Contents

Company information / Capital composition

Quantity of shares (Units)	Current quarter 09/30/2015
Paid-in capital	
Common	27,446,627
Preferred	13,001,621
Total	40,448,248
Treasury	
Common	0
Preferred	0
Total	0

Individual financial statements / Balance sheet – Assets

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Total assets	840,378	787,849
	Current assets	235,017	222,402
	Cash and cash equivalents	12,368	25,161
	Cash and banks	4,593	14,906
	Marketable securities	7,775	10,255
	Interest earning bank deposits	10,921	12,347
	Accounts receivable	59,587	50,876
	Trade accounts receivable	59,587	50,876
	Inventories	90,936	67,054
	Recoverable taxes	15,021	9,719
	Current taxes recoverable	15,021	9,719
	Prepaid expenses	8,979	3,582
	Other current assets	37,205	53,663
	Other	37,205	53,663
	Financial instruments	7,649	36,098
	Related parties	12,838	9,814
	Other accounts receivable	16,718	7,751
	Non-current assets	605,361	565,447
	Long term assets	64,336	117,772
	Interest earning bank deposits measured at fair value	5,538	21,592
	Trading securities	5,538	21,592
	Deferred taxes	9,906	4,746
	Deferred income and social contribution taxes	9,906	4,746
	Related party credits	45,966	88,647
	Other related party credits	45,966	88,647
	Other non-current assets	2,926	2,787
	Recoverable taxes	251	450
	Other	2,675	2,337
	Investments	500,718	396,214
	Equity interest	500,718	396,214
	Interest in subsidiaries	500,528	396,024
	Other equity interest	190	190
	Property, plant and equipment	36,859	47,731
	Fixed assets in operation	32,568	44,431
	Construction in progress	4,291	3,300
	Intangible assets	3,448	3,730
	Intangible assets	3,448	3,730

Individual financial statements/ Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Total liabilities	840,378	787,849
	Current liabilities	657,216	412,656
	Social and labor obligations	17,400	14,878
	Social charges	2,559	2,900
	Labor obligations	14,841	11,978
	Suppliers	100,702	40,988
	Domestic suppliers	94,683	39,703
	Foreign suppliers	6,019	1,285
	Tax liabilities	3,850	3,684
	Federal tax liabilities	3,118	2,452
	Income and social contribution tax payable	375	1,040
	Other taxes	2,743	1,412
	State tax liabilities	728	1,223
	Municipal tax liabilities	4	9
	Loans and financing	262,934	208,920
	Loans and financing	201,853	192,987
	In domestic currency	36,008	74,147
	In foreign currency	165,845	118,840
	Debentures	61,081	15,933
	Other liabilities	258,383	136,217
	Other	258,383	136,217
	Dividends and interest on own capital	4	6
	Related parties	25,650	32,609
	Foreign exchange withdrawals	180,651	57,856
	Derivative financial instruments	0	23,163
	Advance of receivables	1,276	0
	Other liabilities	50,802	22,583
	Provisions	13,947	7,969
	Tax, social security, labor and civil provisions	7,508	3,902
	Social security and labor provisions	6,905	3,685
	Civil provisions	603	217
	Other provisions	6,439	4,067
	Provisions for guarantees	6,439	4,067
	Non-current liabilities	245,448	323,078
	Loans and financing	185,522	265,448
	Loans and financing	119,704	155,550
	In domestic currency	21,913	45,011
	In foreign currency	97,791	110,539
	Debentures	65,818	109,898
	Other liabilities	58,975	56,650
	Liabilities from Related parties	8,911	0
	Debits with subsidiaries	6,399	0
	Debts with other related parties	2,512	0
	Other	50,064	56,650
	Taxes payable	829	1,098
	Provision for unsecured liability	44,599	51,853

Individual financial statements/ Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Other liabilities	4,636	3,699
	Provisions	951	980
	Tax, social security, labor and civil provisions	951	980
	Social security and labor provisions	951	980
	Shareholders’ equity	-62,286	52,115
	Realized capital	364,735	324,876
	Capital reserves	-40,996	-40,996
	Capital transactions	-40,996	-40,996
	Retained Earnings/Losses	-561,403	-317,290
	Equity evaluation adjustments	32,345	36,685
	Accumulated translation adjustments	143,033	48,840

Individual financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter 07/01/2015–09/30/2015	Accumulated of the current year - 01/01/2015–09/30/2015	Same quarter of the prior year - 07/01/2014- 09/30/2014	Accumulated of the prior year - 01/01/2014–09/30/2014
	Income from sales of goods and/or services	139,840	319,663	62,872	210,571
	Cost of goods and/or services sold	-96,093	-236,144	-51,707	-176,069
	Gross income	43,747	83,519	11,165	34,502
	Operating expenses/income	-35,599	-148,640	-77,365	-114,633
	Sales expenses	-8,332	-22,075	-8,944	-25,178
	General and administrative expenses	-10,302	-30,778	-9,495	-24,028
	Other operating income	5,502	8,585	1,637	3,363
	Other operating expenses	-3,986	-7,957	-9,766	-12,812
	Equity income (loss)	-18,481	-96,415	-50,797	-55,978
	Income (loss) before financial income and taxes	8,148	-65,121	-66,200	-80,131
	Financial income (loss)	-121,337	-188,491	-28,189	-51,118
	Financial income	17,728	101,945	37,006	92,261
	Financial expenses	-139,065	-290,436	-65,195	-143,379
	Income (loss) before income tax	-113,189	-253,612	-94,389	-131,249
	Income and social contribution taxes	9,910	5,160	-229	6,481
	Deferred assets	9,910	5,160	-229	6,481
	Net income (loss) of continued operations	-103,279	-248,452	-94,618	-124,768
	Income/loss for the period	-103,279	-248,452	-94,618	-124,768
	Earnings per share - (reais / Shares)				
	Basic earnings per share				
	ON	-2.55336	-6.14247	-0.53281	-0.70258
	PN	-2.55336	-6.14247	-0.53281	-0.70258
	Diluted earnings per share				
	ON	-2.45662	-5.90975	-0.53281	-0.70258
	PN	-2.45662	-5.90975	-0.53281	-0.70258

Individual financial statements / Statement of comprehensive income

(In thousand of reais)

Code of account	Account description	Current quarter 07/01/2015–09/30/2015	Accumulated of the current year - 01/01/2015–09/30/2015	Same quarter of the prior year - 07/01/2014 to 09/30/2014	Accumulated of the prior year - 01/01/2014–09/30/2014
	Net income for the period	-103,279	-248,452	-94,618	-124,768
	Other comprehensive income	58,211	94,192	20,089	8,336
	Period conversion adjustments	58,211	94,192	20,089	8,336
	Comprehensive income for the period	-45,068	-154,260	-74,529	-116,432

Individual financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–09/30/2015	Accumulated of the prior year - 01/01/2014–09/30/2014
	Net cash from operational activities	83,336	88,856
	Cash generated in operations	22,223	-20,736
	Net income for the year before income and social contribution taxes	-253,612	-131,249
	Depreciation and amortization	7,606	8,427
	Cost of permanent assets written-off	6,170	2,698
	Allowance for doubtful accounts	-2,930	-71
	Equity income (loss)	96,415	55,978
	Provision for derivative financial instruments	-17,449	19,200
	Provision for interest on loans	180,026	23,744
	Change in interest in subsidiaries	48	93
	Provision for contingencies	3,577	444
	Provision for guarantees	2,372	0
	Changes in assets and liabilities	61,113	109,592
	(Increase) decrease in trade accounts receivable	-5,781	112,575
	(Increase) in inventories	-23,882	22,977
	Decrease (increase) in other accounts receivable	46	11,630
	Increase in Suppliers	59,714	-19,945
	(Decrease) in accounts payable and provisions	31,016	-17,645
	Net cash used in investment activities	-56,631	-54,547
	Receivables with related companies	-38,547	-50,565
	Other long-term credits	-139	93
	In investments	-32,803	-1,351
	In property, plant and equipment	-2,250	-2,696
	In intangible assets	-372	-28
	Interest earning bank deposits	17,480	0
	Net cash from financing activities	-39,498	38,223
	Payment of interest on own capital and dividends	-2	0
	Loans obtained	209,642	216,777
	Payments of loans	-262,258	-212,729
	Capital increase	39,859	67,079
	Payment of interest on loans	-29,251	-32,904
	Debts with related companies	2,512	0
	Increase (decrease) in cash and cash equivalents	-12,793	72,532
	Opening balance of cash and cash equivalents	25,161	27,874
	Closing balance of cash and cash equivalents	12,368	100,406

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2014–09/30/2014

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
	Opening balances	324,876	-40,996	0	-317,290	85,525	52,115
	Adjusted opening balances	324,876	-40,996	0	-317,290	85,525	52,115
	Capital transactions with partners	39,859	0	0	0	0	39,859
	Capital increases	39,859	0	0	0	0	39,859
	Total comprehensive income	0	0	0	-244,113	89,853	-154,260
	Net income for the period	0	0	0	-248,452	0	-248,452
	Other comprehensive income	0	0	0	4,339	89,853	94,192
	Translation adjustments in the period	0	0	0	0	94,192	0
	Realization of equity evaluation adjustments	0	0	0	4,339	-4,339	0
	Closing balances	364,735	-40,996	0	-561,403	175,378	-62,286

Individual financial statements / Statement of changes in shareholders’ equity / DMPL - 01/01/2014–09/30/2014

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
	Opening balances	257,797	-73,891	0	-99,659	61,746	145,993
	Adjusted opening balances	257,797	-73,891	0	-99,659	61,746	145,993
	Capital transactions with partners	67,079	0	0	0	0	67,079
	Capital increases	67,079	0	0	0	0	67,079
	Total comprehensive income	0	0	0	-124,076	7,643	-116,433
	Net income for the period	0	0	0	-124,768	0	-124,768
	Other comprehensive income	0	0	0	692	7,643	8,335
	Translation adjustments in the period	0	0	0	0	8,335	8,335
	Realization of equity evaluation adjustments	0	0	0	692	-692	0
	Closing balances	324,876	-73,891	0	-223,735	69,389	96,639

Individual financial statements or Statement of added value

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–09/30/2015	Accumulated of the prior year - 01/01/2014–09/30/2014
	Income	381,337	259,246
	Sale of merchandise, products and services	369,822	255,811
	Other income	8,585	3,364
	Formation/reversal of allowance for doubtful accounts	2,930	71
	Inputs acquired from third parties	-246,225	-185,803
	Cost of products, merchandise and services sold	-130,731	-102,191
	Materials, Energy, Third-party services and other	-115,494	-83,612
	Gross added value	135,112	73,443
	Retentions	-7,606	-8,427
	Depreciation, amortization and depletion	-7,606	-8,427
	Net added value produced	127,506	65,016
	Added value received as transfer	5,531	36,283
	Equity income (loss)	-96,415	-55,978
	Financial income	101,946	92,261
	Total added value payable	133,037	101,299
	Distribution of added value	133,037	101,299
	Personnel	69,048	61,328
	Direct remuneration	57,645	50,444
	Benefits	7,300	6,857
	Severance Pay Fund (FGTS)	4,103	4,027
	Taxes, duties and contributions	21,484	10,777
	Federal	14,562	3,812
	State	6,886	6,962
	Municipal	36	3
	Third-party capital remuneration	290,957	153,962
	Interest	290,436	143,379
	Rents	521	4,817
	Others	0	5,766
	Remuneration of own capital	-248,452	-124,768
	Retained earnings / Loss for the period	-248,452	-124,768

Consolidated financial statements or Balance sheet – Assets

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Total assets	1,045,338	979,763
	Current assets	623,436	574,283
	Cash and cash equivalents	57,354	104,536
	Cash and banks	49,579	59,337
	Marketable securities	7,775	45,199
	Interest earning bank deposits	50,599	33,632
	Accounts receivable	176,508	139,720
	Trade accounts receivable	176,508	139,720
	Inventories	238,327	200,524
	Recoverable taxes	33,733	23,419
	Current taxes recoverable	33,733	23,419
	Prepaid expenses	14,675	11,533
	Other current assets	52,240	60,919
	Non-current assets held for sale	4,314	4,417
	Other	47,926	56,502
	Derivative financial instruments	7,649	36,106
	Other accounts receivable	40,277	20,396
	Non-current assets	421,902	405,480
	Long term assets	61,289	66,807
	Interest earning bank deposits measured at fair value	5,538	21,592
	Trading securities	5,538	21,592
	Deferred taxes	49,506	39,627
	Deferred income and social contribution taxes	49,506	39,627
	Other non-current assets	6,245	5,588
	Recoverable taxes	847	1,048
	Other	5,398	4,540
	Investments	12,857	13,401
	Equity interest	12,857	13,401
	Interest in associated companies	12,508	13,052
	Other equity interest	349	349
	Property, plant and equipment	267,495	257,222
	Fixed assets in operation	257,880	247,180
	Construction in progress	9,615	10,042
	Intangible assets	80,261	68,050
	Intangible assets	80,261	68,050

Consolidated financial statements or Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Total liabilities	1,045,338	979,763
	Current liabilities	736,538	560,708
	Social and labor obligations	32,570	25,095
	Social charges	8,414	6,485
	Labor obligations	24,156	18,610
	Suppliers	51,944	36,321
	Domestic suppliers	38,482	27,013
	Foreign suppliers	13,462	9,308
	Tax liabilities	25,344	17,621
	Federal tax liabilities	20,586	12,326
	Income and social contribution tax payable	14,614	9,710
	Other taxes	5,972	2,616
	State tax liabilities	4,733	5,254
	Municipal tax liabilities	25	41
	Loans and financing	282,620	274,798
	Loans and financing	221,539	258,865
	In domestic currency	49,625	118,740
	In foreign currency	171,914	140,125
	Debentures	61,081	15,933
	Other liabilities	291,024	158,111
	Other	291,024	158,111
	Dividends and interest on own capital	4	6
	Derivative financial instruments	1,296	23,898
	Foreign exchange withdrawals	180,651	57,856
	Advance on real estate credits	0	8,548
	Advance of receivables	54,138	25,114
	Other liabilities	54,935	42,689
	Provisions	53,036	48,762
	Tax, social security, labor and civil provisions	40,656	37,734
	Tax provisions	319	0
	Social security and labor provisions	18,042	10,253
	Civil provisions	22,295	27,481
	Other provisions	12,380	11,028
	Provisions for guarantees	12,380	11,028
	Non-current liabilities	371,086	366,940
	Loans and financing	296,869	341,719
	Loans and financing	231,051	231,821
	In domestic currency	43,030	83,585
	In foreign currency	188,021	148,236
	Debentures	65,818	109,898
	Other liabilities	10,797	6,178
	Other	10,797	6,178
	Taxes payable	829	2,469
	Other liabilities	9,968	3,709
	Deferred taxes	14,156	9,803
	Deferred income and social contribution taxes	14,156	9,803

Consolidated financial statements or Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 09/30/2015	Prior year 12/31/2014
	Provisions	49,264	9,240
	Tax, social security, labor and civil provisions	45,360	9,240
	Tax provisions	5,982	5,567
	Social security and labor provisions	1,222	1,273
	Civil provisions	38,156	2,400
	Other provisions	3,904	0
	Provisions for guarantees	3,904	0
	Consolidated shareholders' equity	-62,286	52,115
	Realized capital	364,735	324,876
	Capital reserves	-40,996	-40,996
	Capital transactions	-40,996	-40,996
	Retained Earnings/Losses	-561,403	-317,290
	Equity evaluation adjustments	32,345	36,685
	Accumulated translation adjustments	143,033	48,840

Consolidated financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter 07/01/2015–09/30/2015	Accumulated of the current year - 01/01/2015–09/30/2015	Same quarter of the prior year - 07/01/2014 to 09/30/2014	Accumulated of the prior year - 01/01/2014–09/30/2014
	Income from sales of goods and/or services	212,225	561,240	123,556	424,630
	Cost of goods and/or services sold	-136,750	-395,595	-105,233	-334,495
	Gross income	75,475	165,645	18,323	90,135
	Operating expenses/income	-56,685	-218,237	-86,169	-164,886
	Sales expenses	-25,968	-71,038	-21,783	-65,224
	General and administrative expenses	-30,051	-74,428	-18,875	-50,168
	Other operating income	6,776	11,040	2,608	7,076
	Other operating expenses	-7,192	-83,267	-47,735	-55,171
	Equity income (loss)	-250	-544	-384	-1,399
	Income (loss) before financial income and taxes	18,790	-52,592	-67,846	-74,751
	Financial income (loss)	-131,850	-203,682	-30,265	-56,576
	Financial income	21,894	118,221	39,666	102,725
	Financial expenses	-153,744	-321,903	-69,931	-159,301
	Income (loss) before income tax	-113,060	-256,274	-98,111	-131,327
	Income and social contribution taxes	9,782	7,822	3,493	6,559
	Current	-1,547	-2,459	-332	-4,045
	Deferred assets	11,329	10,281	3,825	10,604
	Net income (loss) of continued operations	-103,278	-248,452	-94,618	-124,768
	Net Income/loss - Consolidated	-103,278	-248,452	-94,618	-124,768
	Attributed to the Parent company's partners	-103,278	-248,452	-94,618	-124,768
	Earnings per share - (reais / Shares)				
	Basic earnings per share				
	ON	-2.55334	-6.14244	-0.53281	-0.70258
	PN	-2.55334	-6.14244	-0.53281	-0.70258
	Diluted earnings per share				
	ON	-2.45660	-5.90973	-0.53281	-0.70258
	PN	-2.45660	-5.90973	-0.53281	-0.70258

Consolidated financial statements or Statement of comprehensive income

(In thousand of reais)

Code of account	Account description	Current quarter 07/01/2015–09/30/2015	Accumulated of the current year - 01/01/2015–09/30/2015	Same quarter of the prior year - 07/01/2014 to 09/30/2014	Accumulated of the prior year - 01/01/2014–09/30/2014
	Consolidated net income for the period	-103,279	-248,452	-94,618	-124,768
	Other comprehensive income	58,211	94,192	20,089	8,336
	Translation adjustments for the period	58,211	94,192	20,089	8,336
	Consolidated comprehensive income for the period	-45,068	-154,260	-74,529	-116,432
	Attributed to the Parent company's partners	-45,068	-154,260	-74,529	-116,432

Consolidated financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–09/30/2015	Accumulated of the prior year - 01/01/2014–09/30/2014
	Net cash from operational activities	12,819	-1,456
	Cash generated in operations	59,736	-9,686
	Net income before income and social contribution taxes	-256,274	-131,327
	Depreciation and amortization	26,907	24,911
	Cost of permanent assets written-off	3,202	3,288
	Equity income (loss)	544	1,399
	Provision for derivative financial instruments	-16,547	19,566
	Allowance for doubtful accounts	-4,511	124
	Provision for interest on loans	221,215	36,336
	Write-off of assets held for sale	103	0
	Provision for contingencies	79,842	36,017
	Provision for guarantees	5,255	0
	Changes in assets and liabilities	-44,731	12,384
	(Increase) in trade accounts receivable	-32,277	42,984
	Decrease (increase) in inventories	-37,804	8,336
	Decrease (increase) in other accounts receivable	-25,748	18,568
	(Decrease) in suppliers	15,420	-8,242
	Increase (decrease) in accounts payable and provisions	35,678	-49,262
	Other	-2,186	-4,154
	Income and social contribution taxes paid	-2,186	-4,154
	Net cash used in investment activities	-15,219	-12,758
	Other receivables	-657	-190
	In property, plant and equipment	-11,602	-11,445
	In intangible assets	-2,048	-1,123
	Interest earning bank deposits	-912	0
	Net cash from financing activities	-44,782	-56,684
	Payment of interest on own capital and dividends	-2	0
	Loans obtained	309,871	223,370
	Payment of loans	-360,268	-297,749
	Capital increase	39,859	67,079
	Interest paid for real estate credit	0	-1,634
	Payment of interest on loans	-34,232	-39,686
	Real estate credits	0	-8,064
	Other	-10	0
	Increase (decrease) in cash and cash equivalents	-47,182	-70,898
	Opening balance of cash and cash equivalents	104,536	281,119
	Closing balance of cash and cash equivalents	57,354	210,221

Consolidated financial statements / Statement of changes in shareholders’ equity / DMPL - 01/01/2015–09/30/2015

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
	Opening balances	324,876	-40,996	0	-317,290	85,525	52,115	0	52,115
	Adjusted opening balances	324,876	-40,996	0	-317,290	85,525	52,115	0	52,115
	Capital transactions with partners	39,859	0	0	0	0	39,859	0	39,859
	Capital increases	39,859	0	0	0	0	39,859	0	39,859
	Total comprehensive income	0	0	0	-244,113	89,853	-154,260	0	-154,260
	Net income for the period	0	0	0	-248,452	0	-248,452	0	-248,452
	Other comprehensive income	0	0	0	4,339	89,853	94,192	0	94,192
	Translation adjustments in the period	0	0	0	0	94,192	94,192	0	94,192
	Realization of equity evaluation adjustments	0	0	0	4,339	-4,339	0	0	0
	Closing balances	364,735	-40,996	0	-561,403	175,378	-62,286	0	-62,286

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2014–09/30/2014

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
	Opening balances	257,797	-73,891	0	-99,659	61,746	145,993	0	145,993
	Adjusted opening balances	257,797	-73,891	0	-99,659	61,746	145,993	0	145,993
	Capital transactions with partners	67,079	0	0	0	0	67,079	0	67,079
	Capital increases	67,079	0	0	0	0	67,079	0	67,079
	Total comprehensive income	0	0	0	-124,076	7,643	-116,433	0	-116,433
	Net income for the period	0	0	0	-124,768	0	-124,768	0	-124,768
	Other comprehensive income	0	0	0	692	7,643	8,335	0	8,335
	Translation adjustments in the period	0	0	0	0	8,335	8,335	0	8,335
	Realization of equity evaluation adjustments	0	0	0	692	-692	0	0	0
	Closing balances	324,876	-73,891	0	-223,735	69,389	96,639	0	96,639

Consolidated financial statements or Statement of added value

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–09/30/2015	Accumulated of the prior year - 01/01/2014–09/30/2014
	Income	848,917	520,636
	Sale of merchandise, products and services	833,366	513,683
	Other income	11,040	7,077
	Formation/reversal of allowance for doubtful accounts	4,511	-124
	Inputs acquired from third parties	-651,157	-386,759
	Cost of products, merchandise and services sold	-357,509	-268,343
	Materials, Energy, Third-party services and other	-293,648	-118,416
	Gross added value	197,760	133,877
	Retentions	-26,907	-24,911
	Depreciation, amortization and depletion	-26,907	-24,911
	Net added value produced	170,853	108,966
	Added value received as transfer	111,732	101,326
	Equity income (loss)	-544	-1,399
	Financial income	112,276	102,725
	Total added value payable	282,585	210,292
	Distribution of added value	282,585	210,292
	Personnel	136,631	114,507
	Direct remuneration	115,413	100,279
	Benefits	14,375	7,769
	Severance Pay Fund (FGTS)	6,843	6,459
	Taxes, duties and contributions	77,743	51,260
	Federal	53,348	37,611
	State	24,294	13,574
	Municipal	101	75
	Third-party capital remuneration	316,663	169,293
	Interest	315,957	159,301
	Rents	706	947
	Others	0	9,045
	Remuneration of own capital	-248,452	-124,768
	Retained earnings / Loss for the period	-248,452	-124,768

Performance comment

PRESS RELEASE

3Q15

Performance comment

Porto Alegre, November 13th, 2015 - Forjas Taurus S.A. **(BM&FBOVESPA:** FJTA3, FJTA4), a company in the segments of (i) Defense and Security – as the largest firearm 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, and in the production of plastic containers and forged and molded parts (M.I.M – Metal Injection Molding), informs hereby the financial results for the **3rd quarter of 2015 (3Q15).**

1. Highlights for the 3rd quarter of 2015 (3Q15)

- ✓ **Consolidated net revenue grows 20.9% in the 3Q15 in relation to 2Q15, reaching R$212.2 million,** with emphasis to growth in domestic market;
- ✓ **Exports totaled R$150.0 million in the quarter,** an increase of 18.8% over the 2Q15 and of 126.6% over the 3Q14;
- ✓ **Consolidated gross margin reached 35.6% in the 3Q15,** an increase of 4.3 p.p. in relation to the 2Q15;
- ✓ **Adjusted EBITDA rises to R$35.2 million** in the 3Q15, a growth of 73.7% in view of the 2Q15;
- ✓ **Adjusted Operating Expenses grow 18.6%** mainly due to recording of adjustment of provision for labor contingencies in the amount of R$10.8 million;
- ✓ **Financial income presents net expenses of R$131.9 million,** impacted by devaluation of Brazilian Real before US dollar;
- ✓ **Consolidated Income for the quarter impacted by Brazilian Real devaluation,** generating losses of R$103.3 million in the quarter;
- ✓ **Consolidation of operations and capture of synergies:**
  - ✓ Increase in helmet production in Bahia plant, generating higher tax efficiency;
  - ✓ Transfer of long guns operation to Porto Alegre;
  - ✓ Start of transferring processes of Porto Alegre operationsFirearms from to São Leopoldo, Rio Grande do Sul State (RS), to take place in the beginning of 2016;
  - ✓ Project for implementation of SAP in operations in Brazil is in progress and "go live" is estimated to occur in the beginning of January 2016.

Performance comment

2. Consolidated Economic and Financial Performance

In table below, consolidated economic-financial performance of the Company in the 3Q15 and in the 9M15, compared to performance in the 2Q15, 3Q14 and 9M14.

Consolidated Economic and Financial Performance

In millions of reais

Indicators	3Q15	2Q15	3Q14	9M15	9M14	Variation %		
						3Q15/2Q15	3Q15/3Q14	9M15/9M14
Net revenue	**212.2**	**175.5**	**123.6**	**561.2**	**424.6**	**20.9%**	**71.8%**	**32.2%**
Domestic market	52.2	49.3	57.4	172.0	179.6	26.2%	8.4%	-4.2%
Foreign market	150.0	126.2	66.2	389.2	245.0	18.8%	126.6%	58.9%
COGS	136.8	120.5	105.2	395.6	334.5	13.5%	29.9%	18.3%
Gross profit	75.5	55.0	18.3	165.6	90.1	37.2%	311.9%	83.3%
Gross margin -%	**35.6%**	**31.3%**	**14.8%**	**29.5%**	**21.2%**	**4.3 p.p.**	**20.7 p.p.**	**8.3 p.p.**
Operating expenses - SG&A	-56.7	-51.3	-86.2	-218.2	-164.9	10.5%	-34.2%	32.4%
Operating expenses, adjusted[(1)]	-54.3	-45.8	-84.2	-139.3	-143.1	18.6%	-35.5%	-2.7%
Margin for Operating expenses, adjusted	**25.6%**	**26.1%**	**68.1%**	**24.8%**	**33.7%**	**-0.5 p.p.**	**-42.6 p.p.**	**-8.9 p.p.**
Operating income (EBIT)	18.8	3.7	-67.3	-52.6	-74.3	405.7%	-	-29.6%
EBIT Margin - %	**8.9%**	**2.1%**	**-54.9%**	**-9.4%**	**-17.6%**	**6.7 p.p.**	**63.8 p.p.**	**8.2 p.p.**
Net financial income (loss)	-131.9	-3.5	-30.3	-203.7	-56.6	3661.8%	335.7%	260.0%
Depreciation and amortization	10.0	8.4	8.6	26.9	24.9	19.0%	15.7%	8.0%
Net Income/loss - Consolidated	-103.3	4.7	-94.6	-243.5	-124.3	-	9.2%	99.1%
Net Consolidated Margin - %	**-18.7%**	**2.7«**	**-76.6%**	**-44.3%**	**29.4%**	**-51.4 p.p.**	**27.9 p.p.**	**-14.9 p.p.**
Adjusted EBITDA[(2)]	35.2	20.3	-3.3	64.5	39.8	73.7%	-	62.1%
Adjusted EBITDA margin - %	**16.6%**	**11.6%**	**-2.7%**	**11.5%**	**9.4%**	**5.0 p.p.**	**19.3 p.p.**	**2.1 p.p.**
Total assets	1,045.3	981.4	1,024.5	1,045.3	1,024.5	6.5%	2.0%	2.0%
Shareholders' equity	-62.3	-57.1	96.6	-62.3	96.6	9.2%	-	-
Investments (CAPEX)	5.6	3.4	4.4	13.7	12.6	64.6%	27.1%	8.6%

(1) Operating expenses, adjusted: Expenses adjusted by non-recurring items related to employment terminations and reorganization advisories.

(2) Adjusted EBITDA (Earnings before interest, tax, depreciation and amortization, and net earnings from non-recurring operations): refers to EBITDA calculated at the method defined in CVM Instruction nº. 527, of October 4, 2012, plus non-recurring items linked to employment terminations, reorganization advisories and, to Taurus Máquinas-Ferramenta LTDA. (TMFL).

Net revenue

In the 3Q15, the Company's net consolidated revenue reached R$212.2 million, a growth of 20.9% in relation to the R$175.5 million recorded in the 2Q15, reflecting domestic market improved performance and foreign exchange rate more favorable to exports. When compared to the R$123.6 million recorded in the 3Q14, net revenue grew 71.8%. In 2015 to date, net revenue reached R$561.2 million, an increase of 32.2% before the R$424.6 million recorded in the first nine months of 2014.

Performance comment

Net revenue in Brazil was R$62.2 million in the 3Q15, a growth of 26.2% in relation to the 2Q15. This increase made Brazil's share increase 1 p.p., reaching 29% of total net revenue in the 3Q15. While sales to other countries grew 224.9% in the 3Q15 in view of the 2Q15, reaching R$14.2 million; with its share going from 3% to 7%, an increase of 4p.p., evidencing the Company's efforts to reduce dependence of its revenue from the USA.

						Variation %		
NET REVENUE In millions of reais	**3Q15**	**2Q15**	**3Q14**	**9M15**	**9M14**	**3Q15/2Q15**	**3Q15/3Q14**	**9M15/9M14**
TOTAL	212.2	175.5	123.6	561.2	424.6	20.9%	71.8%	32.2%
Brazil	62.2	49.3	57.4	172.0	179.6	26.2%	8.4%	-4.3%
United States	135.8	121.8	49.1	356.5	203.2	11.5%	177.3%	75.4%
Other countries	14.2	4.4	17.2	32.7	41.8	224.9%	-17.3%	-21.7%
Exports	150.0	126.2	66.2	389.3	245.0	18.9%	126.7%	58.9%

Sales share in US market, on its turn, went back 5p.p. in the 3Q15 in comparison with the 2Q15. In this period, sales in the USA reached R$135.8 million, a growth of 11.5% in view of the 2Q15, basically due to foreign exchange devaluation.

Firearm segment continues to increase its share, going from 82% in the 2Q15 to 85% in the 3Q15. While helmet segment reduced its share from 16% to 13% in the same period due to the unfavorable economic moment in Brazil, with credit recession and unemployment rates at higher levels. "Others" segment maintained its share at 2% in the 3Q15 in comparison with the 2Q15.

Performance comment

Segment information

The table below sets out consolidated financial highlights by segment:

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative Quarter - Current Quarter x Previous Quarter

	Net revenue					Gross revenue			Gross margin		
	3Q15	Interest %	2Q15	Interest %	Var.	3Q15	2Q15	Var.	3Q15	2Q15	Var.p.p
Firearms	179.6	84.6%	144.0	**82.1%**	24.7%	67.3	46.7	44.1%	37.5%	32.4%	5.1
Helmets	27.3	12.8%	27.8	**15.9%**	-2.0%	7.3	9.8	-25.8%	26.7%	35.3%	-3.6
Other	5.4	*2.5%*	3.7	**2.1%**	45.8%	0.9	(1.5)	-162.8%	17.3%	-40.2%	57.5
Total	**212.2**	**100,%**	**175.5**	**100,%**	20.9%	**75.5**	**55.0**	37.2%	**35.6%**	**31.3%**	**4.2**

Comparative Quarter - Year over Year

	Net revenue					Gross revenue			Gross margin		
	3Q15	Interest %	3Q14	Interest %	Var.	3Q15	3Q14	Var.	3Q15	3Q14	Var.p.p
Firearms	179.6	84.6%	86.2	**69.7%**	108.5%	67.3	5.6	1092.4%	37.5%	6.5%	30.9
Helmets	27.3	12.8%	28.3	**22.9%**	-3.6%	7.3	7.7	-5.8%	26.7%	27.3%	-0.6
Other	5.4	*2.5%*	9.1	**7.4%**	-41.3%	0.9	5.0	-81.3%	17.3%	54.2%	-36.9
Total	**212.2**	**100,%**	**123.6**	**100,%**	71.8%	**75.5**	**13.3**	311.9%	**35.6%**	**14.3%**	**20.7**

Nine-month period comparison

	Net revenue					Gross revenue			Gross margin		
	9M15	Interest %	9M14	Interest %	Var.	9M15	9M14	Var.	9M15	9M14	Var.p.p
Firearms	456.5	81.3%	304.3	**71.7%**	50.0%	135.7	50.6	168.2%	29.7%	16.6%	13.1
Helmets	86.1	15.3%	91.2	**21.5%**	-5.6%	27.4	29.3	-6.4%	31.8%	32.1%	-0.3
Other	18.7	*3.3%*	29.2	**6.9%**	-36.0%	2.5	10.3	-75.3%	13.6%	35.2%	-21.6
Total	**561.2**	**100,%**	**424.6**	**100,%**	32.2%	**165.6**	**90.1**	83.8%	**29.5%**	**21.2%**	**8.3**

I. Firearms

This segment includes handguns (revolvers and pistols for public and private security, and for military and civil restricted use), long guns (rifles and carbines) and submachine guns. Operations in this segment are conducted by Forjas Taurus S.A. in Porto Alegre/RS, and e Taurus Holdings, Inc. in the USA.

						Variation %		
NET REVENUE In millions of reais	**3Q15**	**2Q15**	**3Q14**	**9M15**	**9M14**	**3Q15/2Q15**	**3Q15/3Q14**	**9M15/9M14**
Firearms	**179.5**	**144.0**	**86.2**	**456.5**	**304.3**	**24.7%**	**108.5%**	**50.0%**
Brazil	**31.1**	**19.4**	**21.2**	**71.3**	**52.4**	**60.5%**	**46.5%**	**14.4%**
Southeast region	14.8	9.9	9.8	34.4	16.6	50.4%	51.8%	107.0%
South	7.5	3.5	2.6	14.9	13.4	112.1%	189.9%	10.9%
Northeast	3.5	3.4	4.1	10.0	13.7	1.2%	-16.3%	-27.1%
North region	1.1	0.4	0.9	2.4	7.5	191.4%	20.1%	-58.7%
Midwest	4.2	2.2	3.8	9.6	11.0	93.0%	10.3%	-12.7%
United States	**134.5**	**120.5**	**47.9**	**353.0**	**200.4**	**11.6%**	**180.8%**	**76.1%**
Other countries	**14.0**	**4.1**	**17.0**	**32.2**	**41.5**	**242.8%**	**-17.5%**	**-22.4%**
Export	**148.5**	**124.5**	**54.9**	**385.2**	**241.9**	**19.1%**	**128.7%**	**59.2%**

Performance comment

In the 3Q15, Firearms net sales amounted to R$ 179.6 million, 24.7% above the R$ 144.0 million in the same period of prior year and 108.5% above the same quarter of 2014. In domestic market, despite the fact that government purchases are still reduced, sales to other areas presented better performance, with growth of 60.5% in the 3Q15 in relation to prior quarter. South Region recorded the most representative growth, going from R$3.5 million in the 2Q15 to R$7.5 million in the 3Q15, an expansion of 112.1%.

In foreign market, sales in the USA grew 11.6% in the 3Q15 in relation to the 2Q15, and this is basically due to appreciation of US dollar before the Brazilian Real. NICS (National Instant Background Check System), FBI statistics that permit determining intentions of purchasing Firearms in the USA, grew 9.2% in the 3Q15 when compared to prior quarter.

Another positive highlight was sales of Firearms to other countries, which grew 242.8% when compared to the 2Q15, reaching R$14.0 million in the 3Q15 due to resumption of delayed tender bids in Asian and Latin American countries. These results strengthen Management's dedication to seek new markets and reduce dependence on and concentration of the Company's revenue in the US market.

Firearms gross margin continues to expand; in the 3Q15, it grew 5.1p.p. in relation to the 2Q15, reaching 37.5%. This expansion is due not only to operating improvements that the Company is implementing since the beginning of this year, thus obtaining productivity gains, but also to foreign exchange effects on exports. It is important to emphasize that the Company's main cost base is denominated in Brazilian Reais, and export revenue are linked to US dollar, representing more than 70% of total net revenue for the quarter.

II. Helmets

Helmet segment is the Company's second largest, with production in units Taurus Blindagens Ltda., in Mandirituba, Paraná State (PR), and Taurus Blindagens Nordeste Ltda., in Simões Filho, Bahia State (BA). Major portion of production is destined to the domestic market.

						Variation %		
NET REVENUE In millions of reais	**3Q15**	**2Q15**	**3Q14**	**9M15**	**9M14**	**3Q15/2Q15**	**3Q15/3Q14**	**9M15/9M14**
Helmets	**27.3**	**27.8**	**28.3**	**86.1**	**91.2**	**-2.0%**	**-3.6%**	**-5.6%**
Brazil	**27.1**	**27.5**	**28.1**	**85.6**	90.9	**-1.7%**	**-3.7%**	**-5.9%**
Southeast	6.9	7.6	8.0	23.7	25.6	-9.9%	-14.3%	-7.4%
South	1.3	1.2	1.3	4.0	4.4	4.1%	-4.2%	-9.9%
Northeast	3.9	9.9	3.3	28.8	27.1	-10.6%	7.2%	6.1%
North region	57	4.6	5.9	15.7	19.1	24.5%	-2.9%	-18.1%
Midwest	4.4	4.2	4.6	13.5	14.7	3.7%	-5.8%	-8.5%
Other countries	**0.2**	**0.3**	**0.2**	**0.5**	**0.2**	**-31.6%**	**21.1%**	**110.1%**
Export	**0.2**	**0.3**	**0.2**	**0.5**	**0.2**	**-31.6%**	**21.1%**	**110.1%**

Performance comment

The net revenue from helmets was R$ 27.3 million in the 3Q15, 2.0% down as compared with R$ 27.8 million of the prior quarter and 3.6% down as compared with the same period of the prior year. Helmet market is going through a cool moment, evidenced by motorcycle sales in Brazil, as shown in the graphic below. While motorcycle sales receded 2.9% in the 3Q15 in relation to the 2Q15, sales of Taurus helmets went back by 0.6%.

In the 3Q15, the Company continued to increase production of helmets in the plant of Simões Filho / Bahia State, generating improved tax efficiency. However, more challenging market environment and price adjustments made gross margin of this segment to be reduced by 8.6p.p., reaching 26.7% in the 3Q15, in comparison with the 2Q15. When we compare it with the 3Q14, gross margin receded 0.6p.p.

III. Other

In addition to firearms and helmets, Taurus also has other segments such as manufacture of plastic containers, motorcycle trucks, forged and molded parts M.I.M. (Metal Injection Molding) pieces. Polimetal Metalurgia e Plásticos Ltda. in São Leopoldo/RS is exclusively dedicated to metal injecting molding (M.I.M.), all the other products are manufactured in the Paraná unit - Taurus Blindagens.

						Variation %		
NET REVENUE In millions of reais	**3Q15**	**2Q15**	**3Q14**	**9M15**	**9M14**	**3Q15/2Q15**	**3Q15/3Q14**	**9M15/9M14**
Other	5.4	3.7	9.1	18.7	29.2	45.8%	-41.3%	-36.0%
Brazil	4.0	2.4	8.1	15.1	15.3	70.5%	-50.2%	-42.7%
Exports	1.4	1.3	1.1	3.6	2.9	2.0%	24.5%	25.2%

In the 3Q15, this segment presented important recovery, with net sales reaching R$5.4 million, which represents a growth of 45.8% in relation to prior quarter. Improved performance is mainly related to tender bids for plastic containers won by Taurus Blindagens in the quarter.

Operating expenses

Operating expenses totaled R$56.7 million in the 3Q15, an increase of 10.5% in relation to that presented in prior quarter. While operating expenses adjusted by employment terminations and reorganization advisories were R$54.3 million in the 3Q15, an increase of 18.5% when compared to the 2Q15. This growth occurred mainly for two reasons: (i) impacts from adjustment in values of provisions for contingencies, especially provisions for labor lawsuits, generating recognition of R$10.8 million of provisions in current quarter, and (ii) foreign exchange devaluation upon conversion of operating expenses denominated in dollar in transactions of subsidiary Taurus Holdings Inc., in the United States, which contributed to an increase of R$3.1 million in the quarter.

Performance comment

In case we did not consider these effects, adjusted operating expenses would be reduced by 11.8%, going from R$45.8 million in the 2Q15 to R$40.4 million in the 3Q15.

OPERATING EXPENSES (SG&A)

In millions of reais

	3Q15	2Q15	3Q14	3Q15 x 2Q15	3Q15 x 3Q14
Total operating expenses	56.7	51.3	86.2	10.5%	-34.2%
Non-recurring operating expenses	2.4	5.5	2.0	-56.6%	18.1%
Operating expenses, adjusted	54.3	45.8	84.2	18.5%	-35.5%
Net revenue	212.2	175.5	123.6	22.7%	74.2%
% Operating expenses	26.3%	29.2%	69.7%	--2.9 p.p.	-43.4 p.p.
% Operating expenses, adjusted	25.2%	26.1%	68.1%	-0.9 p.p.	-42.9 p.p.

EBITDA and reconciliation of Adjusted EBITDA

The Company's consolidated EBITDA was R$28.8 million in the 3Q15, a growth of 138.0% when compared to EBITDA of the 2Q15. Adjusted EBITDA (earnings before interest, tax, depreciation and amortization) consists in EBITDA with elimination of expenses/income considered as non-recurring and related to employment terminations, expenses with processes of reorganization and transfer of operations from Porto Alegre to São Leopoldo, as well as income of subsidiary Taurus Máquinas-Ferramenta Ltda. (TMFL), because this company is not an operating company. Therefore, the Company's adjusted EBITDA was R$35.2 million in the 3Q15, with margin of 16.6%. This result was 73.7% higher than Adjusted EBITDA of the 2Q15.

Performance comment

CONSOLIDATED EBITDA

In millions of reais

	3Q15	2Q15	3Q14
= INCOME (LOSS) FOR THE YEAR	**(103.3)**	**4.7**	**(94.6)**
(+) IR/CSLL	**(9.8)**	**(4.5)**	**(3.5)**
(+) Net financial income (loss)	**131.9**	**3.5**	**30.3**
(+) Depreciation/amortization	**10.0**	**8.4**	**8.6**
= EBITDA PERIOD CVM Ins1. 527/12	**28.8**	**12.1**	**(59.2)**
(+) Operating Income of TMFL[1]	**2.0**	**1.4**	**38.4**
(+) Non-Recurring costs and expenses	**4.4**	**6.7**	**17.4**
(+) Employment Terminations	**2.6**	**5.5**	**3.2**
(+) Advisory and consulting services	**1.8**	**1.2**	**1.7**
(+) Unproductiveness and Idle Capacity		**-**	**11.5**
(+) Other		**-**	**1.0**
= ADJUSTED EBITDA	**35.2**	**20.3**	**(3.3)**

(1) The Company's management considered the operating income of the subsidiary Taurus Máquinas-Ferramenta Ltda. as non-recurring in view the discontinuing of its operations.

Financial income (loss)

In the 3Q15, financial income was negative by R$131.9 million, presenting significant increase when compared with negative financial income of R$3.5 million obtained in the 2Q15. This increase is mainly due to adverse foreign exchange effects in the quarter, as dollar devaluated by 28.1% between closing of the 3Q15 and 2Q15. Remember that the Company closed September 2015 with approximately 67% of its indebtedness linked to US currency.

Consolidated income (loss)

In the 3Q15, the Company's consolidated results were losses of R$103.3 million, mainly impacted by financial income and foreign exchange effects.

3. Financial position

Total cash and cash equivalents and financial investments summed up R$113.5 million in Sep 15, 12.7% below the R$130.0 million in Jun 15.

Performance comment

Consolidated loans and financing in the short and long terms totaled R$807.9 million in Sep 15, addition of 9.9% over position in Jun 15, mainly due to exchange adjustments of debts denominated in US dollars. Accordingly, net debt was R$694.4 million, an increase of 14.8% when compared to closing balance of prior quarter. Following, the Company's financial position at closing of each quarter:

In millions of reais

	09/30/2015	06/30/2015	12/31/2014	09/30/2014	Var. – Sep 2015 x Jun2015	Var. - Sep 2015 x Dec 2014	Var. - Sep 2015 x Sep 2014
Loans and financing - US$	92.7	121.9	290.7	261.9	-24.0%	-68.1%	-64.6%
Loans and financing - US$	540.6	463.8	303.2	286.6	16.6%	73.3%	88.6%
Debentures - R$	126.9	125.9	125.3	133.2	0.8%	0.8%	-4.7%
Advance of receivables - R$	54.1	55.7	33.7	41.5	-2.9%	60.7%	30.4%
Derivatives - R$	-6.4	-32.5	-12.2	-15.7	-80.4%	-48.0%	-59.6%
Gross indebtedness	**807.9**	**734.9**	**695.8**	**718.5**	**9.9%**	**16.1%**	**12.5%**
(-) Cash and cash equivalents and interest earning bank deposits	113.5	130.0	159.3	210.2	-12.7%	-29.0%	-46.0%
Net indebtedness	**694.4**	**604.9**	**536.1**	**508.2**	**14.8%**	**29.5%**	**36.6%**
Adjusted EBITDA (LTM)	66, 8	23.2	42.1	27.2	136.9%	58.7%	145.5%
Net Indebtedness/Adjusted EBITDA	**10.40x**	**21.45x**	**12.74x**	**18.68x**			
Adjusted EBITDA/Financial expenses, net	**0.28x**	**0.20x**	**0.46x**	**0.35x**			

During this year, the Company has been negotiating with its main creditor banks to extend indebtedness, transferring short-term maturities to medium and long-term maturities.

4. Working Capital

In the 3Q15, Working Capital Needs (WCN) were R$330.3 million, an increase of 21.9% in relation to last quarter. When related to annualized net revenue, WCN represented 45% in the 3Q15, 3 p.p. higher than the 42% of the 2Q15. This growth results mainly from appreciation of US dollar in relation to Brazilian Real, which impacted working capital of R$57.3 million in the quarter due to translation of amounts recorded in subsidiary Taurus Holdings Inc., in the United States.

Performance comment

5. Cash flow

In the 3Q15, the Company had Operating Cash Generation of R$11.4 million. While investment activities presented disbursement of R$19.6 million in the period. Finally, financing activities consumed R$21.9 million in the 3Q15. Accordingly, the Company's cash presented reduction of R$30.2 million in the 3Q15 in relation to the 2Q15, so that cash and cash equivalents final balance was R$57.4 million, a reduction of 34.5%.

The Company's cash flow in the 3Q15 is shown in the table below.

CASH FLOW – CONSOLIDATED

In millions of reais

	3Q15	2Q15	Var.%
Cash at the beginning of the period	**87.5**	**68.0**	**28.8%**
Cash flow from operating activities	**11.4**	**36.5**	**-68.8%**
Losses before Income Tax and Social Contribution on net income	(113.1)	0.2	-
Depreciation and amortization	10.0	8.4	19.1%
Cost of written-off permanent assets	1.8	0.5	270.5%
Equity income (loss)	0.3	0.1	108.3%
Provision for financial charges	129.8	18.7	594.3%
Provision for contingencies	7.9	(2.3)	-
Allowance for doubtful accounts	(0.2)	(2.2)	-91.9%
Provisions for guarantees	1.9	0.1	1765.3%
Changes in assets and liabilities	(28.9)	14.1	-
Payment of Corporate Income Tax and Social Contribution on net income	2.2	(1.5)	-
Other	(0.4)	0.5	-
Investment activities	**(19.6)**	**(5.3)**	**273.7%**
In property, plant and equipment	(4.3)	(2.9)	44.3%
In intangible assets	(1.4)	(0.5)	186.6%
Interest earning bank deposits	(13.6)	(1.6)	742.8%
Other receivables	(0.4)	(0.2)	71.7%
Financing activities	**(21.9)**	**(116)**	**88.2%**
Loans obtained	61.5	119.3	-48.5%
Payments of loans	(114.2)	(118.1)	-3.3%
Payment of interest on loans	(9.4)	(12.0)	-21.3%
Capital increase	39.9	-	-
Other	0.4	(1.0)	-
Increase (decrease) in cash	**(30.2)**	**19.6**	**-254.2%**
Cash at end of the period	**57.4**	**87.5**	**-34.5%**

Performance comment

6. Capital market and corporate governance

Forjas Taurus S.A. is Brazilian publicly-traded company that has been listed on BM&FBOVESPA for more than 30 years and since July 2011 has been listed at Corporate Governance Level 2 on BM&FBOVESPA. In Extraordinary Shareholders' Meeting held on September 29th, 2015, capital increase approved in Extraordinary Shareholders' Meeting held on July 15, 2015, in the amount of R$39,858,904.40, was homologated. Accordingly, the Company now has 40,448,248 shares divided into 27,446,627 common shares and 13,001,621 preferred shares, and its capital became R$364.7 million.

Evolution of Taurus share value and market value is shown below. In the 3Q15, the Company's total market value evolved 118% as a result of capital increase carried out by shareholders. While share value continued to be adversely affected by operational and financial challenges Taurus is facing last years.

Performance of Shares and Market Value

			Variations (%)		
1. Stock Price Closure	3Q15		Quarter	Year	12 months
ON - FJTA3	R$	1.79	-11%	-63%	-67%
PN - FJTA4	R$	1.21	-27%	-77%	-78%
IBOVESPA	R$	45,059	-15%	-10%	-17%

	3Q15		Quarter	Year	12 months
ON - FJTA3	R$	49.1	190%	-30%	-38%
PN - FJTA4	R$	15.7	23%	-61%	-62%
TOTAL	R$	64.9	118%	-41%	-46%

7. Corporate Restructuring

Restructuring process continues intense in the Company. After having increased production and productivity levels in the first half of this year, restructuring has a new focus: consolidation of operations and search for synergies.

In this quarter, concentration of helmet production in plant of Simões Filho, Bahia State, was increased, as this plant enjoys tax benefits. Trend is to increase concentration of helmet production in this plant in order to optimize benefits.

In August this year, production of long guns, previously located in Taurus Branch 5 in São Leopoldo, was transferred to headquarters in Porto Alegre. Accordingly, Branch 5 facilities, which were rented, were cleared in August. This action, in addition to reducing fixed costs related to rent, brings higher logistics efficiency for long guns operation.

Performance comment

In this quarter, process to transfer the Company's operations from Porto Alegre to São Leopoldo, where Polimetal already operates, started. This movement, which should be completed in the beginning of 2016, in addition to permitting cost reduction and optimization of structure and processes, also permits reduction of logistics costs and making processes uniform, improving working conditions and profitability of operations.

Finally, implementation of SAP system, started at the end of the second quarter, is conducted according to the plan. The Company is also focused on this project, as demonstrated by the need to improve internal controls and seek management synergies. SAP will integrate areas such as suppliers, costs, production, accounting, finance and sales. SAP "go live" is expected to occur in January 2016.

Notes to the financial statements

1. Operations

Forjas Taurus S.A. (“Company”) is a Brazilian stock corporation, with its registered headquarter in Porto Alegre (RS), primarily engaged in the manufacture and sale of revolvers, military and civilian pistols, ammunition and investing in other companies. The subsidiary companies produce and sell civilian pistols, glasses, metal parts to order, bullet proof vests, motorcycle helmets, injected plastic products, tools for civil construction, mechanical, gardening and similar products, the purchase, sale and rental of own and third party real estate. Company shares, ON (FJTA3) and PN (FJTA4), have been listed on Bovespa since March 1982.

On September 30, 2015, the Company and its subsidiaries operated with five industrial plants, two of which are located in the state of Rio Grande do Sul, one in the state of Paraná, one in the state of Bahia and one located in the United States of America. Remember that, in August 2015, Branch 5 plant was discontinued and its operation was transferred to Porto Alegre plant.

Sales made by the Company and its subsidiaries are directed mainly to private clients in the foreign market, particularly those located in North America, and also public bodies in the domestic market, mainly the state, civil and military police.

Restructuring

First nine months of 2015, when restructuring process started, were very important to the Company and important gains are already perceived. In terms of operation, the Company raised its production and productivity levels since the beginning of this year. SAP implementation project started and is in progress, with "go live" expected in January 2016. Sales for the period were also important, growing 32.2% in relation to the same period of 2014, and sales growth in domestic market and export to other countries are the highlights. In the financial aspect, the Company continues to work to rearrange debt profile and extend maturities.

Plant consolidation and capture of synergies are also important, being part of it (i) the transfer of long gun operations from Branch 5 in São Leopoldo, RS, to Porto Alegre, RS, with clearance of rented facilities; (ii) the start of process to transfer Porto Alegre operations to São Leopoldo, next to Polimetal plant, with conclusion expected for the beginning of 2016; and (iii) the increase in helmet production of Bahia plant, providing higher tax efficiency to the Company.

Year to date result still presents losses of R$248.5 million, mainly due to adverse effects of Brazilian Real devaluation on the Company’s debt denominated in foreign currency. In the quarter, losses were R$103.3 million.

A positive highlight was the generation of net cash from operating activities in the amount of R$43,161 (consolidated).

2. Presentation of financial statements

2.1. Preparation basis

The individual and consolidated financial statements were prepared based on the historical cost, except for derivative financial instruments measured at fair value through profit or loss.

The authorization for conclusion of these quarter information was given in a Board of Directors meeting held on November 12, 2015.

Company's individual and consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Brazilian FASB (CPC) and its technical interpretations ("ICPC") and guidance ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM").

2.2. Basis of consolidation

		Equity interest	
	Country	**09/30/2015**	**12/31/2014**
Taurus Blindagens Ltda.*	Brazil	**100.00%**	100.00%
Taurus Blindagens Nordeste Ltda.*	Brazil	**100.00%**	100.00%
Taurus Holdings, Inc.	United States	**100.00%**	100.00%
Taurus Security Ltda.	Brazil	**100.00%**	100.00%
Taurus Máquinas-Ferramenta Ltda.*	Brazil	**100.00%**	100.00%
Taurus Investimentos Imobiliários Ltda.*	Brazil	**100.00%**	100.00%
Famastil Taurus Ferramentas S.A.**	Brazil	**35.00%**	35.00%
Polimetal Metalurgia e Plásticos Ltda. *	Brazil	**100.00%**	100.00%
T. Investments Co. Inc.***	Panama	**100.00%**	-

(*) The interest represents the percentage held by the Company in the capital of subsidiaries.
(**) Non-consolidated.
(***) On April 24, 2015, T Investment Co. Inc., headquartered in Panama is mainly engaged in managing international investments of Forjas Taurus S.A. Forjas Taurus S.A. holds 100% T Investment's capital. Investments.

In processing the consolidation of balance sheet and profit or loss accounts, the following items were eliminated:

- Parent company's interest in capital, reserves and retained earnings (accumulated losses) of consolidated companies;

- Balances of asset and liability accounts held among consolidated companies;

- Balances of income and expenses arising of transactions carried out among the consolidated companies; and

- Unrealized gains originating from transactions with investee companies recorded using the equity method, in the proportion of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to asset impairment.
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2.3. Functional currency and presentation currency

The individual and consolidated financial statements are presented in Brazilian Reais, which is the functional currency of the Company and its subsidiaries located in Brazil. The functional currency of subsidiary Taurus Holdings, Inc., located in the United States, is the US dollar, its assets and liabilities are translated into reais at the exchange rate effective at balance sheet date and the related statements of income are translated at the monthly average exchange rate. Exchange differences arising from the translation process of foreign subsidiary are recognized in other comprehensive income and presented in unsecured liability.

Transactions in foreign currency are translated to Company functional currency at the exchange rate of transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. All currency translation differences are recognized in P&L.

3. Significant accounting judgments and sources of uncertainties in estimates

When applying accounting practices, management must make judgments and prepare estimates related to carrying amounts of assets and liabilities not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. Actual results of these book values may differ from these estimates.

Information on key judgments referring to accounting policies adopted that affect the amounts recognized in the individual and consolidated financial statements and information about uncertainties, assumptions and estimates is included in the following notes: 12 – Income and social contribution taxes, 16 – Intangible Assets, 19 – Provision for civil, labor and tax contingencies and 20 – Financial instruments.

4. Significant accounting policies

Notes to the financial statements

Significant accounting practices adopted by the Company are described in specific notes, relating to the items presented; those generally applicable, in different aspects of the financial statements, are presented in this section.

Accounting practices considered not significant were not included in the financial statements. The accounting practices are consistently applied by Company investees.

a) <u>Financial instruments</u>

(i) *Non-derivative financial assets*

The Company has the following non-derivative financial assets: cash, cash equivalents, interest earning bank deposits, trade accounts receivable and other accounts receivable.

These assets are classified under loans and receivables.

Such loans and receivables are initially recognized at fair value increased by any attributable transaction costs. After initial recognition, loans and receivables are measured at amortized cost through the effective interest method, adjusted by any impairment loss.

(ii) *Non-derivative financial liabilities*

The Company has the following non-derivative financial liabilities: loans, financing, non-convertible debentures, bank overdraft facility, trade accounts payable and other accounts payable. These liabilities are initially recognized at fair value increased by any attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest method.

(iii) *Derivative financial instruments*

The Company keeps financial hedge derivatives to hedge its exposures to foreign currency and interest rate changes.

Derivatives are initially recognized at their fair value, and the attributable transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value at balance sheet date and changes in fair value are recorded in P&L.

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the financial statements

(iv)*Impairment*

The Company and its subsidiaries evaluate at balance sheet date if there is any objective evidence indicating that the financial asset or group of financial assets is not recoverable. A financial asset or group of financial assets is considered not recoverable if and only if there is objective evidence of impairment as a result of one or more events that have happened after the initial recognition of assets (a "loss event" incurred) and this loss event has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reasonably estimated.

b) Statements of value added

Statement of value added is not required by IFRS and is presented as a complement in compliance with Brazilian corporate law. Its purpose is to evidence wealth created by the Company-during the year, as well as to demonstrate its distribution among several agents.

c) New standards, amendments and interpretations of standards

i) New standards early applied in 2015

The IASB issued Amendment to IAS 27 – Equity method in separate financial statements, in effect as from January 01, 2016. This amendment allows adoption of the equity method for investments in subsidiaries in the separate financial statements. The Company already adopts the equity method for purposes of its separate financial statements, as mentioned in item 2.1 b.

ii) New or revised standards in effect as from the next years:

IFRS 9 Financial Instruments (Effective as from 01/01/2018)	This standard ultimately aims at replacing IAS 39. Major changes are as follows: (i) all financial assets must be initially recognized at their fair values; (ii) the standard divides all financial assets into: amortized cost and fair value; and (iii) the concept of embedded derivatives was extinguished.
IFRS 15 Income from Contracts with Clients (in effect as from 01/01/2017)	Its main purpose is to provide clear principles for income recognition and simplify the reporting process.
Amended IFRS 11 Interests in Joint Operations (Effective as from 01/01/2016)	Entities participating in a joint venture must apply the principles referring to business combinations, including as regards disclosure requirements.

Amendment to IAS 16 and IAS 38 Acceptable Depreciation and Amortization Methods (effective as from 01/01/2016)	Depreciation and amortization methods must be based on the economic benefits obtained through use of the asset.
Amendment to IFRS 10, IFRS 12 and IAS 28 Investment Entities - consolidation exceptions (effective as from 01/01/2016)	Among other clarifications, this amendment establishes that a non-investment entity may maintain, in applying the equity method, measurement at fair value through profit or loss used by its investments.
Amendment to IAS 1 (effective as from 01/01/2016)	The purpose of this amendment is to emphasize that financial and accounting information must be objective and easy to understand.

Amendments to existing pronouncements

IFRS 7 Third-party service agreements	Service agreements usually characterize continuing involvement in a financial asset transferred for disclosure purposes. This continuing involvement will be confirmed if its characteristics meet the definitions described in the standard (paragraphs B30 and 42C). Effective as from 01/01/2016.
IFRS 5 Reclassification of non-current assets held for sale and maintained for distribution to partners/shareholders	This standard clarifies, through the guidance issued, the circumstances in which an entity reclassifies assets held for sale into assets maintained for distribution to partners/shareholders (and vice-versa) and the cases in which assets maintained for distribution to partners/shareholders no longer meet the criterion for referred to classification. Effective as from 01/01/2016.

The CPC has not yet issued the respective pronouncements and amendments related to new and revised IFRS previously presented. Due to the commitment of the CPC and the Brazilian Securities Commission (CVM) to keep the set of standards issued updated based on the updates made by the IASB, it is expected that these pronouncements and amendments be edited by CPC and approved by CVM up to the date they become effective.

The Company also understands that there are no other standards and interpretations issued but not yet adopted that may, in the opinion of Management, significantly impact the income (loss) or unsecured liability by the Company. Management intends to adopt such standards when they become applicable to the Company.

5. Financial risk management

The Company's risk management policies are established to identify and analyzed the risks that it faces, to define appropriate limits and controls of risks, and to monitor risks and adherence to the limits. The risk management policies and systems are reviewed frequently to reflect changes in the market conditions and in the Company's activities.

The Company is exposed to the following risks from the use of financial instruments:

5.1 Credit risk

This is the risk of financial losses for the Company in the event a client or counterparty to a financial instrument fails to comply with its contractual obligations, and refers mainly to trade accounts receivable and investment securities. In relation to financial institutions, the Company and its subsidiaries only carry out operations with financial institutions considered by management as involving low risk.

Trade accounts receivable and other receivables

The Company and its subsidiaries adopt the practice to analyze the financial situation of counterparties, and also define credit limits and permanently accompany outstanding balances. The Company's sales income is not concentrated on a single client and there is no credit risk concentration.

Credit worthiness of every new client is analyzed individually before the Company's standard payment and delivery terms and conditions are offered. This analysis includes external evaluations and, in some cases, references from banking institutions. Purchase limits are established for each client, which represent the maximum amount available without prior approval being required, with these limits revised quarterly. Clients that fail to comply with the credit limit established by the Company can only operate upon bond settlement. For public bodies, Company management individually evaluates the ability to pay and the bid requirements for making the sales. The Company does not have clients that individually represent more than 10% of sales.

For purposes of monitoring credit risk, clients are grouped based on their credit characteristics, including whether they are individuals or corporate entities, retailers or public entities, their geographic location, industry and the existence of any prior financial difficulties.

Credit risk exposure

The maximum credit risk exposure on balance sheet date was:

	Consolidated		**Parent company**	
	Book value		**Book value**	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Financial assets held to maturity				
Trade accounts receivable	**197,993**	163,477	**64,248**	57,925
Cash and cash equivalents	**57,354**	104,536	**12,368**	25,161
Interest earning bank deposits	**56,136**	55,224	**16,459**	33,939
Foreign exchange forward and interest rate swap contracts used for asset hedging	**7,649**	36,106	**7,649**	36,098
Other receivables	**48,422**	25,866	**37,954**	20,844
Total	**367,554**	385,209	**138,678**	173,967

Notes to the financial statements

Maximum exposure to credit risk for trade accounts receivable at the reporting date by geographic region was as follows:

	Consolidated			Parent company
		Book value		Book value
	09/30/2015	12/31/2014	09/30/2015	12/31/2014
Domestic - trade accounts receivable	**83,191**	80,104	**50,445**	29,316
United States – trade accounts receivable	**97,486**	67,026	**30**	9,077
Other	**17,316**	16,347	**13,773**	19,532
Total	**197,993**	163,477	**64,248**	57,925

The Company's maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was as follows:

	Consolidated			Parent company
		Book value		Book value
	09/30/2015	12/31/2014	09/30/2015	12/31/2014
Clients – public bodies	**29,111**	36,782	**25,239**	31,914
Clients - distributors	**138,734**	117,703	**15,220**	24,361
End clients	**30,148**	8,992	**23,789**	1,650
Total	**197,993**	163,477	**64,248**	57,925

Impairment losses

Company and subsidiaries set up a provision for impairment losses which represents its estimate of losses incurred from trade accounts receivable, other receivables and investments. Loans and receivables granted at the balance sheet date mature as follows:

				Consolidated
	Gross 09/30/2015	Gross 12/31/2014	Impairment 09/30/2015	Impairment 12/31/2014
Falling due	**143,589**	135,921	-	-
Overdue from 0 to 30 days	**17,171**	7,890	-	(4,184)
Overdue, 31–360 days(1)	**21,482**	5,330	**(5,734)**	(5,237)
Overdue for more than 1 year	**15,751**	14,336	**(15,751)**	(14,336)
Total	**197,993**	163,477	**(21,485)**	(23,757)

(1) *A significant portion of overdue amounts refers to sales to public bodies with average payment delay of up to 90 days, considered usual by Company management for public sector clients.*

				Parent company
	Gross	Gross	*Impairment*	*Impairment*
	09/30/2015	12/31/2014	09/30/2015	12/31/2014
Falling due	**41,892**	45,660	-	
Overdue from 0 to 30 days	**4,742**	3,995	**-**	(594)
Overdue, 31–360 days(1)	**12,979**	4,758	**(26)**	(2,943)

Notes to the financial statements

Overdue, > 1 year	**4,635**	3,512	**(4,635)**	(3,512)
Total	**64,248**	57,925	**(4,661)**	(7,049)

Notes to the financial statements

(1) *A significant portion of overdue amounts refers to sales to public bodies with average payment delay of up to 90 days, considered usual by Company management for public sector clients.*

5.2 Liquidity risk

This is the risk that the Company will face difficulties in fulfilling its obligations associated with its financial liabilities which are settled with cash payments or with other financial assets.

Company and subsidiaries monitor their operating cash flow requirements, excluding the potential impact from extreme circumstances that cannot be reasonably forecast, such as natural disasters.

Presented below are the contractual maturities of financial liabilities, including payments of estimated interest, excluding the impact of currency negotiation agreements at the net position.

						Consolidated
						09/30/2015
	Book value	Contractual cash flow	Up to 1 year	1–2 years	2–5 years	Over 5 years
Non-derivative financial liabilities						
Suppliers	51,741	51,741	51,741	-	-	-
Loans and financing	452,590	497,384	226,586	33,670	207,983	29,145
Debentures	126,899	150,945	63,562	40,319	47,065	-
Advance on real estate credits	-	-	-	-	-	-
Advances on foreign exchange contracts	180,651	183,734	183,734	-	-	-
Advance of receivables	54,138	54,138	54,138	-	-	-
Other accounts payable	41,591	41,591	41,591	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(7,649)	(7,649)	(7,649)	-	-	-
Derivative instruments (liabilities)	1,296	1,296	1,296	-	-	-
	901,257	973,181	614,999	73,989	255,048	29,145

Notes to the financial statements

	Consolidated					
	12/31/2014					
	Book value	Contractual cash flow	Up to 1 year	1–2 years	2–5 years	Over 5 years
Non-derivative financial liabilities						
Suppliers	36,321	36,321	36,321	-	-	-
Loans and financing	490,686	552,133	279,784	141,391	128,208	2,750
Debentures	125,831	169,769	17,497	100,623	51,649	-
Advance on real estate credits	8,548	9,817	9,817	-	-	-
Advances on foreign exchange contracts	57,856	60,849	60,849	-	-	-
Advance of receivables	25,114	25,114	25,114	-	-	-
Other accounts payable	30,142	30,142	30,142	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(36,106)	(36,106)	(36,106)	-	-	-
Derivative instruments (liabilities)	23,898	23,898	23,898	-	-	-
	762,290	871,937	447,316	242,014	179,857	2,750

	Parent company					
	09/30/2015					
	Book value	Contractual cash flow	Up to 1 year	1–2 years	2–5 years	Over 5 years
Non-derivative financial liabilities						
Suppliers	**100,702**	**100,702**	**100,702**	**-**	**-**	**-**
Loans and financing	**321,557**	**352,336**	**206,653**	**29,989**	**113,455**	**2,239**
Debentures	**126,899**	**150,945**	**63,562**	**40,319**	**47,065**	**-**
Advances on foreign exchange contracts	**180,651**	**183,734**	**183,734**	**-**	**-**	**-**
Advance of receivables	**1,276**	**1,276**	**1,276**	**-**	**-**	**-**
Other accounts payable	**7,183**	**7,183**	**7,183**	**-**	**-**	**-**
Derivative financial instruments						
Derivative instruments (assets)	**(7,649)**	**(7,649)**	**(7,649)**	**-**	**-**	**-**
	730,619	**788,527**	**555,461**	**70,308**	**160,520**	**2,239**

	Parent company					
	12/31/2014					
	Book value	Contractual cash flow	Up to 1 year	1–2 years	2–5 years	Over 5 years
Non-derivative financial liabilities						
Suppliers	40,988	40,988	40,988	-	-	-
Loans and financing	348,537	395,968	209,230	117,160	66,868	2,710
Debentures	125,831	169,769	17,497	100,623	51,649	-
Advances on foreign exchange contracts	57,856	60,849	60,849	-	-	-
Other accounts payable	12,197	12,197	12,197			
Derivative financial instruments						
Derivative instruments (assets)	(36,098)	(36,098)	(36,098)	-	-	-
Derivative instruments (liabilities)	23,163	23,163	23,163	-	-	-
	572,474	666,836	327,826	217,783	118,517	2,710

5.3 Market risk

Notes to the financial statements

This is the risk that variation in market prices, such as foreign exchange rates and interest rates, will affect the results of Company and subsidiaries or the amount of their investment in financial instruments. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters and, at the same time, optimize return.

Company and subsidiaries use derivative financial instruments and also fulfill their financial obligations to manage market risks. All of these transactions take place under guidance specified by Management.

(i) Currency risk

Company and subsidiaries are subject to currency risk from sales, purchases and loans denominated in a currency other than the respective functional currencies of Company entities, which in the majority of cases is the Real (R$), but also the US dollar (USD).

In general, the Company aims to protect its expected exposure to foreign currencies in relation to sales forecast for the next months. The Company uses future market contracts, mostly maturing in less than one year of balance sheet dates, to hedge against currency risks. When necessary, future market contracts are renewed on maturity.

In relation to other monetary assets and liabilities denominated in foreign currency, the Company aims to ensure that its net exposure is maintained at an acceptable level, buying and selling foreign currency at spot interest rates, when necessary, to deal with short term instabilities.

Company exposure to currency risk was as follows (in nominal values):

	Consolidated		Parent company	
		USD thousand		USD thousand
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Accounts receivable	**28,896**	32,873	**3,471**	7,353
Accounts receivable from foreign related parties	**-**	-	**4**	3,417
Advances on foreign exchange contracts	**(45,471)**	(21,781)	**(45,471)**	(21,781)
Loans and financing	**(90,598)**	(108,561)	**(66,359)**	(86,356)
Foreign suppliers	**(3,388)**	(3,504)	**(1,515)**	(484)
Net balance sheet exposure	**(110,561)**	(100,973)	**(109,870)**	(97,851)

In exposure to consolidated foreign exchange risks, Taurus Holdings, Inc. guaranteed bank loans are considered, in the amount of

Notes to the financial statements

USD23,547 thousand on September 30, 2015 (USD21,180 thousand as of December 31, 2014).

The following exchange rates were used in the nine-month period of 2015 and in 2014:

	Average rate		Spot rate	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
R$/USD	**3.2263**	2.3599	**3.9729**	2.6562

Sensitivity analysis

The impact on the devaluation of the Real to the US dollar on September 30, 2015 in unsecured liability and profit or loss is presented below. This analysis is based on the expected exchange rate of year end, which is of R$4.00 (probable scenario), based on the Focus report of September 25, 2015, issued by the Central Bank of Brazil. The analysis considers that all the remaining variables, especially interest rates, are kept constant.

	Consolidated		Parent company	
	Unsecured liability	**Income (loss) for the year**	**Unsecured liability**	**Income (loss) for the year**
September 30, 2015				
R$/USD (forecast rate 4.0)	**(2,996)**	**(2,996)**	**619**	**619**
R$/USD (25% - forecast rate 5.0)	**(113,557)**	**(113,557)**	**23,466**	**23,466**
R$/USD (50% - forecast rate 6.0)	**(224,117)**	**(224,117)**	**46,313**	**46,313**

(i) Interest rate risk

Company and subsidiaries adopt the policy of maintaining a combination of internal and external interest rates on loans, thus keeping 54.56% of debt in US dollar and 45.44% in Brazilian reais.

The balances of instruments exposed to interest rate variation are as follows:

	Consolidated			Parent company
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Financial assets	**55,200**	136,530	**31,883**	80,292
Financial liabilities	**682,394**	609,940	**609,642**	529,917

A variation of 10 percentage points in interest rates, on the reporting date of the financial statements, would increase (decrease) unsecured liability and income (loss) income for the year on the balance for interest not settled, by the amounts presented below. The analysis considers that all the remaining variables, especially regarding foreign currency, are kept constant. The analysis was made considering the same base for September 30, 2015 and December 31, 2014.

		Consolidate d	Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Change in interest rate on financing	**(3,616)**	(2,914)	**(3,386)**	(2,461)
Change in interest rate on short-term investments	**335**	579	**171**	255

5.4 Capital management

The policy adopted by management is to maintain a solid capital base for future business development, adding value to shareholders, creditors and the market in general, by monitoring return on capital. However, the results obtained in the past few years have deteriorated this parameter, as follows:

	Consolidated	
	09/30/2015	**12/31/2014**
Total liabilities	**1,106,545**	927,648
Less: Cash and cash equivalents and interest earning bank deposits	**(113,491)**	(159,760)
Net debt (A)	**993,054**	767,888
Total unsecured liability (B)	**(62,287)**	52,115
Net debt ratio on unsecured liability as of September 30, 2015 and December 31, 2014 (A/B)	**(15.94)**	14.73

The actions taken in order to reestablish this ration are described in Note 1.

6. Operating segments

The Company has four reportable segments represented by strategic business units which are administered separately and differ from one another based on the offer of products and services, technologies and marketing strategies. The following summary describes the operations of each one of Company reportable segments:

Firearms – the Firearms production process, since it refers mainly to a metallurgical industry, is based on the following basic stages: forging (based on flat sheets), machining (based on flat steel sheets and milling, drilling, lathes, broaching machines, etc.), MIM – Metal Injection Molding, assembly (manual), finishing (basically polishing), surface thermal treatment and final assembly (necessary adjustments); these operations are undertaken by Forjas Taurus S.A. and Taurus Holdings, Inc. and its subsidiaries.

Helmets – the helmet production process is based on the following stages: injection (based on ABS – Acrylonitrile Butadigne Styrene), painting and finishing (based on injected parts, using manual and automated painting processes), sewing (based on cloth, sponge and polycarbonate sheets, using cutting and sewing machines) and final assembly; these operations are undertaken by Taurus Blindagens Ltda., Taurus Blindagens Nordeste Ltda. and Taurus Helmets Indústria Plástica Ltda., which was merged into Taurus Blindagens Ltda. at December 30, 2014.

Machinery – this refers to developing, manufacturing and selling operating machinery and related components; these operations used to be undertaken by Taurus Máquinas-Ferramenta Ltda. and its subsidiary SM Metalurgia Ltda. These operations were disposed of in June 2012 through sale of SM Metalurgia Ltda.

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Taurus Máquinas still presents results due to technical assistance expenses and financial expenses.

Other – the result of the forging segment (Polimetal Metalurgia e Plásticos Ltda.); bulletproof vests and plastic products (Taurus Blindagens Ltda.). These also include other operations such as the manufacture and sale of glasses, anti-riot shields and providing services. These segments were added, since they do not fall into the quantitative limits for separated disclosure as a reportable segment.

The performance of each segment is evaluated quarterly based on segment profit before income tax and social contribution, as included in the internal reports, since management understands that this information is more significant for evaluating the results of certain segments in relation to other entities that operate in these industries.

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Reconciliation of income, profits and losses, assets, liabilities and other material items for reportable segments is presented below:

		Firearms		Helmets	Machinery (discontinued)			Other		Total
	09/30/2015	09/30/2014	**09/30/2015**	09/30/2014	**09/30/2015**	09/30/2014	**09/30/2015**	09/30/2014	**09/30/2015**	09/30/2014
External income	**456,474**	304,259	**86,090**	91,180	**-**	332	**18,676**	28,859	**561,240**	424,630
Inter-segment income	**77,340**	29,622	**-**	30	**-**	-	**12,651**	11,566	**89,991**	41,218
Cost of sales	**(320,731)**	(253,641)	**(58,719)**	(61,927)	**-**	(410)	**(16,145)**	(18,517)	**(395,595)**	(334,495)
Gross income (loss)	**213,083**	80,240	**27,371**	29,283	**-**	(78)	**15,183**	21,908	**255,636**	131,353
Sales expenses	**(56,470)**	(47,801)	**(12,751)**	(14,352)	**(29)**	(917)	**(1,736)**	(2,078)	**(70,986)**	(65,148)
General and administrative expenses	**(61,826)**	(40,119)	**(2,975)**	(1,885)	**(2,686)**	(2,566)	**(916)**	(649)	**(68,403)**	(45,219)
Depreciation and amortization Other operating income (expenses), net	**(6,688) (66,631)**	(5,627) (9,362)	**(131) (1,197)**	(144) 1,888	**(2,237)**	(38,650)	**(1,173) (248)**	(1,111) (114)	**(7,992) (70,313)**	(6,882) (46,238)
Equity income (loss)							**(544)**	(1,399)	**(544)**	(1,399)
	(191,614)	(102,909)	**(17,055)**	(14,493)	**(4,952)**	(42,133)	**(4,617)**	(5,351)	**(218,237)**	(164,886)
Operating income (loss)	**21,469**	(22,669)	**10,316**	14,790	**(4,952)**	(42,211)	**10,566**	16,557	**37,399**	(33,533)
Financial income	**104,702**	92,059	**5,582**	6,529	**6,734**	3,227	**1,203**	910	**118,221**	102,725
Financial expenses	**(299,958)**	(149,482)	**(2,442)**	(3,089)	**(18,158)**	(2,933)	**(1,344)**	(3,797)	**(321,902)**	(159,301)
Net financial income (loss)	**(195,257)**	(57,423)	**3,140**	3,440	**(11,424)**	294	**(141)**	(2,887)	**(203,682)**	(56,576)
Profit (loss) per reportable segment before income and social contribution taxes	**(173,788)**	(80,092)	**13,456**	18,230	**(16,376)**	(41,917)	**10,425**	13,670	**(166,283)**	(90,109)
Elimination of inter-segment income	**(77,340)**	(29,622)		(30)			**(12,651)**	(11,566)	**(89,991)**	(41,218)
Income (loss) before income and social contribution taxes	**(251,128)**	(109,714)	**13,456**	18,200	**(16,376)**	(41,917)	**(2,226)**	2,104	**(256,274)**	(131,327)
Income and social contribution taxes	**9,988**	10,566	**(807)**	(3,122)			**(1,359)**	(885)	**7,822**	6,559
Net income for the year	**(241,140)**	(99,148)	**12,648**	15,078	**(16,376)**	(41,917)	**(3,585)**	1,219	**(248,452)**	(124,768)
Assets of reportable segments	**639,281**	584,520	**141,445**	159,453	**2,091**	3,017	**261,442**	277,473	**1,044,259**	1,024,463
Liabilities of reportable segments	**1,006,181**	766,054	**29,805**	46,161	**(51,675)**	(9,072)	**122,234**	124,681	**1,106,545**	927,824

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Geographical information

Information on income presented below is based on the client's geographic location.

	Firearms		Helmets	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Domestic market				
Southeast region	**34,426**	16,634	**23,670**	25,556
South	**14,894**	13,432	**3,981**	4,417
Northeast	**10,011**	13,741	**28,780**	27,114
North region	**2,359**	7,535	**15,653**	19,105
Midwest	**9,624**	11,019	**13,485**	14,740
	71,314	62,361	**85,569**	90,932
Foreign market				
South Africa	**909**	675	-	-
Germany	**443**	817	-	-
Argentina	**2,261**	1,542	-	-
Australia	**-**	2,214	**-**	-
Bangladesh	**2,466**	1,771	-	-
Bolivia	**-**	-	**42**	-
Chile	**1,484**	1,219	-	-
Singapore	**-**	1,450	-	-
Djibouti	**930**	2,845	-	-
El Salvador	**81**	1,192	-	-
Egypt	**-**	9,683	-	-
United States	**352,953**	200,374	-	-
Philippines	**729**	2,889	-	-
France	**1,605**	-	-	-
Honduras	**-**	1,138	-	-
Italy	**410**	-	-	-
Jordan	**3,215**	-	-	-
Lebanon	**1,575**	1,051	-	-
Nicaragua	**1,041**	-	-	-
New Zealand	**791**	-	-	-
Pakistan	**2,309**	1,674	-	-
Paraguay	**3,137**	2,684	**479**	248
Peru	**1,951**	866	-	-
Dominican Republic	**14**	584	-	-
Russia	**1,164**	-	**-**	-
Thailand	**981**	-	-	-
Ukraine	**1,626**	-	-	-
Other countries	**3,085**	7,230	-	-
	385,160	241,898	**521**	248
	456,474	304,259	**86,090**	91,180

The sales made by the Group's other segments are concentrated on the domestic market and are spread throughout Brazil.

Sales made by the Company and its subsidiaries are not subject to restrictions and there is no significant concentration that implies significant dependence on government bodies or any other single client.

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7. Assets and liabilities held for sale and discontinued operations

Noncurrent assets held for sale and result from discontinued operations

The Company classifies noncurrent assets as held for sale if their book value will be recovered through a sale transaction considered probable.

For the sale to be highly probable, management must be committed to the asset sale plan and must have started a firm program to find a buyer and conclude the plan. In addition, the asset held for sale should be effectively put for sale for a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to be concluded within up to one year as from the date of its classification.

The group of assets held for sale is measured at the lower of book value and fair value less expenses to sell. If book value is lower than fair value, an impairment loss is recognized in P&L. Any reversal or gain will only be recorded until the limit of the recognized loss.

Depreciation of assets held for trading ends when a group of assets is designated as held for sale.

a) Disposal of asset TMFL – Taurus Máquinas-Ferramenta Ltda.

In 2012, the Company sold SM Metalurgia Ltda. to Renill Participações Ltda. In 2013, after total price renegotiation of the contract, the principal balance decreased from R$115,350 to R$ 57,520 subject to TJLP and interest of 1.8% p.a. as from agreement execution, payable as follows:

Number of installments	Principal installment amounts	Maturities
1	1,960	Parts supply
2	2,055	06/30/2014 and 12/30/2014, not received to date.
14	3,675	as from 06/30/2015, biannual installments.

The balance receivable is as follows:

	09/30/2015	12/31/2014
Sales amount (renegotiated)	**57,520**	57,520
Contractual monetary restatement	**13,203**	10,693
Amount received	**(873)**	(873)
Balance receivable	**69,850**	67,340
Provision for loss	**(69,850)**	(67,340)
Total*	-	-

(*) Amount recorded in other accounts receivable in current assets.

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The Company maintained a provision for loss recorded in 2014 and restated this provision as of June 30, 2015 in the amount of R$ 69,850, since the Company: i) believes that there has been deterioration of the credit conditions; ii) has not yet concluded full formalization of guarantees of the operation; iii) and since buyer is a limited liability company and is undergoing in-court reorganization.

Beginning as of July 2015, the Company no longer adjusts balance receivable, as it does not expect to receive those amounts.

b) Project for Production Line Decommissioning and of Rendering of Forging Services to Third Parties

At the end of 2013, Company management, aligned with the structural changes in the strategies of focusing on higher value added segments, decided to decommission the production line and forging services to third parties of subsidiary Polimetal. The machines and equipment were made available for sale and recorded as “assets held for sale”. At September 30, 2015, this balance amounts to R$ 4,314 (R$ 4,417 at December 31, 2014). Income from forging services to third parties, when in operation, represented less than 5% of Company sales. The other industrial activities of Polimetal continue being normally carried out.

8. Cash and cash equivalents and interest earning bank deposits

Cash and cash equivalents

Cash and cash equivalents include cash balances and highly liquid short-term investments, i.e. which may be redeemed within three months as from investment date, without penalties for the Company and with low risk of change in their market value.

	Consolidated		Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Cash balance	**927**	5,420	**95**	4,565
Demand deposits	**48,652**	53,917	**4,498**	10,341
Interest earning bank deposits	**7,775**	45,199	**7,775**	10,255
Cash and cash equivalents	**57,354**	104,536	**12,368**	25,161

Short-term investments classified as cash and cash equivalents are remunerated at rates that vary between 82.52% and 101.50% of CDI on September 30, 2015 (98% to 104% of CDI on December 31, 2014), having as counterparties financial institutions considered top-tier by Management.

Financial investments and restricted account

	Consolidated		Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Short-term investments - CDB	**39,776**	55,224	**16,459**	33,939
Linked account	**16,360**	-	**-**	-
Total	**56,136**	55,224	**16,459**	33,939
Current	**50,598**	33,632	**10,921**	12,347
Non-current	**5,538**	21,592	**5,538**	21,592

Interest earning bank deposits are remunerated at rates of 99.83% of CDI on September 30, 2015, and are held in guarantee for short-term financing. Redemption thereof is programmed to occur in conjunction with financing amortization and such investments are presented in current and non-current assets based on their planned redemption dates.

9. Trade accounts receivable

Trade accounts receivable are recorded for the billed amount, including direct taxes, the burden of which is attributed to the Company.

Present value calculation is made for each transaction based on an interest rate that reflects the term, currency and risk of each transaction. In the period, the average rate used by the Company was of approximately 0.97% p.m. The balancing entry of present value adjustments of accounts receivable is posted to gross income in P&L. The difference between present value of a transaction and the face value on billing is considered financial income.

Allowance for doubtful accounts is set up in amount considered sufficient by Management to cover any losses upon realization of accounts receivable.

	Consolidated		**Parent company**	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Clients - domestic	**84,405**	78,023	**37,265**	22,438
Clients – domestic related parties	**-**	-	**13,500**	7,543
Clients - foreign	**114,802**	87,318	**13,789**	19,532
Clients – foreign related parties	**-**	-	**14**	9,077
Adjustment to present value	**(1,214)**	(1,864)	**(320)**	(665)
	197,993	163,477	**64,248**	57,925
Allowance for doubtful accounts - domestic	**(14,338)**	(17,508)	**(2,672)**	(4,294)
Allowance for doubtful accounts - foreign	**(7,147)**	(6,249)	**(1,989)**	(2,755)
	(21,485)	(23,757)	**(4,661)**	(7,049)
Total	**176,508**	139,720	**59,587**	50,876

The Company's exposure to credit and currency risk as well as to impairment of trade accounts and other accounts receivable, including accounts receivable aging, are disclosed in Note 5. Changes in the allowance for doubtful accounts are as follows:

	Consolidated	**Parent company**
Balance at December 31, 2014	(23,757)	(7,049)
Additions	**(326)**	**(188)**
Reversal of allowance for doubtful accounts	**4,837**	**3,118**
Realization of allowance for doubtful accounts	**162**	**161**
Foreign exchange variation	**(2,401)**	**(703)**
Balance at September 30, 2015	**(21,485)**	**(4,661)**

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10. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted moving average (WMA) principle and includes expenses incurred in the acquisition of inventories, production and processing costs (based on normal operating capacity) and other costs incurred to place them in their current site and conditions.

Provision for inventory loss is recorded for slow moving products and for items with sales price lower than build-up cost.

	Consolidated		Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
Finished goods	**126,275**	106,929	**26,295**	22,997
Work in process	**39,205**	34,123	**23,881**	24,595
Raw material	**66,061**	51,586	**38,367**	16,246
Auxiliary and maintenance materials	**6,786**	7,886	**2,393**	3,216
	238,327	200,524	**90,936**	67,054

11. Recoverable taxes

	Consolidated		Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
ICMS	**10,912**	7,970	**1,574**	1,033
IPI	**1,233**	1,411	**412**	294
PIS	**732**	708	**682**	613
COFINS	**3,389**	3,299	**3,122**	2,825
INSS	**226**	0	**0**	0
Income and social contribution taxes	**18,088**	11,079	**9,482**	5,404
Total	**34,580**	24,467	**15,272**	10,169
Current	**33,733**	23,419	**15,021**	9,719
Non-current	**847**	1,048	**251**	450

12. Current and deferred income and social contribution taxes

Current and deferred income and social contribution taxes for the year are calculated at the rate of 15% and surtax of 10% on taxable income in excess of R$120 for income tax and 9% on taxable income for social contribution tax, and consider offset of income and social contribution tax losses, limited to 30% of annual taxable profit. Companies which compute income and social contribution taxes as a percentage of their deemed profit use aforementioned rates, however on billing percentages of 8% and 12%, respectively. The income tax rate for the subsidiary located in the USA is 35%.

Current and deferred taxes are recognized in P&L unless they refer to business combinations or items recognized directly in unsecured liability or in other comprehensive income.

Notes to the financial statements

Deferred taxes are recognized in relation to the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the related amounts used for taxation purposes. A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to set off current tax assets and liabilities, and the latter relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

a) Breakdown of deferred tax assets and liabilities

	Consolidated		Parent company	
	09/30/2015	**12/31/2014**	**09/30/2015**	**12/31/2014**
On temporary asset differences and income and social contribution tax losses				
Provision for sales commissions	**1,031**	1,534	**992**	1,495
Adjustment to present value	**1,007**	870	**745**	446
Provision for judicial claims	**3,767**	4,358	**1,900**	1,660
Provision for losses on insurance claims	**782**	782	**782**	782
Allowance for doubtful accounts	**3,941**	2,702	**1,494**	459
Provision for product warranty	**5,384**	3,627	**2,190**	1,383
Derivative financial instruments	**465**	8,167	**-**	7,875
Income and social contribution tax losses (i)	**35,432**	35,506	**7,000**	7,000
Inventories – unrealized profits	**7,451**	2,633	**-**	-
Other items	**2,583**	1,568	**125**	137
	61,843	61,747	**15,228**	21,237
On temporary liability differences				
Equity evaluation adjustments	**(1,437)**	(1,788)	**(920)**	(1,146)
Depreciation base difference	**(9,969)**	(8,090)	**(1,741)**	(1,758)
Goodwill allocation	**(12,320)**	(8,397)	-	-
Financial charges	**(1,454)**	(1,372)	**(1,348)**	(1,314)
Derivative financial instruments	**(1,313)**	(12,276)	**(1,313)**	(12,273)
	(26,493)	(31,923)	**(5,322)**	(16,491)
Total asset (liability) balance, net	**35,350**	29,824	**9,906**	4,746
Classified as non-current assets	**49,506**	39,627	**9,906**	4,746
Classified in the non-current liabilities	**(14,156)**	(9,803)	**-**	-

Changes in deferred taxes:

	Consolidated	Parent company
Opening balance of deferred taxes, net	29,824	4,746
Posted to P&L (Note 12.b)	**10,281**	**5,160**
Effect of exchange variation	**(4,755)**	**-**
Closing balance of deferred taxes, net	**35,350**	**9,906**

(i) Company management considered the existence of accumulated income and social contribution tax losses recorded on net income in the Company and in subsidiaries Polimetal Metalurgia e Plásticos Ltda., Taurus Blindagens Ltda. and Taurus Holdings Inc. Assessment of the existence of future taxable income, which supports the recording of deferred tax assets, was based on the operating activities of Company segments.

Notes to the financial statements

The projections indicate that the balance of tax credits recorded by Forjas Taurus S.A. and subsidiaries Polimetal Metalurgia e Plásticos Ltda., Taurus Blindagens Ltda. and Taurus Holdings Inc. will be absorbed by taxable income estimated for the next 10 years, as set out below:

	Consolidated		Parent company	
Year	**Total**	**Interest %**	**Total**	**Interest %**
2017	684	1.93%	-	-
2018	1,314	3.71%	-	-
2019	1,849	5.22%	142	2.03%
2020	2,915	8.23%	444	6.34%
2021	4,141	11.69%	863	12.33%
2022	6,049	17.07%	1,462	20.89%
2023	7,650	21.59%	1,903	27.19%
2024	8,175	23.07%	2,186	31.23%
Over 2024	2,655	7.49%	-	-
Total	35,432	100.00%	7,000	100.00%

The Company contracted a technical study to attest capacity of using deferred income tax accounted for according to CVM Instruction no. 371 in coming years.

The amount of income and social contribution tax losses on which deferred taxes are not recorded totaled R$574,201 - Consolidated (R$416,752 in 2014) and R$226,172 – Parent Company (R$84,665 in 2014).

The main balances of income and social contribution tax losses refer to subsidiary Taurus Máquinas-Ferramenta Ltda. Tax credits arising from income and social contribution tax losses not recognized by this subsidiary totaled R$ 77,278 (R$ 76,224 in 2014).

Notes to the financial statements

b) Reconciliation between the tax expense and the result from the multiplication of book profit by the local tax rate

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Accounting loss before income and social contribution taxes	**(256,274)**	(131,327)	**(253,612)**	(131,249)
Combined statutory rate	**34%**	34%	**34%**	34%
Income and social contribution taxes:				
Calculated at combined statutory rate	**87,133**	44,651	**86,228**	44,625
Permanent additions:				
Non-deductible expenses	**(73)**	(373)	**(73)**	(373)
Permanent exclusions:				
Tax exempt income – equity pickup	**(185)**	(476)	**(32,781)**	(19,033)
Other - Law no. 11,196/05		96	**-**	-
Unrecognized tax loss	**(53,533)**	(31,287)	**(48,112)**	(18,576)
Non-deductible provisions	**(27,147)**	(12,084)	**-**	-
Effects from different rates of subsidiaries taxed based on profit computed as a percentage of gross income (“deemed profit”)	**324**	3,591	**-**	-
Other items	**1,303**	2,441	**(102)**	(162)
Income tax and social contribution in income for the year	**7,822**	6,559	**5,160**	6,481
Breakdown of Income and social contribution taxes in P&L for the year:				
Current	**(2,459)**	(4,045)	**-**	-
Deferred assets	**10,281**	10,604	**5,160**	6,481
	7,822	6,559	**5,160**	6,481
Effective rate	**-3.05%**	-4.99%	**-2.03%**	-4.94%

13. Advance on real estate credits

On August 11, 2008, subsidiary Taurus Investimentos Imobiliários Ltda. agreed several contracts with CIBRASEC – Companhia Brasileira de Securitização, aimed at promoting the securitization of real estate receivables, arising from hire contracts agreed for a period of 7 (seven) years with the Company and its subsidiaries, for the amount of approximately R$ 51,000.

To represent the real estate credits arising from the aforementioned hire contracts, the Company issued Real estate credit note – CCI, and assigned them, onerously, to CIBRASEC – Companhia Brasileira de Securitização, which used them as the basis for issuing two series of Certificates of Real Estate Receivables – CRI. The terms and maturity dates for these certificates are fixed monthly, and the last occurred on July 15, 2015.

Notes to the financial statements

Notes to the financial statements

14. Investments

	Taurus Blindagens Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings, Inc.	Taurus Security Ltda. (1)	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda.(1)	Taurus Investments Co. Inc.	Famastil Taurus Ferramentas S.A. (2)	Parent company 09/30/2015	Parent company 12/31/2014
Current assets	88,972	29,763	345,933	60	6,938	123,577	3,546	40,806	51,993		
Non-current assets	68,662	20,240	115,235	241	66,550	264,457	1,414	-	36,516		
Current liabilities	12,183	8,503	91,501	3	16,679	117,878	63,901	-	35,685		
Non-current liabilities	13,971	6,860	144,046	547	13,439	59,647	14,607	-	23,415		
Capital	80,209	9,400	1,211	100	39,917	250,589	273,639	43,702	20,000		
Provision for unsecured liability	131,481	34,640	225,621	(249)	43,370	210,509	(73,548)	40,806	29,410		
Net income	63,402	37,998	356,696	-	8,717	81,266	-	-	45,979		
Net income (loss) for the year	11,327	10,062	(67,308)	-	2,827	(11,512)	(17,508)	-	(810)		
Number of shares/quotas	648	9,400	302,505	100,000	30,752,186	250,589,337	165,007,117	11,000,000	_		
Direct ownership interest (%)	0.01%	0.10%	100%	100%	76.92%	100%	60.30%	100%	-		
Opening balances	1	28	208,184		20,712	164,884			2,215	**396,024**	430,287
Capital payment (4)	**-**	**-**	**-**	**-**	**1,409**	**40,588**	**40,639**	**31,395**	**-**	**114,031**	9,017
Equity income (loss) (3)	**-**	**10**	**(76,135)**	**-**	**2,136**	**(12,108)**	**(10,318)**	**-**	**-**	**(96,415)**	(88,426)
Loss on investments	**-**	**-**	**-**	**-**	**(48)**	**-**	**-**	**-**	**-**	**(48)**	(137)
Exchange variation over investments	**-**	**-**	**84,782**	**-**	**-**	**-**	**-**	**9,410**	**-**	**94,192**	24,577
Profit distribution	**-**	**(3)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	
Capital transactions	**-**	**-**	**-**	**-**	**8,117**	**14,950**	**(23,067)**	**-**	**-**	**-**	
Equity valuation adjustments (5)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(112)
Reclassified to provision for capital deficiency (1)	**-**	**-**	**-**	**-**	**-**	**-**	**(7,254)**	**-**	_	**(7,254)**	20,818
Closing balances (3)	**1**	**35**	**216,831**	**-**	**32,326**	**208,314**	**-**	**40,805**	**2,215**	**500,528**	396,024

(1) On September 30, 2015, as a result of subsidiaries Taurus Security Ltda. and Taurus Máquinas-Ferramenta Ltda. presenting an unsecured liability, amounts corresponding to investments of Forjas Taurus S.A. in these companies are recorded under caption "other accounts payable" in current liabilities at R$249 and R$44,350, respectively.

(2) On December 20, 2011, the investment in subsidiary Famastil Taurus Ferramentas S.A. was transferred to subsidiary Polimetal Metalurgia e Plásticos Ltda. as part of the corporate restructuring occurred in 2011. The amount of R$ 2,215 refers to goodwill on the investment in Famastil Taurus Ferramentas S.A. which remains with Forjas Taurus S.A.

(3) For purposes of determining the investment amounts, the amount for unsecured liability and income (loss) of each investee are adjusted by unrealized profits in transactions among the companies.

(4) Capital increase in subsidiary Taurus Investimentos Imobiliários Ltda. amounting to R$ 1,409 and capital payment in subsidiaries Polimetal Metalurgia e Plásticos Ltda. amounting to R$ 40,588 and Taurus Máquinas-Ferramenta Ltda. amounting to R$ 40,639 were made in cash with the capitalization of the loan account.

(5) Equity valuation adjustment referring to deferred taxes upon merger of subsidiary Taurus Helmets Ltda. into parent company Taurus Blindagens

Foreign operations

Taurus Holdings, Inc., located in the United States, is the parent company of Taurus International Manufacturing Inc., Braztech International L.C. and other subsidiaries also located in the USA, operating mainly in the resale of Firearms imported from Forjas Taurus S.A., aimed at the wholesale market. Major book balances of the subsidiary are as follow:

	Taurus Holdings, Inc.	
	Consolidated	
	09/30/2015	**12/31/2014**
Assets	**461,168**	319,208
Liabilities	**235,547**	111,060
Net income	**356,696**	276,737
Income (loss) for the year	**(67,308)**	(9,430)

15. Property, plant and equipment

Property, plant and equipment items are measured at historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses.

The Company opted for reevaluating property, plant and equipment items at deemed cost for the opening date of 2009. The effects from deemed cost, net of tax effects, increased property, plant and equipment, and having the unsecured liability as a contra entry.

Cost includes expenses that are directly attributable to acquisition of an asset. The cost of assets build by the entity itself includes the cost of materials, labor and any other costs to place the asset in the site and in the conditions necessary for the operation thereof in the form intended by management, dismantling costs, costs to recover the site in which such assets are located and costs of loans in connection with qualifying assets for which the date for beginning of capitalization is January 1, 2009 or a later date.

Gains and losses on the disposal of a property, plant and equipment item are determined comparing the amounts resulting from the disposal of property, plant and equipment and are recognized in “other income” account in income (loss).

Depreciation is recognized in P&L based on the straight line method in relation to the estimated useful life of each asset. The estimated useful lives for current and comparative periods are approximately the following:

Group	Useful life
Buildings	27 years
Machinery and equipment	15–20 years
Casts and tooling	5 years
Furniture	15 years
Other components	5–6 years

Notes to the financial statements

The depreciation methods, useful lives and residual values are reviewed every year end and any adjustments are recognized as change in accounting estimates.

Notes to the financial statements

	Land, buildings and facilities	Machinery and equipment	Casts and tooling	Furniture and computers	Vehicles	Construction in progress	Advances to suppliers	Total
								Consolidated
Cost or deemed cost								
Balance at December 31, 2014	138,591	206,960	52,578	20,184	3,291	9,746	297	431,647
Additions	**159**	**4,600**	**856**	**1,212**	**205**	**4,570**	**-**	**11,602**
Disposals	**-**	**(4,174)**	**(81)**	**(122)**	**(983)**	**(4)**	**(71)**	**(5,435)**
Transfers of assets under construction	**-**	**1,314**	**3,111**	**6**	**-**	**(4,431)**	**-**	**-**
Effect of exchange variation	**22,495**	**17,134**	**-**	**2,945**	**77**	**-**	**-**	**42,651**
Transfers to other groups	**(6,191)**	**6,674**	**(3)**	**(146)**	**2**	**(492)**	**-**	**(156)**
Balance at September 30, 2015	**155,054**	**232,508**	**56,461**	**24,079**	**2,592**	**9,389**	**226**	**480,309**
Depreciation								
Balance at December 31, 2014	20,277	101,420	35,902	14,062	2,764	-	-	174,425
Depreciation for the year	**2,992**	**14,847**	**4,952**	**1,784**	**230**	**-**	**-**	**24,805**
Disposals	**-**	**(2,743)**	**(40)**	**(79)**	**(702)**	**-**	**-**	**(3,564)**
Effect of exchange variation	**4,425**	**10,228**	**-**	**2,539**	**107**	**-**	**-**	**17,299**
Transfers to other groups	**(1,634)**	**3,822**	(1)	**(2,239)**	**(99)**	**-**	**-**	**(151)**
Balance at September 30, 2015	**26,060**	**127,574**	**40,813**	**16,067**	**2,300**	**-**	**-**	**212,814**
Book value								
December 31, 2014	118,314	105,540	16,676	6,122	527	9,746	297	257,222
September 30, 2015	**128,994**	**104,934**	**15,648**	**8,012**	**293**	**9,389**	**226**	**267,495**

Notes to the financial statements

	Land, buildings and facilities	Machinery and equipment	Casts and tooling	Furniture and computers	Vehicles	Construction in progress	Total
							Parent company
Cost							
Balance at December 31, 2014	3,177	61,235	25,902	8,259	1,848	3,300	103,721
Additions	**-**	**337**	**22**	**189**	**92**	**1,343**	**1,983**
Additions of related companies - Polimetal	**-**	**266**	**-**	**1**	**-**	**-**	**267**
Disposals	**-**	**(1,253)**	**(18)**	**(3)**	**(476)**	**-**	**(1,750)**
Disposals of related companies - Polimetal	**-**	**(11,083)**	**(27)**	**(182)**	**-**	**-**	**(11,292)**
Transfers of assets under construction	**-**	**273**	**77**	**2**	**-**	**(352)**	**-**
Transfers to other groups	**-**	**-**	**(1)**	**(4)**	**-**	**-**	**(5)**
Balance at September 30, 2015	**3,177**	**49,775**	**25,955**	**8,262**	**1,464**	**4,291**	**92,924**
Depreciation							
Balance at December 31, 2014	1,044	30,492	17,710	5,369	1,375	-	55,990
Depreciation for the period	**235**	**3,561**	**2,451**	**550**	**150**	**-**	**6,947**
Disposals	**-**	**(897)**	**(10)**	**-**	**(211)**	**-**	**(1,118)**
Disposals of related companies - Polimetal	**-**	**(5,629)**	**(14)**	**(111)**			**(5,754)**
Balance at September 30, 2015	**1,279**	**27,527**	**20,137**	**5,808**	**1,314**	**-**	**56,065**
Book value December 31, 2014	2,133	30,743	8,192	2,890	473	3,300	47,731
September 30, 2015	**1,898**	**22,248**	**5,818**	**2,454**	**150**	**4,291**	**36,859**

<u>Construction in progress</u>

The balance of construction in progress of R$4,291 – Company and R$ 9,389 – Consolidated in 2015 (R$ 3,300 and R$9,746 in 2014, respectively) refers to machinery and equipment still in the phase of being implemented and construction in progress. These assets are expected to become operational during the 4Q15.

<u>Guarantee</u>

Loans raised by the Company from financial institutions are guaranteed by its assets. Although a significant portion of fixed assets is used to guarantee loans and financings, historically the Company has settled its liabilities within the established contractual terms thus it was never necessary to enforce such guarantees. On September 30, 2015, guarantees provided by the Company amounted to R$57,035 (R$52,764 in 2014).

16. Intangible assets

Goodwill

Goodwill on the acquisition of investments, after applicable allocations, is included in intangible assets. Goodwill is presented in the investment group in the financial statements of the Company.

Goodwill from business combinations is classified in intangible assets and was determined in accordance with accounting practices in force at the time of each combination, adjusted for the reclassification of certain intangible assets. Goodwill is measured at cost, less accumulated impairment losses.

Other intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition, whereas the cost of intangible assets acquired in a business combination is their fair value at acquisition date. Balances are presented less accumulated amortization and impairment losses.

Development expenses which involve a plan or project aimed at producing new or substantially improved products are capitalized only if these development costs may be reliably measured, if the product or process is technically and commercially feasible, if the future economic benefits are likely to arise and if the Company has the intention and sufficient resources to conclude the development and use or sell the asset.

Amortization of intangible assets other than goodwill is based on their estimated useful lives and is recognized in P&L using the straight-line method. The estimated useful lives for current and comparative periods are of approximately 5 years for systems implementation and development costs.

We also clarify that impairment of Company goodwill and indefinite-lived intangible assets is determined on an annual basis using the “value in use” concept, through discounted cash flow models of cash-generating units.

Notes to the financial statements

							Consolidated
	Goodwill	Trademarks and patents	Development of products	Systems implementation	Other intangible assets	SAP Project	Total
Cost							
Balance at December 31, 2014	40,823	12,368	12,202	2,548	11,702	-	79,643
Acquisitions	-	-	1,295	91	-	663	2,048
Write-offs	-	-	(1,331)	-	-	-	(1,331)
Transfers from other groups	-	-		(9)	-	13	4
Effect of exchange variation	4,062	4,159	1,283	-	5,795	-	15,299
Balance at September 30, 2015	44,885	16,527	13,449	2,630	17,497	676	95,664
Amortization							
Balance at December 31, 2014	-	275	6,328	2,011	2,979	-	11,593
Amortization for the period	-	68	523	186	1,325	-	2,102
Effect of exchange variation	-	-	-	-	1,708	-	1,708
Balance at September 30, 2015	-	343	6,851	2,197	6,012	-	15,403
Book value							
December 31, 2014	40,823	12,093	5,874	537	8,723		68,050
September 30, 2015	44,885	16,184	6,598	433	11,485	676	80,261

Impairment test for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill was allocated to the Group’s operating divisions, which represent the lowest level within the Group, in which goodwill is monitored for internal management purposes, never above the Group’s operating segments

Cash-generating unit	09/30/2015	12/31/2014
Forjas Taurus S.A.	**21,194**	21,194
Taurus Holdings, Inc.	**15,151**	11,089
Taurus Blindagens Ltda.	**7,868**	7,868
Famastil Taurus Ferramentas S.A.	**545**	545
Polimetal Metalurgia e Plásticos Ltda.	**127**	127
Total	**44,885**	40,823

The impairment testing of the aforementioned CGUs is performed annually based on fair value less selling expenses, estimated based on discounted cash flows. At September 30, 2015, there is no indication of the need to record a provision. The assumptions adopted by the Company are disclosed in the annual financial statements as of December 31, 2014.

Notes to the financial statements

17. Loans and financing

The terms and conditions of outstanding loans were as follows:

				Consolidated			
				09/30/2015		12/31/2014	
	Currency	Nominal interest rate	Year of maturity	Contracted value	Book value	Contracted value	Book value
Loans and financing							
Working capital	R$	CDI + 2.42 to 3.00% p.a.	2018	82,000	**46,027**	128,939	107,222
FINAME	R$	2.50% to 8.70% p.a.	2021	9,600	**4,815**	17,675	5,950
FINEP	R$	4.00% to 5.25% p.a.	2020	64,240	**25,747**	64,240	33,826
BNDES	R$	3.50% p.a.	2020	9,995	**10,076**	9,995	10,074
BNDES Progeren	R$	TJLP + 4.40 to 4.50% p.a.	2016	-	**-**	63,977	38,202
FNE	R$	9.50% p.a.	2019	9,806	**5,991**	9,806	7,051
Working capital	USD	*Libor* + 1.55% to 5.60% p.a.	2017	106,400	**161,704**	115,300	120,893
Working capital	USD	3.05% to 5.20% p.a.	2016	25,037	**48,414**	76,995	107,446
Working capital	USD	80–100% of CDI	2016	31,390	**111,984**	10,619	25,889
Investments	USD	5.33% p.a.	2017	6,035	**20,292**	6,035	14,028
Investments	USD	*Libor* + 2.25% p.a.	2017	1,731	**4,951**	1,731	3,454
FINIMP	USD	*Libor* + 2.23% to 4.41% p.a.	2016	4,178	**12,294**	7,055	16,323
Dell financing	USD	Cost 0%	2016	201	**295**	201	328
Total					**452,590**		490,686
Current liabilities					**221,539**		258,865
Non-current liabilities					**231,051**		231,821

				Parent company			
				09/30/2015		12/31/2014	
	Currency	Nominal interest rate	Year of maturity	Contracted value	Book value	Contracted value	Book value
Loans and financing							
Working capital	R$	CDI + 2.42 to 3.00% p.a.	2018	82,000	**46,027**	128,939	107,222
FINAME	R$	2.50% to 5.50% p.a.	2021	3,389	**1,818**	11,464	1,862
BNDES	R$	3.50% p.a.	2020	9,995	**10,076**	9,995	10,074
Working capital	USD	*Libor* + 3.41% to 5.60% p.a.	2017	31,400	**95,546**	40,300	83,643
Working capital	USD	3.05% to 3.91% p.a.	2016	21,891	**47,846**	73,849	106,248
Working capital	USD	85–100% of CDI	2016	31,390	**111,984**	10,619	25,889
FINIMP	USD	*Libor* + 2.23% to 4.41% p.a.	2016	3,170	**8,260**	6,047	13,599
Total					**321,557**		348,537
Current liabilities					**201,853**		192,987
Non-current liabilities					**119,704**		155,550

Maturity dates of non-current liabilities are as follows:

Year of maturity	Consolidated		Parent company	
	09/30/2015	12/31/2014	09/30/2015	12/31/2014
2016	**29,361**	122,695	**25,916**	101,443
2017	**151,356**	83,825	**75,073**	37,509
2018	**20,336**	16,528	**14,589**	12,139
2019 onwards	**29,998**	8,773	**4,126**	4,459
	231,051	231,821	**119,704**	155,550

Loans and financing are guaranteed by promissory notes, short-term investments, chattel mortgages for machinery and equipment and real estate mortgages. The sureties granted by the parent company and the sureties granted by the Company to its subsidiaries are reported in Note 21 – Related parties.

Notes to the financial statements

Loan and financing contracts agreed between the Company and its subsidiaries include covenants that limit certain corporate alterations, as under: change in direct or indirect controlling interest in the Company, reduction of capital of the Company and/or its subsidiary, distribution of dividends, payment of interest on equity or any other payments to shareholders of the Company and/or its controlling company in case of delay to fulfill any obligation and reduction of Company capital. In addition to these points, they require maintenance of certain financial ratios: indebtedness (net financial debt/EBITDA) lower than 3.5; interest coverage index (EBITDA/net financial expenses) equal to or higher than 2.75 times. If such restrictions are not met, creditors may claim accelerated maturity. All the above ratios are calculated quarterly, or annually (according to the contract) based on the last twelve months. On September 30, 2015, the Company obtained waiver for non-compliance with covenants.

Notes to the financial statements

18. Debentures

Company-issued debentures, in a single series, are not convertible into shares distributed on the secondary market through the National Debenture system, with restrictions on the placing allocated to the 1st and 2nd issue, exclusively to qualified investors and the 3rd issue allocated to banks.

Debentures	Principal R$	Issuing Date	Outstanding debentures	Financial charges	09/30/2015	12/31/2014
2nd issuance (a)	50,000	09/06/2011	200	DI rate + 2.8%	**15,641**	27,302
3rd issue (b)	100,000	06/13/2014	10,000	DI rate + 3.25%	**111,258**	98,529
				Total - Principal	**126,899**	125,831
				Current liabilities	**61,081**	15,933
				Non-current liabilities	**65,818**	109,898
				Transaction costs incurred	**1,979**	1,956
				Transaction costs appropriated	**797**	316
				Transaction costs to appropriate	**1,182**	1,640

(a) Unit nominal value will be paid in 13 quarterly installments, with grace period of 2 years, the first installment on August 23, 2013. These debentures are guaranteed by personal security of Company subsidiaries in Brazil.

(b) Unit nominal value will be paid in 3 quarterly installments, with grace period of 2 years, the first installment on June 30, 2016. No guarantees have been given.

Covenants

The instrument provides for accelerated maturity in case of noncompliance with respective covenants, which include, among other obligations: maintenance of certain financial ratios, such as: (net debt/EBITDA) equal to or lower 3 times (2nd issue) and 3.25 times (3rd issue) and EBITDA/net financial expenses equal to or higher 2.75 times (3rd issue), in which: net debt is equal to total debts (including sureties and guarantees) less cash and cash equivalents, EBITDA is equal to pre-tax income, interest, taxes, depreciation and amortization for the past 12 months and net financial expenses, which correspond to total financial income less financial expenses for the past 12 months, adjusted for nonrecurring items.

These ratios are duly monitored by management. The contract for the 2nd issue establishes that the ratios must be met quarterly. These ratios were not met in the current year; however, a waiver was obtained from the financial institutions in September 2015 and formalized at the General Debenture-holders Meeting.

Notes to the financial statements

19. Provision for civil, labor and tax contingencies

Provisions are formed for all contingencies referring to lawsuits in which an outflow of funds will probably be required to settle the contingency or obligation and a reasonable estimate can be made.

The Company, based on the opinion of its legal advisors and the analysis of judicial proceedings pending judgment, set up a provision for contingencies at an amount considered sufficient to cover estimated losses, as follows:

	Consolidated			
			09/30/2015	12/31/2014
	Provision	Judicial deposit	Net	Net
Labor	**19,265**	**4,227**	**15,038**	7,901
Civil	**60,450**	**-**	**60,450**	29,881
Tax	**6,300**	**1,161**	**5,139**	4,663
	86,015	**5,388**	**80,627**	42,445
Classified in current liabilities	**40,655**			
Classified in non-current liabilities	**45,360**			

(1) Recorded in other accounts receivable under non-current assets.

Changes in provisions are as follows:

	Consolidated			Parent company
	Civil and labor	Tax	Total	Civil and labor
Balance at December 31, 2014	41,127	5,847	46,974	4,882
Provisions recorded in the year	**84,422**	**453**	**84,875**	**3,815**
Provisions used in the period	**(60,312)**	**-**	**(60,312)**	**(237)**
Write-off of provision	**(173)**	**-**	**(173)**	**-**
Foreign exchange variation	**14,651**	**-**	**14,651**	**-**
Balance at September 30, 2015	**79,715**	**6,300**	**86,015**	**8,460**

Hunter Douglas

On September 30, 2015, the major proceeding for which a provision was accrued by the Company refers to the claim filed by Hunter Douglas N.V. (company organized under the laws of Curacao, with main office in Rotterdam, Holland) against Wotan Máquinas Ltda. in connection with the collection originating from the loan agreement for export financing purposes executed by these parties in 2001. Subsidiary Taurus Máquinas-Ferramenta Ltda. figures as defendant due to the rent of industrial facilities to Wotan Máquinas Ltda. in 2004.

Notes to the financial statements

Due to a decision lower court handed down on which appeals may be filed, the Company decided to begin negotiations with Hunter Douglas, which resulted in the execution of a Final Commitment Agreement referring to the Credit Assignment Sale and Purchase Agreement on June 26, 2015, by means of which the T Investments Co Inc, entity belonging to Taurus Group and corporation headquartered in the city of Panama, acquired credits of Hunter Douglas N.V. against Wotan Máquinas Ltda. and other rights, for the amount of USD10,250 thousand, R$31,802. Materialization of this commitment, resulted in the acquisition by the Company: i) the credits owned by Hunter Douglas N.V. in face of Wotan Máquinas Ltda.; ii) all rights linked or accessory to these credits, especially referring to mortgages; and iii) all rights deriving from the proceeding, whether or not directly linked to the credits.

Carter case

In financial statements as of September 30, 2015, the main lawsuit for which the Company provisioned relates to execution of a preliminary agreement to end lawsuit filed with the U.S. District Court for the Southern District of Florida against Taurus and its subsidiaries in the USA, Taurus Holdings. Inc. and Taurus International Manufacturing, Inc. (jointly, "Companies"). Said preliminary agreements results from individual lawsuit by Chris Carter v. Forjas Taurus, S.A. et. al., related to alleged faults presented by some pistol models manufactured by the Companies, and classified as possible risk of loss by its legal advisors. However, possible developments of this lawsuit led to the decision, in April 2015, of entering such an agreement for the purpose of minimizing possible future risks related to change in lawsuit level and considering specific characteristics of the US legal environment, even though the history of faults reported by the Company's clients is not very long. Updated agreement value is USD 21,438, referring to expenses with insurance, fees, and disclosure. Of this total, 58% were accounted for in the short term and 42% in the long term.

On July 30, 2015, judge of the U.S. District Court for the Southern District of Florida granted a preliminary approval to the agreement in order to end lawsuit proposed against Taurus and its subsidiaries in the United States, Taurus Holdings, Inc. and Taurus International Manufacturing, Inc. (jointly with Taurus, the "Companies") denominated Chris Carter v. Forjas Taurus, S.A. et. al.

According to the agreement, payments made in July, August and September 2015 amounted to US$3,410 thousand, US$1,941, and US$1,641 thousand, respectively. Therefore, balance payable in September 30 is US$14,446 thousand, which is equivalent to R$57,393 thousand.

Approved agreement proposal results from intense negotiations and, based on the opinion of its North-American legal advisors, Taurus' management understands that this agreement is the most effective measure to end possible developments of said lawsuit, as well as that lawsuit involving a lower financial impact to the Company, avoiding risks and possible additional adverse effects to which it would be exposed in case dispute continues.

Company and subsidiaries are party to other proceedings assessed by their legal advisors as involving a possible or remote unfavorable outcome, for which no provision has been recorded, given that accounting practices adopted in Brazil do not require this procedure to be performed, as follows:

Notes to the financial statements

	Consolidated				Parent company			
	09/30/2015		12/31/2014		09/30/2015		12/31/2014	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	**6,968**	**415**	10,568	10,973	**387**		766	10,545
Civil	**12,721**	**4,589**	30,473	4,340	**10,292**	**31**	7,345	530
Labor	**40,398**	**3,194**	25,940	1,947	**24,141**	**789**	16,124	-
Other	**6,821**	**10**	-	-	**5,701**	**10**	-	-
	66,908	**8,208**	66,981	17,260	**40,521**	**830**	24,235	11,075

20. Financial instruments

a) Derivatives

The Company and its subsidiaries Taurus Blindagens Ltda. undertake operations involving derivative financial instruments. The management of these instruments is done through operating strategies and internal controls, aimed at assuring liquidity, profitability and security. The contracting of financial instruments for hedging purposes is made based on a periodic analysis of the exposure to risk that management intends to cover (currency, interest rate, etc.). The control policy consists of permanently accompanying the terms contracted compared with the existing market terms.

We summarize below our positions with derivative instruments:

	Consolidated		Parent company	
	09/30/2015	12/31/2014	09/30/2015	12/31/2014
Derivative financial instruments assets	**7,649**	36,106	**7,649**	36,098
Derivative financial instruments liabilities	**(1,296)**	(23,898)	**-**	(23,163)
	6,353	12,208	**7,649**	12,935

All the operations with financial instruments are classified and recognized in the financial statements of the Company, as the table below:

		Consolidated			
		09/30/2015		12/31/2014	
Instrument	**Contract currency with respect to notional value**	**Notional – in thousands**	**Fair value**	**Notional – in thousands**	**Fair value**
Swap Fixed x Libor (i)	US dollars - USD	**5,711**	**(1,296)**	5,711	(735)
Swap Pre x CDI (ii)	Reais - BRL	**-**	**-**	14,007	54
Swap Interest + EV USD x CDI + R$ (iii)	Reais - BRL	**100,000**	**7,325**	163,200	24,844
Swap + CDI x EV USD (iii)	Reais - BRL	**100,000**	**324**	100,000	30,659
Non-dele forward (export) (iv)	US dollars - USD			49,801	(16,000)
Non-deliverable forwards (foreign currency debt) (v)	US dollars - USD	**-**	**-**	73,000	4,046
			6,353		42,868

Notes to the financial statements

(i) The Company has conventional swap positions Libor 6m x CDI for the purpose of fixing the flow for debt payments tied to a post fixed rate, to a post fixed rate in the domestic market.

(ii) The Company has conventional fixed rate swap positions related to the Certificates of Real Estate credits - CRI aimed at linking the interest rate exposure to a post fixed rate in the domestic market.

(iii) The Company has conventional swap positions for Interbank Deposits (DI) versus US dollar, for the purpose of linking the debt in Reais, tied to the DI, to a debt fixed in dollars. Within this context, the Company has conventional swap positions in dollars versus DI, for the purpose of linking the debt in dollars to a debt in Reais tied to the DI. These swaps are tied to debts with respect to values, terms and cash flows.

(iv) Non-deliverable forward (export) was taken out to hedge a percentage of export income highly susceptive to variations in exchange rate to the US dollar.

(v) NDF transactions (debt in foreign currency) taken out to hedge the effects of fluctuations in exchange rates in cash flow from financing agreements and loans in foreign currency.

Fair value does not represent the obligation for immediate cash disbursement or receipt, given that this effect will only occur on the contractual dates or maturity dates of each operation. It should be noted that all contracts outstanding on June 30, 2015 refer to operations on the over the counter market, registered with the CETIP, without any type of guarantee margin or accelerated maturity clause forced by Mark to Market (MtM) variations.

b) Fair value versus book value

The fair values of the financial assets and liabilities, together with the book values presented in the balance sheet, are as follows:

	Consolidated			
		09/30/2015		12/31/2014
	Book value	Fair value	Book value	Fair value
Assets measured at fair value				
Forward exchange contracts and interest rate swap contracts used for hedge operations (i)	**7,649**	**7,649**	36,106	36,106
Assets measured at amortized cost				
Cash and cash equivalents (ii)	**57,354**	**57,354**	104,536	104,536
Interest earning bank deposits (ii)	**56,136**	**56,136**	55,224	55,224
Accounts receivable (iii)	**176,508**	**176,508**	139,720	139,720
	289,998	**289,998**	299,480	299,480
Liabilities measured at fair value				
Forward exchange contracts and interest rate swap contracts used for hedge operations (i)	**1,295**	**1,295**	23,898	23,898
Liabilities measured by the amortized cost				
Loans and financing (iv)	**452,591**	**356,533**	490,686	396,961
Debentures (iv)	**126,899**	**106,860**	125,831	110,431
Advances on foreign exchange contracts (iv)	**180,651**	**158,285**	57,856	54,539
Trade accounts payable and advances on receivables (ii)	**105,879**	**105,879**	61,435	61,435
Advance on real estate credits (iv)	**-**	**-**	8,548	8,799
	866,020	**727,557**	744,356	632,165

Notes to the financial statements

	Parent company			
	09/30/2015		12/31/2014	
	Book value	**Fair value**	**Book value**	**Fair value**
Assets measured at fair value				
Forward exchange contracts and interest rate swap contracts used for hedge operations (i)	**7,649**	**7,649**	36,098	36,098
Assets measured at amortized cost				
Cash and cash equivalents (ii)	**12,368**	**12,368**	25,161	25,161
Interest earning bank deposits (ii)	**16,459**	**16,459**	33,939	33,939
Accounts receivable (iii)	**59,587**	**59,587**	50,876	50,876
	88,414	**88,414**	109,976	109,976
Liabilities measured at fair value				
Forward exchange contracts and interest rate swap contracts used for hedge operations (i)	**-**	**-**	23,163	23,163
Liabilities measured by the amortized cost				
Loans and financing (iv)	**321,557**	**266,105**	348,537	364,049
Debentures (iv)	**126,899**	**106,860**	125,831	160,486
Advances on foreign exchange contracts (iv)	**180,651**	**137,542**	57,856	54,539
Trade accounts payable and advances on receivables (ii)	**101,978**	**101,978**	40,988	40,988
	731,085	**612,485**	573,212	620,062

(i) The fair value of forward exchange agreements is based on the listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price by using a risk-free interest rate (based on government bonds). The fair value of interest rate swap contracts is based on brokers' quotations. These quotations are tested for reasonability by estimating discounted future cash flows based on contract conditions and maturities and using market interest rates of similar instruments on the measurement date. Fair values reflect the instrument credit risk and include adjustments to consider the credit risk of the Company's entity and the counterpart, if applicable.

(ii) Due to their current cycle, fair value of cash and cash equivalents, interest earning bank deposits, trade notes receivable, trade accounts payable, other accounts payable and advances on receivables are supposed to approximate book value.

(iii) The fair value of accounts receivable and other receivables is estimated as the present value of future cash flows, discounted using the market interest rate at reporting date.

(iv) The fair value that is determined for disclosure purposes is calculated based on the present value of principal and future cash flows, discounted at market interest rate on the date of presentation of the financial statements. For convertible debt securities, the market interest rate is determined by reference to similar liabilities that do not have a conversion option. For financial leases, the interest rate is calculated by referring to similar lease agreements.

In accordance with the hierarchical classification criteria for determining fair value, where: *Level 1:* prices quoted (not adjusted) in active markets, net and visible to identical assets and liabilities which are accessible at the measurement date. Level 2: quoted prices (adjusted or unadjusted), for similar assets and liabilities in active markets; and Level 3: assets and liabilities, not based on observable market data (non-observable inputs). The Company classified in its accounting registers the fair value of its financial instruments as level 2.

Notes to the financial statements

21. Related parties

	Outstanding balances of related parties							Effect from result of related-party transactions	
	Current assets (iii)	Noncurrent assets (receivables from related parties)		Total assets	Current liabilities (i)	Non-current liabilities	Total liabilities	Income	Expense
December 31, 2014									
Taurus Blindagens Ltda.	36	_		36	_	_	_	_	_
Taurus Holdings, Inc.	9,077	-		9,077	32,781	-	32,781	130,360	1,728
Taurus Security Ltda.	-	547		547	-	-	-	-	-
Taurus Investimentos Imobiliários Ltda. (ii)	5,811	-		5,811	-	-	-	-	5,125
Taurus Maquinas-Ferramenta Ltda.	648	37,556	(iv)	38,204	-	-	-	1,777	-
Polimetal Metalurgia e Plásticos Ltda.	10,862	50,544	(iv)	61,406	24,118	-	24,118	3,794	40,386
	26,434	88,647		115,081	56,899	-	56,899	135,931	47,239
September 30, 2015									
Taurus Blindagens Ltda.	**1,080**	_		**1,080**	**552**	**2,491**	**3,043**	_	**99**
Taurus Holdings, Inc.	**14**	**-**		**14**	**36,525**	**792**	**37,317**	**212,901**	**3,743**
Taurus Security Ltda.	**-**	**547**		**547**	**-**	**-**	**-**	**-**	**-**
Taurus Investimentos Imobiliários Ltda. (ii)	**5,811**	**-**		**5,811**	**456**	**-**	**456**	**-**	**3,957**
Taurus Maquinas-Ferramenta Ltda.	**1,110**	**8,595**	**(iv)**	**9,705**	**-**	**-**	**-**	**1,132**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**18,336**	**36,823**	**(iv)**	**55,159**	**63,362**	**-**	**67,362**	**5,210**	**77,340**
Companhia Brasileira de Cartuchos	**9,230**	**-**		**9,230**	**3,897**	**-**	**3,897**	**18,836**	**12,132**
	35,581	**45,965**		**81,546**	**104,792**	**3,283**	**108,075**	**238,079**	**97,271**

(i) This refers to amounts recorded under suppliers - R$63,100, related parties R$ 19,153 and advance from clients R$ 32,575.

(ii) Disposal of property, plant and equipment to the parent company.

(iii) This refers to amounts recorded under trade accounts receivable - R$14,913, related parties R$ 10,871 and advance from suppliers R$ 1,163.

(iv) These refer to loan agreement executed with parent company Forjas Taurus S.A. and are restated at 100% of CDI (Interbank Deposit Certificates).

Notes to the financial statements

The operations involving the Company and subsidiary Taurus Holding, Inc. refer to firearm sales to be traded by the subsidiary in the US market.

The operations involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda. refer to products in process since the subsidiary performs part of the production process of the Firearms segment.

Transactions with related parties are carried out under prices and terms agreed by the parties.

The operations involving Forjas Taurus S.A. and CBC mainly refer to sale of Firearms to be traded and the purchase of ammunition.

Remuneration of key management staff

This includes salaries, fees and benefits, as follows:

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Compensation and benefits of statutory officers	**5,694**	2,502	**5,694**	2,502
Board of Directors and Supervisory Board's remuneration and benefits	**772**	1,919	**772**	1,919
Total	**6,466**	4,421	**6,466**	4,421

The Company does not have compensation benefit policies for key management personnel characterized as: post-employment benefits, benefits from rescission of employment contract, share-based compensation or other long term benefits.

Operations of directors and key management personnel

The directors and key management personnel directly control 0.07% of Company voting capital.

Sureties between related parties

Notes to the financial statements

Loans and financing are guaranteed by promissory notes, chattel mortgages for machinery and equipment and real estate mortgages. The sureties granted by and between the Company and its subsidiaries are presented below:

	09/30/2015	12/31/2014
Polimetal Metalurgia e Plásticos Ltda.	**4,034**	106,616
Forjas Taurus S.A.	**183,888**	8,354
Taurus Holdings, Inc.	**93,560**	-
	281,482	114,970

22. Shareholders' equity / Unsecured liability (Parent company)

a) Capital

In Extraordinary Shareholders' Meeting held on September 29, 2015, capital increase approved in Extraordinary Shareholders' Meeting held on July 15, 2015, in the amount of R$39,858,904.40, was homologated. Accordingly, the Company now has 40,448,248 shares divided into 27,446,627 common shares and 13,001,621 preferred shares. And its capital became R$364,735,299.65. (R$ 324,876,395.25 as of December 31, 2014).

With homologation of capital increase, Companhia Brasileira de Cartuchos ("CBC") now holds 86.84% of issued common shares.

Shareholders that took part in capital increase were assigned, as an additional benefit, a subscription bonus for each subscribed share, according to type of share. Subscription bonuses will be valid until January 30, 2017 ("Maturity") and their exercise price is R$1.64, both for subscription bonus of ON shares and PN shares.

Preferred shares

Preferred shares are nonvoting shares, which are not entitled to differentiated dividends but have preference in the return of capital.

In accordance with article 5, paragraph 4 of Company articles of incorporation, preferred shares are voting shares for any General Meeting resolutions about the following matters, case in which each preferred share entitles holder to one vote:

(i) transformation, take-over, merger or spin-off of the company;

(ii) approval of execution of contracts between the Company and its Controlling Shareholder, as defined in the Level 2 Regulation, directly or through third parties, as well as of other companies in which the Controlling Shareholder has interest, whenever by operation of legal or statutory provision such matters must be submitted to the General Meeting for approval;

(iii) appraisal of assets earmarked for the capital increase subscription of the Company;

Notes to the financial statements

(iv) selection of specialized company to determine Company economic value, on the terms of Chapter VII of the articles of incorporation; and

(v) amendment to or revocation of statutory provisions that amend or change any requirements provided for in item 4.1 of Level 2 Regulation, also such voting right shall prevail only while the Corporate Governance Level 2 Participation Contract is in force.

Authorized shares (in thousands of shares)

	09/30/2015	12/31/2014
Common shares	**51,851**	**51,851**
Preferred shares	**103,702**	**103,702**
	155,553	**155,553**

Shares issued and fully paid up

	Common		Preferred	
	Number (in thousands)	In thousand of reais	Number (in thousands)	In thousand of reais
December 31, 2014				
Common shares - R$ 8.36 - Preferred shares - R$ 5.17*	8,439	70,553	7,705	39,835
September 30, 2015				
Common shares - R$ 1.79 - Preferred shares - R$ 1.21*	**27,447**	**49,129**	**13,002**	**15,732**

"Quotation of shares on the date stated, multiplied by total shares existing on this date.

b) Equity evaluation adjustments

The reserve for equity valuation adjustments includes adjustments from adopting deemed cost for fixed assets at the transition date to IFRS. The amounts registered in equity valuation adjustments are reclassified partially or fully to profit or loss for the year, when the assets to which they refer are sold.

Accumulated translation adjustments

Accumulated translation adjustments include all foreign currency differences deriving from the translation of financial statements of foreign operations.

Notes to the financial statements

c) Earnings (loss) per share

Basic earnings per share	**09/30/2015**	**12/31/2014**
Losses attributable to shareholders (in thousands of R$)	**(248,452)**	(185,422)
Balance of shares at the end of the year	**40,448,248**	177,584,427
Total shares	**40,448,248**	177,584,427
Earnings per share - Basic - in R$	**(6.14244)**	(1.04413)

Diluted earnings per share	**09/30/2015**	**12/31/2014**
Losses attributable to shareholders (in thousands of R$)	**(248,452)**	(185,422)
Balance of shares at the end of the year	**40,448,248**	**177,584,427**
Effect of bonus on subscription of shares*	**1,592,791**	-
Total shares considered	**42,041,039**	177,584,427
Income per share considering bonus effect and diluted in R$	**(5.90973)**	(1.04413)

*Refers to share subscription bonus, as described in item "a" of this note.

d) Capital transactions

The corporate restructuring which occurred on May 27, 2011 and involved subsidiary Polimetal Metalurgia e Plásticos Ltda. and the Company resulted in changes in interest held by the parties amounting to R$ 40,996, which was recorded in unsecured liability under capital transactions.

23. Operating income

Sale of goods

Operating income is recognized when:

(i) There is sufficient evidence that most significant risks and rewards inherent in the ownership of the assets were transferred to buyer and there is no continuous involvement with the goods sold;

(ii) Future economic benefits are likely to flow to the Company; and

(iii) Associated costs and the possible return of goods may be reliably estimated, there is no continuous involvement with the goods sold, and the income amount may be reliably measured.

Notes to the financial statements

Sales taxes

Sales income are subject to the following taxes and contributions, and the following basic rates:

	Rates
ICMS - Value-Added Tax on Sales and Services	0–25%
IPI - Excise tax	0–45%
Contribution for social security funding–COFINS	3–7.6%
Social integration program–PIS	0.65% and 1.65%

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Sales of goods	**655,450**	503,830	**354,311**	242,486
Rendering of services	**622**	58	**622**	58
Adjustment to present value	**(7,258)**	(6,655)	**(2,310)**	(2,016)
Total gross income	**648,814**	497,233	**352,623**	240,528
Sales taxes	**(83,345)**	(66,768)	**(30,554)**	(25,635)
Refunds and rebates	**(4,230)**	(5,835)	**(2,406)**	(4,322)
Total net operating income	**561,240**	424,630	**319,663**	210,571

24. Financial income and expenses

Financial income includes interest income on investment funds, changes in fair value of financial assets measured at fair value through profit or loss and gains on hedge instruments. Financial income is recorded on an accrual basis.

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Financial expenses				
Interest	**(52,788)**	(44,715)	**(46,840)**	(35,165)
Exchange variation	**(239,182)**	(79,939)	**(219,679)**	(79,087)
IOF	**(1,207)**	(826)	**(166)**	(112)
Swap on financial operations	**(14,642)**	(24,759)	**(14,641)**	(24,610)
Adjustment to present value	**(8,933)**	(4,311)	**(8,006)**	(3,863)
Other expenses	**(5,150)**	(4,751)	**(1,104)**	(542)
	(321,902)	(159,301)	**(290,436)**	(143,379)
Financial income				
Interest	**5,189**	9,512	**5,448**	7,804
Exchange variation	**67,552**	65,528	**62,289**	64,372
Swap on financial operations	**29,650**	17,660	**29,648**	17,591
Adjustment to present value	**10,076**	6,433	**2,655**	2,252
Other income	**5,754**	3,592	**1,905**	242
	118,221	102,725	**101,945**	92,261
Net financial income (loss)	**(203,681)**	(56,576)	**(188,491)**	(51,118)

Notes to the financial statements

25. Expenses per type

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Expenses according to the role				
Cost of goods sold	**(395,595)**	(334,495)	**(236,144)**	(176,069)
Sales expenses	**(71,038)**	(65,224)	**(22,075)**	(25,178)
General and administrative expenses	**(74,428)**	(50,168)	**(30,778)**	(24,028)
Other operating expenses	**(83,267)**	(55,171)	**(7,957)**	(12,812)
	(624,328)	(505,058)	**(296,954)**	(238,087)
Expenses per type				
Depreciation and amortization	**(26,907)**	(24,911)	**(7,606)**	(8,427)
Personnel expenses	**(240,377)**	(160,820)	**(98,144)**	(85,259)
Raw materials and use and consumption materials	**(113,319)**	(138,227)	**(131,333)**	(76,308)
Freight and commissions	**(30,148)**	(28,810)	**(9,882)**	(10,050)
Third party services	**(22,567)**	(16,350)	**(10,584)**	(8,071)
Advertising and publicity	**(12,224)**	(10,694)	**(1,258)**	(1,321)
Provision for loss on Renill notes	**(2,510)**	(2,900)	**-**	-
Product warranty expenses	**(6,804)**	(7,422)	**(3,132)**	(4,776)
Water and energy	**(13,601)**	(13,943)	**(5,922)**	(3,565)
Cost of write-off property, plant and equipment	**(7,333)**	(3,288)	**(6,087)**	(2,697)
Losses in the production process	**(10,422)**	(13,465)	**(8,054)**	(12,212)
Provision for contingencies	**(78,198)**	(39,009)	**(4,484)**	(1,693)
Travel and accommodation	**(3,138)**	(2,974)	**(1,964)**	(1,898)
Insurance expenses	**(7,456)**	(6,581)	**(1,131)**	(1,502)
Other expenses	**(49,324)**	(35,664)	**(7,373)**	(20,308)
	(624,328)	(505,058)	**(296,954)**	(238,087)

26. Cost of goods sold

	Consolidated		Parent company	
	09/30/2015	**09/30/2014**	**09/30/2015**	**09/30/2014**
Allocated cost of goods sold	**383,691**	321,030	**228,090**	163,857
Unallocated costs	**11,904**	13,465	**8,054**	12,212
Total cost of goods sold	**395,595**	334,495	**236,144**	176,069

Unallocated costs represent unusual amounts or indirect production costs adventitiously not allocated to products, mainly related to low production volume, directly posted to P&L for the period in which they take place, in a separate account from cost of goods sold.

27. Insurance coverage

The Company adopts the policy to take out insurance coverage for assets subject to risks for amounts considered sufficient by Company management to cover adventitious damages, considering the nature of its activities. Insurance coverage is determined by Company management for an amount considered sufficient to cover adventitious damages.

On September 30, 2015, Company insurance coverage was as follows:

	09/30/2015	
	Consolidated	**Parent company**
Material damages	260,710	73,701
Civil liability	43,139	8,000
Loss of profit	5,841	-

Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly information - ITR

To the Shareholders, Board Members and Directors of

Forjas Taurus S.A.

Porto Alegre - RS

Introduction

We have reviewed the interim, individual and consolidated financial information of Forjas Taurus S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended September 30, 2015, which comprise the balance sheet as of September 30, 2015 and related statements of income, of comprehensive income for the 3 and 9-month periods then ended, of changes in shareholders' equity and of cash flows for the quarter then ended, including the explanatory notes.

Company's management is responsible for the preparation of the interim accounting information in accordance with Technical Pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the review

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and with international standard IAS 34 to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other issues

Statements of added value

We also reviewed the individual and consolidated value-added statements for the nine-month period ended on September 30, 2015, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Corresponding amounts

Corresponding amounts of individual and consolidated balance sheets as of December 31, 2014 were previously audited by other independent auditors that issued a non-qualified report dated March 26, 2015; with no changes and corresponding amounts of individual and consolidated financial statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the nine-month period ended September 30, 2014 and presented for comparison purposes, were previously reviewed by other independent auditors that issued an unqualified report dated November 11, 2014, with no changes. Corresponding values related to individual and consolidated Statement of Value Added (DVA) for the nine-month period ended September 30, 2014, were submitted to the same review procedures by those independent auditors and, based on this review, these auditors issued a report stating that they were not aware of any event that made them believe that the Statement of Value Added was not prepared, in all its material respects, consistently with individual and consolidated interim accounting information taken as a whole.

Porto Alegre, November 12, 2015.

KPMG Auditores Independentes

CRC SP014428/F-7

Cristiano Jardim Seguecio

Accountant CRC SP244525/O-9 T-RS

Opinions and Statements / Fiscal Council opinion or equivalent body

Fiscal Council Opinion

Tax Council of Forjas Taurus S.A., in compliance with legal and bylaws' provisions, reviewed information related to the third quarter of 2015. Based on this review and on information of Report on Review of Quarterly Information, issued without qualifications by KPMG Auditores Independentes and dated November 12, 2015, as well as information and clarifications received from the Company's management, said documents have the conditions to be disclosed.

Porto Alegre, November 12, 2015.

Amoreti Franco Gibbon

Haroldo Zago

Reinaldo Fujimoto

Juliano Puchalski Teixeira

Opinions and Statements / Statement of the Executive Officers on the Financial Statements

STATEMENT OF FORJAS TAURUS S.A. BOARD MEMBERS ON FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD OF 2015

Mrs. Marco Aurélio Salvany, Thiago Piovesan, Salésio Nuhs e Eduardo Rácz, Officers of Forjas Taurus S.A., company with head office at Avenida do Forte, 511, Vila Ipiranga, Porto Alegre, Rio Grande do Sul State (RS), enrolled in CNPJ under no. 92,781,335/0001-02, in compliance with provisions of items V and VI of Article 25 of CVM Instruction no. 480, of December 07, 2009, state that they have reviewed, discussed and agreed with Financial Statements of Forjas Taurus S.A. and consolidated companies for the period from January 01, 2015 to September 30, 2015.

Porto Alegre, November 12, 2015.

Marco Aurélio Salvany

CEO

Thiago Piovesan

Administrative and Financial Officer and Vice CEO

Investor Relations Director

Salésio Nuhs

Sales and Marketing Officer and Vice CEO

Eduardo Rácz

Vice President for Operations

Opinions and Representations / Representation of the Board Members on the Independent auditors' report

REPRESENTATION OF FORJAS TAURUS S.A. BOARD MEMBERS ON INDEPENDENT AUDITORS' REPORT

Mrs. Marco Aurélio Salvany, Thiago Piovesan, Salésio Nuhs and Eduardo Rácz, Officers of Forjas Taurus S.A., company with head office at Avenida do Forte, 511, Vila Ipiranga, Porto Alegre, RS, enrolled in CNPJ under no. 92,781,335/0001-02, in compliance with provisions of items V and VI of Article 25 of CVM Instruction no. 480, of December 07, 2009, state that they have reviewed, discussed and agreed with opinions expressed by KPMG Auditores Independentes on Financial Statements for the period from January 01, 2015 to September 30, 2015, issued on November 12

2015.

Porto Alegre, November 12, 2015.

Marco Aurélio Salvany

CEO

Thiago Piovesan

Administrative and Financial Officer and Vice CEO

Investor Relations Director

Salésio Nuhs

Sales and Marketing Officer and Vice CEO

Eduardo Rácz

Vice President for Operations