RELEASE

2Q13

Release republished on 03/28/2014 due to the restatement of the Quarterly Information for the 2nd quarter of 2013

FORJAS TAURUS S.A.
Revenue grows 16% in 2Q13 and 22% in 1H13

Porto Alegre, March 28, 2014 - Forjas Taurus S.A. (**BM&FBOVESPA:** FJTA3, FJTA4), a company in the segments of ***(i) Defense and Security*** – as the largest weapon manufacturer in Latin America and one of the largest in the world; and of ***(ii) Metallurgy and Plastics*** – as market leader in the production of helmets for motorcyclists, and in the production of bulletproof vests, antiriot shields, plastic containers and forged and molded parts (M.I.M – Metal Injection Molding), informs hereby the voluntary restatement of result for the 2nd quarter of 2013 (2Q13) and for the first half of 2013 (1H13), as established by **CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors** (equivalent to IAS 8).

Due to the amendment of the Purchase and Sale Contract ("Contract") in connection with disposal of operations of Taurus Máquinas-Ferramenta Ltda. ("TMFL"), occurred on September 12, 2013, the asset sale amount was decreased from R$ 115,35 million to R$ 57.52 million, resulting in a loss of R$57.83 million. Company management, in a review of all contracts and correspondence related to this operation, concluded that the events that lead to decrease in value was already present on the sale of the asset, whose original contract was signed on June 21, 2012.

As a result, decided to restate the quarterly results related to 2012 and 2013, including 2Q13, thus eliminating the following: (i) the independent auditor's qualified conclusion on the financial position; and (ii) the independent auditor's adverse conclusion on the result and cash flows for the restated periods.

Considering the changes made for purposes of voluntary restatement of the financial information, a new process for approval of the Company's Quarterly Information ("ITRs") ended at June 30, 2013 was conducted by management and, in accordance with **CPC 24 – Subsequent Events**, the impacts from subsequent events were also considered, occurred between the period of the ITR and approval for the restatement thereof.

A consolidated net profit of R$ 11.2 million in the 2Q13 was performed after ITR's restatement, as shown in Section 1.9 of this report.

In view of the above, beyond this ITR, were restated the Quartely Information ("ITR") closed in 09-30-12, 06-30-12, 03-31-13, 09-30-13, in addition to the financial statements standardized ("DFP") to the year ended at 12-31-12, for the quarters ended 06/30/12 and 09/30/12, there was also restatement of the balance sheets at 12/31/12 and the Quarterly Information (ITR) at 03/31/13, 06/30/13 and 09/30/13, all restated on the date hereof, for the comments on performance in management's discussion and analysis of results (MD&A) to reflect the new financial situation and the financial and economic result after restatement of the financial statements, as detailed in Note 3 of each restated period.

The impact from restatement of the financial statements is basically: (i) non-recurrent; and (ii) minimized for not representing significant outflows in the Company's cash flow, also the additional provisions may be reversed as the installments related to sale of TMFL operations are paid and if the contingencies do not materialize.

The Company's operating and financial information was consolidated in accordance with International Financial Reporting Standards – IFRS and the amounts are expressed in millions of Brazilian reais, except where otherwise stated.

The Company maintained the market apprised of the request of renegotiation that occurred in the 2nd and 3rd quarter of 2013, through the following actions:

- **08/14/13: Material News Release** about amendment to the quarterly information - ITR due to the request of renegotiation and the complexity of the proposal and the need of measuring the accounting impacts in the 2Q13;
- **08/20/13: Communication to Market** in reply to Official Document GAE 3263/13, dated 08/16/2013, of BM&FBOVESPA, with the estimate of concluding the renegotiation within up to 30 days;
- **09/12/13: Material News Release** about conclusion of the renegotiation of the Contract for sale of TMFL, with execution of an amendment thereto adjusting the sales value to R$ 57.52 million;
- **09/16/13: BMF&BOVESPA** established a new term of up to **10/15/13** for the Company, through Official Document DRE 159/13, dated 09/16/2013, to disclose financial information for 2Q13;
- **09/16/13: Minutes of the General Debenture Holders' Meeting and Communication to Market** in which 2nd issue debenture holders in the General Debenture Holders' Meeting authorized the trustee Oliveira Trust not to declare accelerated maturity, as provided for in the debenture issue indenture and establishing the deadline for filing the quarterly information - ITR for 2Q13 of up to 10/31/13;

- **10/11/13: Minutes of the General Debenture Holders' Meeting** in which 1st issue debenture holders in the General Debenture Holders' Meeting authorized the trustee Pentágono not to declare accelerated maturity, as provided for in the debenture issue indenture and establishing the deadline for filing the quarterly information - ITR for 2Q13 of up to 10/31/13.

HIGLIGHTS FOR 1ST HALF OF 2013 (1H13) - RESTATED

✓ **Fundamentals related to demand continue positive, with consolidated net revenue of R$ 432.6 million, up 22,3%** compared to 1H12, mainly due to the increase in sales in the foreign market;

✓ **Demand remained kindled in the international market** and started to recover in the **domestic market with new orders** from certain states in the Northeast and Southeast regions, already perceiving the historic seasonal trend in the second half of the year of increase in orders;

✓ **Increase in the share of sales in the North American market in relation to total revenue; namely:** 66% in 1H13 compared to 55% in 1H12; stable at 4% for the other countries; and decrease in the domestic market to 30% in 1H13 (compared to 41% in 1H12);

✓ **Significant increase of 45.5% in exports reaching R$ 304.5 million in 1H13,** due to favorable demand and foreign exchange rate (70.4% of total revenue in 1H13);

✓ **Net revenue from the weapons segment reached R$ 333.2 million in 1H13,** up 34.5%, accounting for 77% of total net revenue (70.1% in 1H12);

✓ **Gross profit of the weapons segment amounted to R$ 108.5 million in 1H13, up 21.2% compared to 1H12,** with gross margin of 32.6% (compared to 36.1% in 1H12);

✓ **Performance above that expected for Heritage in the USA** (acquisition in June/12) and for **DiamondBack** (exclusive global product distribution agreement entered into in January/13) with trend of increase in revenue;

✓ **Increasing recovery in helmet sales with revenue of R$ 63.5 million and gross profit of R$ 23.8 million, with margin of 37.5% in 1H13,** improving quarter after quarter, especially from 1Q13 to 2Q13;

✓ **Adjusted EBITDA of R$ 77.1 million**, with margin of 17.8% in 1H13, eliminating the non-recurrent events, particularly due to the accounting effects from renegotiation of TMFL sale;

Projects in progress and structural changes at the Company occurred at 1S13 and subsequent events:

1. **Substitution of the Industrial Executive Officer,** as from January/13, who implemented several changes with the support and guidance from Company management;
2. **Hiring of a new Administrative and Financial Vice CEO** on August/09/13;
3. **Project for Working Capital Optimization generates results:** 39% reduction in inventories of finished products (compared to Dec/12) and tax recovery increases 1.5% on the balance at Dec/31/12;
4. **Focus on Quality Project:** continuous improvement and increasing level of requirements in inspections of products in Brazil and the USA, looking for volume with increasing quality, which already resulted in improvement in the non-compliance indicators in the production lines in the six-month period;
5. **Project for implementation of a new manufacturing management model, with implementation of a Lean Manufacturing pilot project in August 2013)** in the Rossi long guns production line (Pigeon Model);
6. **Significant change in the profile of employees from the industrial area**, with significant substitution of employees in the positions of coordination and supervision as well as certain managers (Industrial, Quality and PCP), with profile committed to lean manufacturing;
7. **Project for reduction in industrial process verticalization:** through production of parts and components by third parties, assuming higher quality, lower cost and that they are not strategic for the production process;

8. **Project for Production Decommissioning and Rendering of Forging Services to Third Parties:** started in April/13;

9. **Project for industrial consolidation in the São Leopoldo plant** (Av. São Borja): in progress, with transfer of Steelinject from Caxias do Sul (RS) concluded in July 2013 and the migration of Rossi long guns production scheduled for up to June/14 already using lean manufacturing layout; and

10. **Products Marketing Project for the USA:** repositioning of products exported to the USA in the 2H13, seeking to change customer perception, several marketing campaigns, engaging of shooting champions and icons such as Jessie Duff (Female Shooting Championships) and Alex Larche (Junior Shooting Championships) for the Taurus team and ongoing improvement in quality and customer services (SAC and other initiatives).

These factors generated volatility in production volume and unproductivity, due to the oscillation in production volume in the period, which is expected to be regularized and stabilized along the year. The segment of revolvers was also impacted by problems in the production line of revolver frames and barrels, generating bottlenecks in guns assembly (maintenance of older equipment), increase in costs and consequent decrease in margins. However, with the implementation of new projects and the maintenance of the aforementioned actions, the Company will increase productivity within medium and long term.

The factors related to production bottlenecks and noncompliance of certain products are being corrected and the quality indicators and scrap decrease have continuously improved.

The changes in the manufacturing management model, in addition to the cultural changes, affect business management and production planning of the Company. The approach for production planning and control has become every time leaner and more aligned with the commercial vision and market dynamics, therefore oscillations in production in this period of changes and transition are understandable.

HIGHLIGHTS FOR THE 2ND QUARTER OF 2013 (2Q13)

✓ **Consolidated net revenue of R$ 203.9 million is up 16.2%** compared to 2Q12, mainly due to the increase in exports and US dollar appreciation;

✓ **Breakdown of net revenue for 2Q13:** 59% to EUA and Canada; 6% - other countries; and 35% - domestic market;

✓ **Net revenue from export of R$ 132 million** (64.7% of total revenue in 2Q13 compared to 57.4% in 2Q12), up 31.1% compared to 2Q12;

✓ **Net revenue in the domestic market of R$ 71.9 million,** up 28.1% compared to 1Q13, representing 35.3% of total revenue for 2Q13; (24.6% in 1Q13);

✓ **Revenue from the weapons segment reaches R$151.8 million in 2Q13,** up 30.1%, accounting for 74.5% of net revenue (66.6% in 2Q12)**;**

✓ **Gross profit of the weapons segment amounted to R$ 44.8 million** compared to R$ 45.7 million in 2Q12**;**

✓ **Recovery in revenue from helmet sales that increased 12.4% in 2Q13 compared to 1Q13 and up 0.7% compared to 2Q12,** reaching R$ 33.6 million or 16.5% of net revenue;

✓ **Gross profit from helmets of R$ 13.5 million in 2Q13, up 30.9% compared to 1Q13**, mainly due to the improvement in prices and products mix;

✓ **Increase in gross margin on net revenue of helmets to 40.1% in 2Q13** compared to 34.5% in 1Q13, returning to the historic average margin (close to the 41.2% margin in 2Q12);

✓ **Despite the good performance of sales, adjusted EBITDA** decreased to R$ 30.1 million, with margin of 14.8% in 2Q13, affected by the decrease in margins (change in mix of products, markets and unproductivity); unrealized profit from inventories in process due to higher care to avoid non-compliant products; sale of residual products of Taurus Máquinas for amounts that are lower than those recorded in inventories.

1– Economic and Financial Performance

1.1 - Main Economic and Financial Indicators

Consolidated amounts in millions of Brazilian reais, except where otherwise indicated

Ratios	2Q13	1Q13	2Q12	1H13	1H12	Variation % 1H13/1H12	Variation % 2Q13/2Q12	Variation % 2Q13/1Q13
Net revenue	**203.9**	**228.7**	**175.4**	**432.6**	**353.8**	**22.3%**	**16.2%**	**-10.8%**
Domestic market	71.9	56.2	74.8	128.1	144.6	-11.4%	-3.8%	28.1%
Foreign market	132.0	172.5	100.6	304.5	209.2	45.5%	31.1%	-23.5%
COGS	143.4	150.7	101.5	294.1	213.7	37.6%	41.2%	-4.9%
Gross Profit	60.5	78.0	73.9	138.5	140.0	-1.1%	-18.1%	-22.4%
Gross Margin - %	**29.7%**	**34.1%**	**42.1%**	**32.0%**	**39.6%**	**-7.6 p.p.**	**-12.4 p.p.**	**-4.4 p.p.**
Operating Expenses	-52.2	-40.9	-36.4	-93.1	-72.1	29.1%	43.6%	27.6%
Operating Profit (EBIT) (1)	8.3	37.0	37.5	45.3	67.9	-33.2%	-77.8%	-77.6%
Net Financial Income	-19.0	-13.0	-18.0	-32.0	-19.9	61.0%	5.8%	45.9%
Depreciation and amortization (2)	9.6	8.1	7.9	17.7	15.4	14.5%	21.7%	18.7%
Net Income - Continuing Operations	-20.4	9.2	12.1	-11.2	29.4	-138.1%	-268.4%	-321.8%
Net Income Margin - Cont. Operations	**-10.0%**	**4.0%**	**6.9%**	**-2.6%**	**8.3%**	**-10.9 p.p.**	**-16.9 p.p.**	**-14.0 p.p.**
Net Income - Descontinuing Operations	0.0	0.0	-127.1	0.0	-132.2	-100.0%	-100.0%	#DIV/0!
Net Income - Consolidated	-20.4	9.2	-114.9	-11.2	-102.8	-89.1%	-82.3%	-321.8%
Net Income Margin - Consolidated	**-10.0%**	**4.0%**	**-65.5%**	**-2.6%**	**-29.1%**	**26.5 p.p.**	**55.5 p.p.**	**-14.0 p.p.**
Adjusted EBITDA (3)	30.1	47.0	44.5	77.1	80.7	-4.6%	-32.4%	-35.9%
Adjusted EBITDA Margin - %	**14.8%**	**20.5%**	**25.4%**	**17.8%**	**22.8%**	**-5.0 p.p.**	**-10.6 p.p.**	**-5.8 p.p.**
Total Assets	1,266.9	1,150.9	1,059.8	1,266.9	1,059.8	19.5%	19.5%	10.1%
Equity	204.8	209.9	228.9	204.8	228.9	-10.5%	-10.5%	-2.4%
Investiments (CAPEX)	6.3	10.9	31.3	17.2	52.5	-67.2%	-79.7%	-41.5%

(1) For EBIT calculation purposes, equity pickup result was not considered, contained in operating expenses of the ITR form.
(2) Depreciation and amortization: these amounts include total depreciation and amortization based on cash flow for ITR
(3) Adjusted EBITDA: Earnings before interest, tax, depreciation and amortization and net earnings from non-recurring operations.
The computing process was developed acording the CVM nº 527 instruction of October 04, 2012.

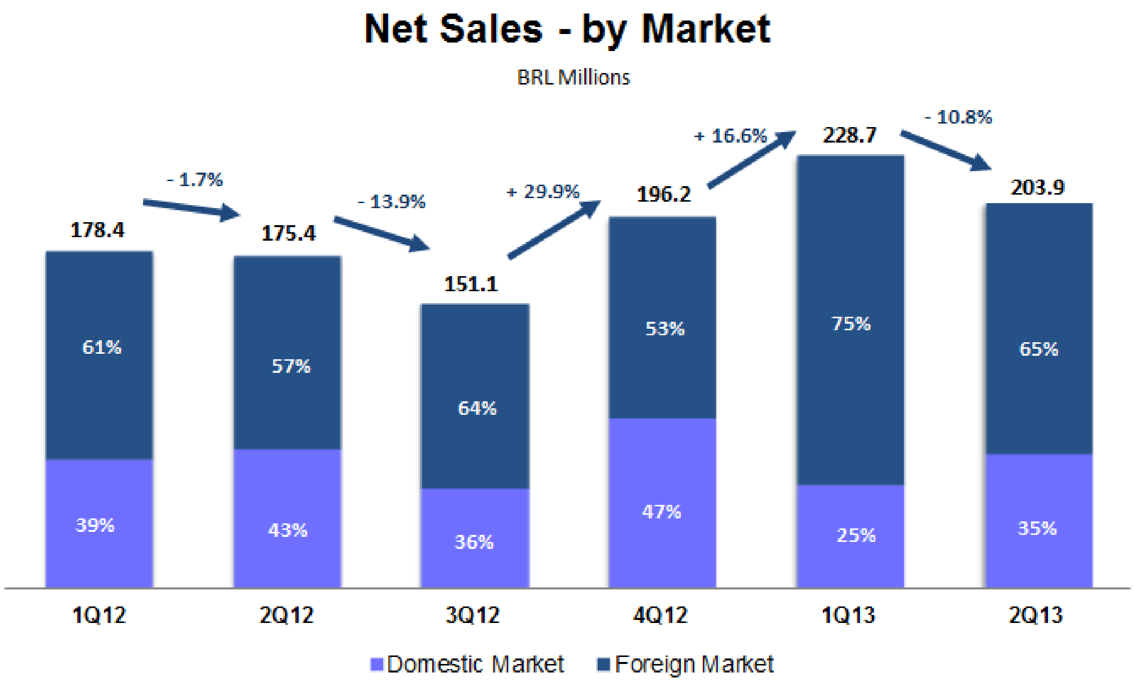
1.2 – Consolidated net revenue

Total consolidated net revenue for 2Q13 totaled R$ 203.9 million, up 16.2% compared to R$ 175.4 million in 2Q12. This performance in the quarter is mainly due the 31.1% increase in exports, which accounted for 64.7% of total consolidated net revenue in 2Q13 compared to 57.4% in 2Q12. The domestic market is also starting to show signs of increase in demand, from share of total revenue of 24.6% in 1Q13 to 35.3% in 2Q13, being up 28.1%.

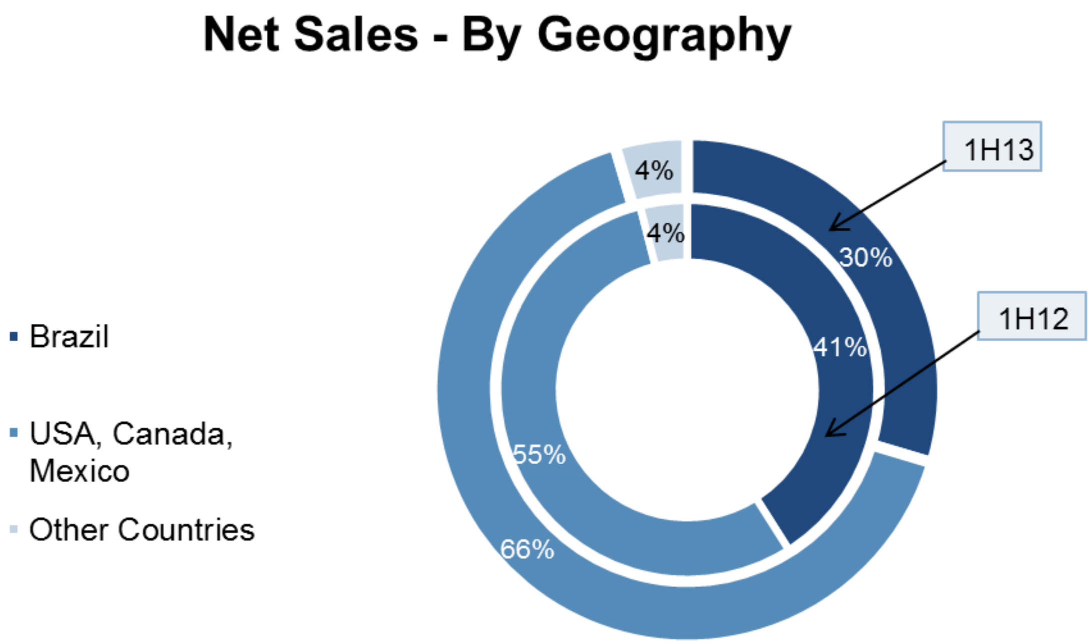
In 1H13, revenue breakdown shows share of the North American market of approximately 66% (55% in 1H12), share of domestic market of 30% (41% in 1H12), and of 4% for other countries (4% in 1H12).

Consumption in the American market did not present the expected decrease after Congress voting of measures at the beginning of 2013, which was against any measure restricting or banning gun use in the USA. On the contrary, demand continued kindled, which accounts for the good performance of the marks under our management: Taurus, Rossi, Heritage and DiamondBack in the North American market.

We illustrate below the Company’s net revenue, by market, in millions of Brazilian reais, of the quarters under analysis:



Net Sales - by Market
BRL Millions
178.4
- 1.7%
175.4
- 13.9%
151.1
+ 29.9%
196.2
+ 16.6%
228.7
- 10.8%
203.9
61%
57%
64%
53%
75%
65%
39%
43%
36%
47%
25%
35%
1Q12
2Q12
3Q12
4Q12
1Q13
2Q13
Domestic Market
Foreign Market



Net Sales - By Geography
Brazil
USA, Canada, Mexico
Other Countries
1H13
1H12
4%
4%
30%
41%
55%
66%

1.3 - Segment information

The table below sets out consolidated financial highlights by segment:

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative Six months - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	1H13	Part. %	1H12	Part. %	Var.	1H13	1H12	Var.	1H13	1H12	Var.p.p	1H13	1H12	Var.
Firearms	333.2	77.0%	247.8	70.1%	34.5%	108.5	89.5	21.2%	32.6%	36.1%	-3.6	14.2	9.9	44%
Helmets	63.5	14.7%	65.3	18.5%	-2.9%	23.8	27.5	-13.4%	37.5%	42.0%	-4.6	15.4	19.6	-22%
Others	35.9	8.3%	40.6	11.5%	-11.6%	6.2	23.0	-73.2%	17.2%	56.8%	-39.6	(16.2)	18.5	NS
Total	**432.6**	**100.0%**	**353.8**	**100.0%**	22.3%	**138.5**	**140.0**	-1.1%	**32.0%**	**39.6%**	**-7.6**	**13.3**	**48.0**	-72%

Comparative Quarter - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	2Q13	Part. %	2Q12	Part. %	Var.	2Q13	2Q12	Var.	2Q13	2Q12	Var.p.p	2Q13	2Q12	Var.
Firearms	151.8	74.5%	116.7	66.6%	30.1%	44.8	45.7	-2.1%	29.5%	39.2%	-9.7	(6.4)	(2.9)	124%
Helmets	33.6	16.5%	33.4	19.0%	0.7%	13.5	13.7	-1.9%	40.1%	41.2%	-1.0	9.5	10.1	-6%
Others	18.5	9.1%	25.3	14.4%	-27.0%	2.3	14.4	-84.3%	12.3%	57.0%	-44.7	(13.8)	12.3	NS
Total	**203.9**	**100.0%**	**175.4**	**100.0%**	16.2%	**60.5**	**73.9**	-18.1%	**29.7%**	**42.1%**	**-12.4**	**(10.7)**	**19.6**	NS

Comparative Quarter - Current Quarter x Previous Quarter

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	2Q13	Part. %	1Q13	Part. %	Var.	2Q13	1Q13	Var.	2Q13	1Q13	Var.p.p	2Q13	1Q13	Var.
Firearms	151.8	74.5%	181.4	79.3%	-16.3%	44.8	63.8	-29.8%	29.5%	35.1%	-5.7	(6.4)	20.6	NS
Helmets	33.6	16.5%	29.9	13.1%	12.4%	13.5	10.3	30.9%	40.1%	34.5%	5.7	9.5	5.9	61%
Others	18.5	9.1%	17.4	7.6%	6.2%	2.3	3.9	-41.9%	12.3%	22.4%	-10.2	(13.8)	(2.4)	NS
Total	**203.9**	**100.0%**	**228.7**	**100.0%**	-10.8%	**60.5**	**78.0**	-22.4%	**29.7%**	**34.1%**	**-4.4**	**(10.7)**	**24.0**	NS

(i) Weapons – operations conducted by Forjas Taurus S.A. and Taurus Holdings, Inc. (USA);
(ii) Helmets for motorcyclists – operations conducted by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;
(iii) Others- segments of forging, boiler making, bulletproof vests and plastic products.

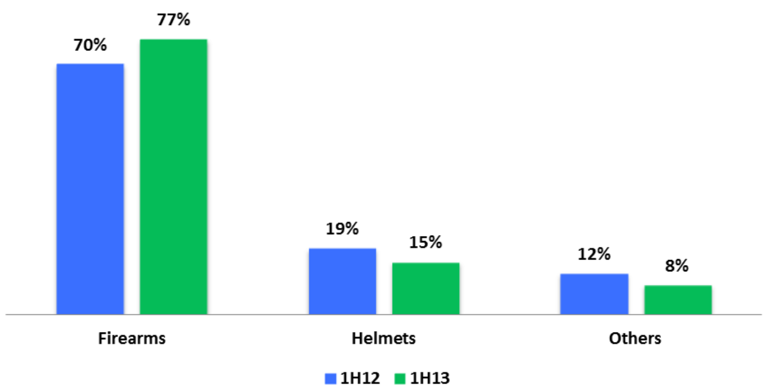
I. Defense and Security Segment

This segment includes handguns (revolvers and pistols for military and civil use), long guns (rifles and carbines) and restricted use guns (rifles, submachine guns, machine guns and less lethal weapons).

The Company's main segment - Defense & Security – accounted for 77% of total consolidated net revenue in 1H13. Weapon sales in 1H13 totaled R$ 333.2 million, up 34.5% in 1H12 (R$ 247.8 million, equivalent to 70.1% of total consolidated net revenue). Gross profit amounted to R$ 108.5 million in 1H13, 21.2% up compared to 1H12, with margin of 32.6%, due to the increase in export sales and increase in CPS in excess of that in revenue.

Pretax income was up 44%, amounting to R$14.2 million in 1JH13 compared to 1H12.

Net Sales by Segment



In 2Q13 the share of weapons was of 74.5% (66.6% in 2Q12), with 30.1% increase in revenue from weapons, however with decrease in gross profit of 2.1%. Gross margin was of 29.5% in 2H13, down 5.7 percentage points, due to the following: (i) change in products mix; (ii) increase in exports due to the significant demand in the North American market and other countries; (iii) oscillations and decrease in production volume and lower productivity; (iv) increase in labor cost due to the agreed collective salary raise of metallurgic workers of 9.5% in July/13 (prepayment of 7.16% in May/13); and (v) sales forecast but not realized until June in the domestic market.

II. Metallurgy and Plastics Segment

This segment accounted for 23% of net revenue in 1H13 (30% in 1H12), including the operations of Polimetal in the São Leopoldo unit (in the Rio Grande do Sul state) of M.I.M.- Metal Injection Molding, as well as the activities of the helmet for motorcyclists plants (in the Paraná and Bahia states) and production of bulletproof vests and plastic containers (in the Paraná state).

(i) Helmets for motorcyclists

Sales of motorcyclist helmets represented 14.7% of net revenue, totaling R$ 63.5 million in 1H13, down 2.9% compared to 1H12. Gross profit amounted to R$ 23.8 million with margin of 37.5% in 1H13 (R$ 27.5 million and 42% in 1H12), with clear recovery quarter after quarter, particularly in the 2Q13 compared to 1Q13. This was possible thanks to focus on the control of costs and expenses, together with the increase in average sales price of helmets, thus improving revenue and profitability.

There was 10.5% decrease in the Company physical sales of motorcycle helmets in 1H13, however proportionally better than the 11.8% decrease in the motorcycle market, which has been facing problems owing to restriction to credit to class C, D and E consumers, who represent the main consumers of our products.

There was also 7.8% increase in sales volume in 2Q13 compared to 1Q13, with a quite positive evolution, with sale of 638 thousand helmets, while motorcycle sales in the Brazilian market increased proportionally more in the period, namely were up 12.5%, which is quite a positive evidence in terms of trend and potential for future sales.

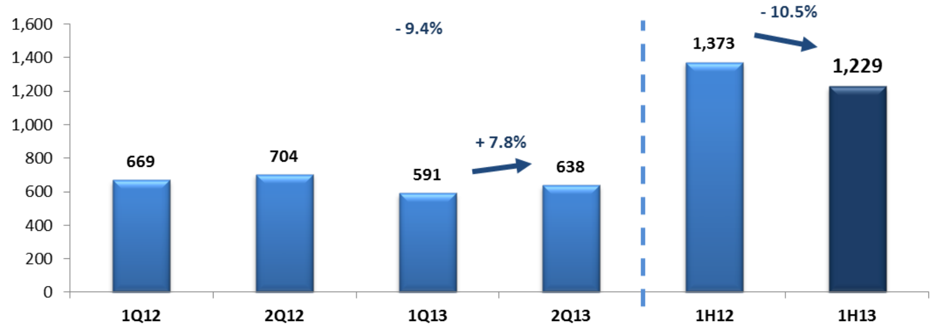
Considering competitiveness issues of financial nature, competitors have faced difficulties, which benefitted the company to obtain better margins, having reached market share of approximately 54% at the end of the six-month period, considering the volume share.

In 2Q13 there was revenue increase by 12.4% compared to 1Q13 and up 0.7% compared to 2Q12, reaching R$ 33.6 million. There was also increase in gross margin on net revenue of 40.1% compared to 34.5% in 1Q13, quite close to the 41.2% margin in 2Q12. Taurus is changing its products mix, with the import of helmets with more sophisticated design, with own or third-party marks, launching new lines to also compete in the premium market.

Gross profit amounted to R$ 13.5 million in 2Q13, up 30.9% compared to 1Q13 and almost stable in relation to R$ 13.7 million in 2Q12. With the recovery in margins, pretax income in 2Q13 amounted to R$ 9.5 million, up 61% compared to 1Q13, but down 6% compared to 2Q12, which was a good period for consumer goods, due to increased availability of consumer credit, which did not take place in 2013.

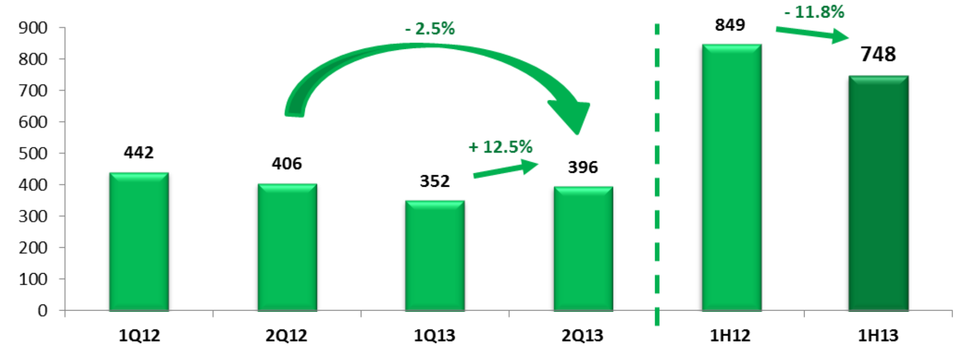
We illustrate below evolution of motorcycle sales and helmet for motorcyclists sales in Brazil by Taurus:

Changes in sales of motorcycle helmets - Taurus
(In thousands)



***Source**: Company Data*

Changes in motorcycle sales in Brazil
(In thousands)



***Source**: Fenabrave*

(ii) Other products from the Metallurgy and Plastics segment

Consolidated net revenue from other products totaled R$ 35.9 million (including residual balances of TMFL), representing 8.3% of net revenue for 1H13, down 11.6% the R$ 40.6 million and 11.5% of revenue in 1H12. In addition, several products are considered in this sub segment – namely bulletproof vests, anti-riot shields, plastic containers and the areas of metallurgy and own forging of for third parties – and the products mix is always changing based on orders in each quarter, also we have an additional factor, impairing comparison with prior periods, namely the discontinued operations of Taurus Máquinas-Ferramenta Ltda., disposed of in June 2012.

1.4 – Gross profit and gross margin

Consolidated gross profit was down 1.1%, reaching R$ 138.3 million in 1H13 (compared to R$ 140 million in 1H12), with gross margin of 32% (compared to 39.6% in 1H12), due to 37.6% increase in CPS, well above the 22.3% increase in net revenue.

Gross profit and gross margin were mainly affected by the performance of 2Q13, reaching R$60.5 million and gross margin of 29.7%, mainly due to the following: (i) decrease in production owing to lack of revolver components (frames and barrels), with consequent decrease in productivity; (ii) focus on quality, with increase in the level of requirements in production with quality in all lines and in the components, initially expanding the index of noncompliance, but which is now in the phase of progressive reduction; (iii) change in the mix of products and markets; (iv) oscillations in production volume and increase in productivity; (v) adjustment of industrial costs and labor to lower production levels; and (vi) collective salary raise of metallurgic workers.

1.5 - Operating Expenses

Operating expenses totaled R$ 52.2 million in 2Q13 compared to R$ 36.4 million in 2Q12.

In 1H13, operating expenses totaled R$ 93.1 million (R$ 72.1 million in 1H12), up 29.1%, due to administrative expenses, other non-recurrent expenses with advisory firms and lawyers related to the renegotiation of sale of TMFL and other not related such as lawyers' fees in connection with recovery of taxes and other tax matters, as well as due to the consulting firms engaged for the selection of executives for the corporate and industrial reorganization that has been in progress since January 2013. There was also increase in expenses with severance pay due to the replacement of professionals occurred at the plants, due to the transfer of Steelinject and the gradual decommissioning of forging for third parties.

1.6 – Adjusted EBITDA and adjusted EBITDA Margin

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization and without non-recurrent revenues and expenses) based on the concept in CVM Rule No. 527/12, for 2Q13 amounted to R$ 30.1 million, with 14.8% margin, compared to R$ 44.5 million in 2Q12, due to the decrease in gross profit and the increase in operating expenses.

Consolidated cash generation in 1H13 totaled R$ 77.1 million, down 4.6% compared to 1H12, with margin of 17.8% in 1H13 (R$ 80.7 million and adjusted EBITDA margin of 22.8% in 1H12), due to the performance for 2Q13 that was impaired by lower gross profit, with decrease in gross margins. Among other purposes, the adjusted EBITDA is used as an indicator in the Company's commitments related to loans, financing and debentures

The table below sets out the calculation methodology for adjusted EBITDA, in accordance with CVM Rule No. 527/12:

CONSOLIDATED EBITDA

In thousands of BRL

PERIOD	1H12	1H13
= NET PROFIT	(102,801)	(11,201)
(+) IR/CSLL	18,569	24,511
(+) Net Financial Expenses	86,958	76,074
(-) Net Interest Income	(67,065)	(44,042)
(+) Depreciation/Amortization	15,438	17,679
= EBITDA CVM Reg. 527/12	(48,901)	63,021
(+) Income from Discontinued Operations (1)	129,626	-
(+) Loss of Taurus Máquinas-Ferramenta Ltda. (2)	-	14,031
= ADJUSTED EBITDA	80,725	77,052

Among other purposes, adjusted EBITDA is used as indicator of Company commitments related to loans, financing and debentures. For this purpose, we used adjusted EBITDA according to the criteria contractually established by the parties.

1.7 – Financial income (expenses)

Net financial result for 2Q13 amounted to R$ -19 million (R$ -18 million in 2Q12). Net financial expenses in 1H13 totaled R$ -32 million, higher than net financial expenses of R$ -19.9 million in 1H12 mainly due to the following: (i) increase in financial charges on loans and financing due to the increase in the basic interest rate; (ii) the effect from net foreign exchange variation, due to appreciation of US dollar to several currencies and exposure of part of the debt denominated in US dollar without exchange hedge; and (iii) net exchange loss on loans (NCEs) with exchange swap (marking to market), partially offset (iv) by financial income and revenues for restatement of credits resulting from the favorable final unappelable decision for tax recovery (PIS and COFINS ineligibility). The Company maintains the understanding that, for having its costs almost fully stated in Brazilian reais and good net exposure to the North American market, foreign exchange rate devaluation will benefit it in the medium and long term with possible increases in revenues and margins.

1.8 – Net income (loss)

Consolidated net loss amounted to R$ 11.2 million in 1H13, representing negative net margin of 2.6% caused by lower margins and higher operating expenses.

The loss of R$102,8 million in 1H12 was impacted by the net loss of U.S. $ 132.2 million from discontinued operations. This result was affected by the performance for 2Q12, which generated a net loss of R$ 127.1 million when retroactively recorded the value reduction of TMFL's asset sale along with additional provisions transactions.

1.9 – Restatement of Quarterly Information

On June 21, 2012, Forjas Taurus S.A. concluded the sale of the operating activities of Taurus Máquinas-Ferramenta Ltda. ("TMFL") to Renill Participações Ltda. ("RPL"), in the amount of R$115.35 million, according to the Contract for Purchase and Sale of Units of Interest and Other Covenants ("Contract") entered into by the parties.

As mentioned in ITR's Note 8, the Parties renegotiated the sales price and payment conditions, adjusting the overall value of the Contract related to disposal of subsidiary TMFL to R$ 57.52 million.

The accounting effect from the renegotiation entailed reduction of the sale value from R$115.35 million to R$57.52 million thus resulting in loss of R$57.83 million.

The Company revisited all contracts and correspondence related to the sale of TMFL operations, reaching the same conclusion as that of its independent auditor, i.e. that the events that led to the reduction of the original sales value were already present at June 30, 2012, reason why the loss should have been recognized as of that date.
In view of this, the Company decided to voluntarily correct all the effects determined on a retroactive basis in the financial statements as established by CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors (equivalent to IAS 8), as under:

In Thousand of Reais

	At June 30, 2013					
	Assets		Liabilities and equity			
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Net income for the year
Balance originally disclosed	**868,715**	**475,744**	**719,448**	**339,248**	**285,763**	**(89,371)**
Write-off of accounts receivable (a)	-	-	-	-	-	57,830
Supplementary provision for losses (b)	(4,230)	(50,203)	80	-	(54,513)	6,231
Provision for inventory losses (c)	(9,499)	-	-	-	(9,499)	67
Allowance for doubtful accounts (c)	-	-	-	-	-	8,320
Provision for impairment of PP&E (c)	-	-	786	-	(3,374)	6,303
Provision for tax and civil contingencies (c)	-	(13,522)	-	2,588	(13,522)	-
Adjustments – transactions with subsidiaries	-	-	(100)		100	100
Deferred taxes	-	(142)	-	-	(142)	(681)
Restated balance	**854,986**	**411,877**	**720,214**	**341,836**	**204,813**	**(11,201)**

The accounting entries in the restatement substantially refers to subsidiary TMFL and went through the Consolidated Income Statement as “Result from Discontinued Operations”:

a) Write down of accounts receivable owing to the sale of the machinery activity as a result from the renegotiation that led to reduction in the sale amount, as described in Note 8 to the financial statements;

b) In addition to write down of accounts receivable for the sale of the machinery activities, as mentioned in (a) above, management recorded supplementary provision for losses on the balance receivable from Renil Participações, due to the deterioration of the credit conditions, difficulties in fully realizing the guarantees and lack of information on the current financial condition of debtor. In accordance with CPC24 on subsequent events occurred between the period of the financial statements and approval for the restatement thereof, this provision was also recorded at June 30, 2012.

c) Due to the changes made for restatement purposes, management performed a new process for approval of its financial statements. As part of this process, and in accordance with CPC 24, the impacts from subsequent events occurred between the period of the financial statements and approval for their restatement were also considered. Those events that evidence conditions already existing on the date of the financial statements were adjusted for restatement purposes.

d) Due to the recording of losses, as mentioned above, certain financial ratios (covenants) of loan agreements and debentures were not met and the long-term portions were reclassified to current liabilities.

e) Reversal of the provision for statutory profit sharing due to the change of profit to loss for the period.

The provisions and losses indicated above have not yet been substantially computed by subsidiary Taurus Máquinas-Ferramenta Ltda., which did not present the capacity of recovering income and social contribution taxes as of that date. Thus, for these provisions and losses no deferred income and social contribution tax asset has been recorded.

The statements of comprehensive income, of changes in equity, cash flows and value added were also adjusted to reflect the indicated effects.

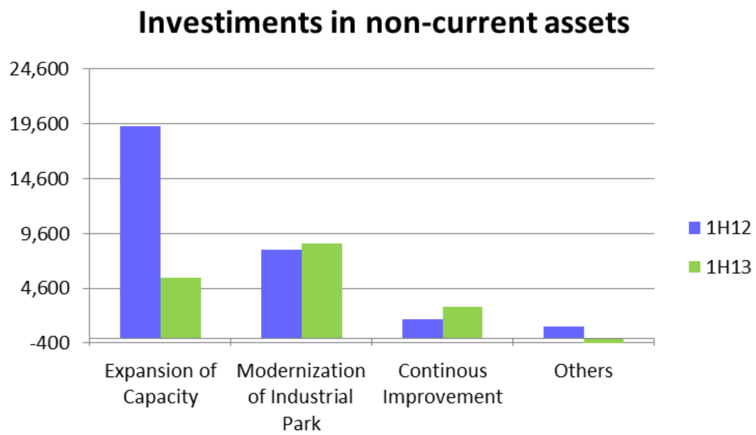
1.10 – Consolidated investments – CAPEX – Capital Expenditures

Consolidated investments in 2Q13 totaled R$ 6.3 million, compared to R$ 31.3 million in 2Q12.

In 1H13, CAPEX totaled R$ 17.2 million, compared to R$ 52.5 million, highlighting that in 2012 there was investment in the acquisition of SteelInject and Heritage totaling R$ 34 million, which did not occur in 2013. Depreciation and amortization totaled R$ 9.6 million in the quarter, compared to R$ 7.9 million in the same prior year period.

The Company’s capital budget of R$ 39.7 million proposed by management for 2013 was approved by the Ordinary Shareholders’ Meeting of April 26, 2013, of which 43.3% has already been realized until the 1H13.

The graphs below illustrate investments in property, plant and equipment in 1H13 and 1H12, with the following distribution:



1.11 – Financial position

Cash and short-term investments totaled R$ 337.1 million at Jun/30/13, up 151% compared to R$134.3 million at Jun/30/j12 and up 36% compared to R$ 247.3 million at Mar/31/13. Short-term investments earn interest at rates varying from 98 to 103% of CDI at Jun/30/13, and are made with first tier financial institutions.

Taurus' consolidated gross indebtedness totaled R$ 862.2 million at Jun/30/13, up 18% compared to R$ 728.4 million at Mar/31/13. The funds are destined mainly to finance: (i) working capital; (ii) investments for modernization of industrial premises; and (iii) exports. This increase takes into consideration the obtaining of financing lines at low cost, such as PROGEREN, taken out in 2Q13.

The balance of long-term loans and financing totaled R$ 309.6 million at Jun/30/13, down 6% compared to the balance at Mar/31/13. Breakdown of debt by currency is of 50% in foreign currency and 50% in local currency, being partially hedged. Management permanently seeks to extend debt payment terms and reduce financial costs, together with the Capital Optimization Program also aimed at developing the Company’s cash management culture.

The balance of debentures, financing and advance on mortgage credits that had contractual covenants were classified in current liabilities (transferred from long to short-term portion), due to the non-disclosure of the quarterly information - ITR for 2Q13 and the indicators on the scheduled date have not been met.

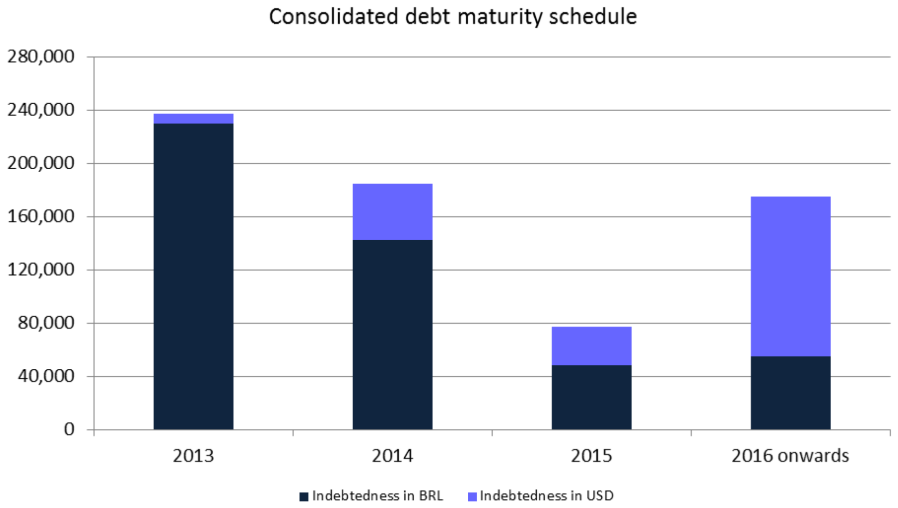
As a result, 58% of the debt was concentrated in the short term in 2Q13 compared to 40% in 1Q13.

Furthermore, we consider the prepayment of receivables as debt, even without recourse, in response to the request of the debenture holders at the General Meeting of Debenture Holders held in November 12, 2013 to voting on the no early settlement of the 1st and 2nd issues.

Net indebtedness at Jun/30/13 totaled R$ 525.1 million, up 6% in relation to net debt of R$ 420.7 million at Mar/31/13 and 2% lower compared to Jun/ 30/12.

Loans and financing maturing in 2013, both in local currency and US dollar are part of the Company’s structural working capital, with lines renewed on a routine basis. They also include two portions of 1st and 2nd issue debentures maturing in 4Q13. The 1st issue debentures have final maturity in April 2014.

Maturity of consolidated debt – In thousands of reais



We set out below the changes at Jun/30/13 compared to Mar/31/13 and Jun/30/12 and the main accounts related to the Company's financial position, as well as the main related indicators:

In millions BRL

	06/30/2013	03/31/2013	06/30/2012	Var. Jun/13 x Jun/12	Var. Jun/13 x Mar/13
Short term indebtedness	365.4	341.5	287.8	27%	7%
Long term indebtedness	309.6	228.8	186.0	66%	35%
Exchange Serves	0.0	5.1	49.8	-100%	-100%
Debentures	79.9	95.9	110.1	-27%	-17%
Antecipation Mortages	24.4	26.6	32.6	-25%	-8%
Advance on Receivables	128.8	60.3	17.9	622%	114%
Derivatives	-45.9	-29.8	-15.2	202%	54%
Gross Indetbetedness	862.2	728.4	668.9	29%	18%
(-) Cash available and financial investments	337.1	247.3	134.3	151%	36%
Net Indebtedness	525.1	481.1	534.6	-2%	9%
Adjusted EBITDA	126.6	141.0	155.2	-18%	-10%
Net Indebtedness/Adjusted EBITDA	4.15x	3.41x	3.45x		
Adjusted EBITDA/Financial Expenses Net	2.32x	2.58x	2.76x		

Because of the financial ratios were not met, debenture holders' meetings were convened to vote whether to settle early the 1st and 2nd issues or not, and obtain related waivers.

2 – Capital market

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

The Company has been listed at Level 2 of BM&FBovespa since Jul/07/11 and as a listed company for more than 30 years. The Company's articles of incorporation have been fully amended and consolidated addressing adoption of differentiated corporate governance practices provided for this corporate governance level and the Ordinary and Extraordinary Meeting of 04/26/13 approved amendment to article

56 of the articles of incorporation in order to include the updating occurred in Level 2 related regulations, referring to the Arbitration Chamber.

The Company's capital comprises the following number of shares at Jun/30/13:

Common shares: 47,137,539 representing **33.3%** of capital

Preferred shares: 94,275,078 representing **66.7%** of capital

Total issued shares: 141,412,617 representing **100%** of capital

Shares appreciation in 1H13 was 16.7% higher for ON and 13.1% higher for PN compared to 1H12. BM&FBOVESPA index was down 12.7% in the same period.

The table below shows the recent evolution of the main aspects related to liquidity, such as number of trades, financial volume and quantity of traded shares, as well as the market value, based on certain information about shares on BM&FBovespa in 2013 and 2012:

	Jan/13 a Jun/13	Jan/12 a Jun/12	Var.
Ação FJTA3 - 47.137.539 ações			
Fechamento - R$ ação	2.90	2.48	**16.7%**
Negócios - Qtde. (média período)	15,984	12,976	**23.2%**
Negócios - Volume R$ (média período)	47,166	27,494	**71.6%**
Ação FJTA4 - 94.275.078 ações			
Fechamento - R$ ação	2.50	2.21	**13.1%**
Negócios - Qtde. (média período)	234,436	325,477	**-28.0%**
Negócios - Volume R$ (média período)	626,743	655,428	**-4.4%**
Valor de mercado FTSA - R$ mil			
141.412.617 ações	372,167	325,249	**14.4%**
Ibovespa	47,457	54,354	**-12.7%**

Fonte: BM&FBovespa

3 – Restructurings and Subsequent Events

- ***In the 1H13,*** there was continuity of the process for reorganization of the industrial area, with substitution of the industrial executive officer, position that was assumed by engineer Marco Capellozza, who had been the in-charge for the Company's production engineering area for the last 5 years. Implementation of a new manufacturing management model started in January 2013 (Lean Manufacturing). The manufacturing management methodology also led to substitution of key persons of middle and top management (industrial managers and supervisors), due to the required new way of thinking and a new profile of the professionals, including the desirable experience in Lean Manufacturing and in every time more rigorous quality standards.
- ***On August 9, 2013, the Board of Directors elected a new Administrative and Financial Vice CEO:*** Mr. Eduardo Feldmann Costa, 48 years old, assumed the position of Administrative and Financial Vice CEO. Feldmann has experience of more than 20 years working as executive of large and medium-sized industrial and energy companies, with emphasis on the economic and financial area and capital market, having majored in Economics from Universidade Federal do Rio Grande do Sul with graduate

course in Finance from Pontíficia Universidade Católica do Rio Grande do Sul. His last job was at the company Providência Indústria e Comércio as Financial and Investor Relations Officer.

4 – Guidance 2013

Company had provided growth projections for 2013 based on perspectives to the two main business segments of Defense & Security and Metallurgy & Plastics as by the original presentation of 2Q13. According on the ITRs restatements, we are comparing the original projected, the 2012 restatement as comparation and the 2013 projections review to market knowledge:

In BRL Millions	Restatement 2012	Guidance 2013 (Original)	Guidance 2013 (Reviewed)	Realized 2013	Variation Guidance/Realized
Net Revenue	> R$ 701.0	R$ 785.0	R$ 850.0	R$ 807.3	-5.0%
Adjusted EBITDA	> R$ 130.3	R$ 170.0	R$ 151.0	R$ 100.0	-33.8%
CAPEX	R$ 90.2	R$ 39.7	R$ 39.7	R$ 28.2	-29.0%

Capital budget (CAPEX) of R$ 39.7 million continues maintained as approved by the General Shareholders' Meeting for 2013, with realization of 43.3% of this amount in 1H13.