$ 19,7 million, representing 50,4% of total net financial results; and (ii) increase in financial charges for loans and financing, contracted at the Selic rate and CDI.

1.9 – Net profit

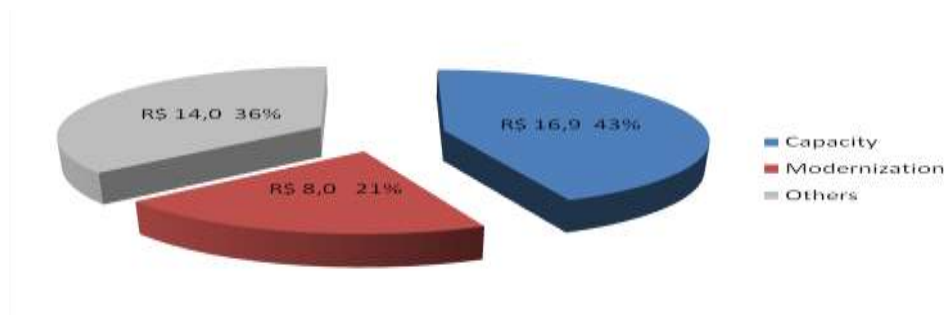
Consolidated net results for 3Q11, was R\$ 16,5 million (net profit of R\$ 18,9 million in 3Q10). In 9M10, Forjas Taurus S.A. and the consolidated companies reported net profit of R\$ 23,4 million (R\$ 52,9 million for the same period in 2010). This decrease in consolidated net profit was due mainly to the following factors: (a) Positive: (i) decrease in net operational expenses; (ii) realization of profits on consolidated inventories; (b) Negative: (i) valuation of the Real against the US dollar; (ii) increase in the production costs and costs of raw materials for weapons and motorcycle helmets, respectively; and (iii) increase in net financial expenses.



1.10 – Consolidated investments

The consolidated investments in property, plant and equipment in 3Q11 amounted to R\$ 11,8 million (R\$ 12,7 million in 3Q10). Depreciation and amortization amounted to R\$ 6,7 million (R\$ 7,4 million in 3Q10). Accumulated investments in the first nine months of 2011, amounted to R\$ 38,7 million (R\$ 36,7 million in 9M10) and depreciation and amortization amounted to R\$ 20,1 million (R\$ 22,3 million in 9M10).

Equipment, facilities and production processes used by the Company and its subsidiaries enable the investment program to be managed in accordance with product launches and in accordance with market demand. Within this context, in 9M11, investments in property, plant and equipment were made as demonstrated in the following graph:



1.11 – Financial position

Cash and cash equivalents amounted to R\$ 169,4 million at 30-09-11 (R\$ 188,7 million at 31-12-10). Of this total, R\$ 108,9 million (R\$ 149 million at 31-12-10) comprises post fixed CDBs, remunerated at rates that vary between 98 and 103,5% of CDI, contracted from top line financial institutions.

The loans and financing for the Taurus companies are allocated mainly to finance: (i) working capital; (ii) investments to modernize the factory park; and (iii) exports.

The financial composition presented below, which includes prepaid real estate credits – CRI and the sureties and guarantees, illustrates the effects from incorporating the debt from the company Polimetal Participações S.A. and the acquisition, by the Company, of shares in treasury (recess by shareholders guaranteed by the AGEP minutes of 27-05-2011), the main effects of the corporate restructuring which occurred on 07-07-2011. The variations in relation to 31-12-10 and 30-06-2011 and the main related indices, are demonstrated below:

	Amounts in millions of reais			Variation june-sept/11
	31-12-2010	30-06-2011	30-09-2011	
Short term indebtedness	86,5	99,8	94,6	-5,2%
Long term indebtedness	133,7	132,0	235,0	78,0%
Foreing currency withdrawals	4,5	7,80	38,6	394,9%
Debentures	105,3	90,3	144,3	59,8%
Prepaid real estate credits - CRI	42,1	39,3	37,8	-3,8%
Derivatives	(2,6)	(1,7)	2,2	-229,4%
Sureties and guarantees	131,2	111,1	-	
Gross indebtedness	500,7	478,6	552,5	15,4%
(-) Cash, cash equivalents and financial investments	188,7	187,0	169,4	-9,4%
Net indebtedness	312,0	291,6	383,1	31,4%
EBITDA	139,3	119,8 ⁽¹⁾	121,5 ⁽²⁾	1,4%
Net indebtedness / EBITDA	2,24	2,43	3,15	+0,72 x
EBITDA/Financial expenses, net	5,2	3,16	3,17	+0,01 x

⁽¹⁾ Amount refers to EBITDA 12 months in the period ended 30-06-2011

⁽²⁾ Amount refers to EBITDA 12 months in the period ended 30-09-2011



2 – Discontinued operations

Taurus Máquinas-Ferramenta Ltda.

In September 2011, Company management prepared a plan for the sale of the subsidiary Taurus Máquinas-Ferramenta Ltda., and anticipates concluding this transaction within the next 12 months.

As a result of the decision to discontinue the investment, it has been 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 results of the discontinued operations included in the statement of income for 2011, are presented below.

Loss for the period from discontinued operations	30-09-11	30-09-10
Income	30,4	38,9
Expenses	(63,4)	(40,6)
Loss for the period from discontinued operations	(33,0)	(1,7)

3 – Capital markets

Share performance of Forjas Taurus S.A. - Bovespa

The Company’s shares have been listed on Bovespa since March 1982. The preferred shares, (FJTA4), which have greater market liquidity, closed 9M11 quoted at R\$ 1,79.

	30-09-10	30-12-10	30-09-11
(i) Share quotation – R\$ historic			
ON (FJTA3)	5,01	5,50	1,91
PN (FJTA4)	4,64	4,10	1,79
(ii) Number of shares			
ON	42.744.720	42.744.720	47.137.539
PN	85.489.440	85.489.440	94.275.078
Total	128.234.160	128.234.160	141.412.617
(ii) Market value – in thousands of R\$			
ON	214.151	235.096	90.033
PN	396.671	350.507	168.752
Total	610.822	585.603	258.785

4 – Guidance 4T11

Forjas Taurus S.A. and its consolidated companies present below the consolidated guidance for 4T11:

Net income **R\$ 159 millions**

EBITDA **R\$ 121 millions**

Investments **R\$ 10 millions**