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Company information / Breakdown of capital

Quantity of shares (Units)	Current quarter 03/31/2019
Paid-in capital	
Common	46,445,314
Preferred	38,823,733
Total	85,269,047
Treasury	
Common	0
Preferred	0
Total	0

Individual financial statements / Balance sheet - Assets

(In thousands of reais)

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
1	Total assets	838,570	826,985
1.01	Current assets	275,818	274,335
1.01.01	Cash and cash equivalents	2,751	5,157
1.01.01.01	Cash and banks	409	2,056
1.01.01.02	Interbank funds applied	2,342	3,101
1.01.02	Interest earning bank deposits	879	1,801
1.01.03	Accounts receivable	103,290	114,744
1.01.03.01	Trade accounts receivable	103,290	114,744
1.01.04	Inventories	117,555	103,818
1.01.06	Recoverable taxes	15,374	14,991
1.01.06.01	Recoverable current taxes	15,374	14,991
1.01.07	Prepaid expenses	2,328	2,366
1.01.08	Other current assets	33,641	31,458
1.01.08.03	Other	33,641	31,458
1.01.08.03.01	Related parties - Financial loan	27,064	24,978
1.01.08.03.02	Other accounts receivable	6,577	6,480
1.02	Non-current assets	562,752	552,650
1.02.01	Long term assets	70,980	69,017
1.02.01.01	Interest earning bank deposits measured at fair value	812	746
1.02.01.01.03	Interest earning bank deposits measured at amortized cost	812	746
1.02.01.06	Deferred taxes	44,653	44,653
1.02.01.06.01	Deferred income tax and social contribution	44,653	44,653
1.02.01.08	Related party credits	19,392	18,164
1.02.01.08.04	Other related party credits	19,392	18,164
1.02.01.09	Other non-current assets	6,123	5,454
1.02.02	Investments	452,165	444,978
1.02.02.01	Equity interest	452,165	444,978
1.02.02.01.02	Interest in subsidiaries	451,975	444,788
1.02.02.01.04	Other equity interest	190	190
1.02.03	Property, plant and equipment	33,688	32,599
1.02.03.01	Fixed assets in operation	28,578	30,201
1.02.03.03	Constructions in progress	5,110	2,398
1.02.04	Intangible assets	5,919	6,056
1.02.04.01	Intangible assets	5,919	6,056

Individual financial statements/ Balance sheet - Liabilities (In thousands of reais)

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
2	Total liabilities	838,570	826,985
2.01	Current liabilities	511,102	546,826
2.01.01	Social and labor obligations	14,840	14,116
2.01.01.01	Social charges	3,797	4,905
2.01.01.02	Labor obligations	11,043	9,211
2.01.02	Suppliers	172,462	155,932
2.01.02.01	Domestic suppliers	142,862	129,968
2.01.02.02	Foreign suppliers	29,600	25,964
2.01.03	Tax liabilities	33,794	14,903
2.01.03.01	Federal tax liabilities	31,390	11,157
2.01.03.01.01	Income tax and social contribution payable	11,977	0
2.01.03.01.02	Other Taxes	19,413	11,157
2.01.03.02	State tax liabilities	2,393	3,744
2.01.03.03	Municipal tax liabilities	11	2
2.01.04	Loans and financing	65,427	113,126
2.01.04.01	Loans and financing	61,789	103,676
2.01.04.01.01	In domestic currency	4,705	8,260
2.01.04.01.02	In foreign currency	57,084	95,416
2.01.04.02	Debentures	3,638	9,450
2.01.05	Other liabilities	155,801	183,594
2.01.05.02	Other	155,801	183,594
2.01.05.02.01	Dividends and interest on own capital	3	3
2.01.05.02.04	Financial loan	54,227	59,057
2.01.05.02.05	Foreign exchange withdrawals	44,392	43,795
2.01.05.02.07	Advance from receivables	42,100	48,455
2.01.05.02.08	Advance from clients	11,313	27,848
2.01.05.02.09	Other liabilities	3,766	4,436
2.01.06	Provisions	68,778	65,155
2.01.06.01	Tax, social security, labor and civil provisions	55,539	52,501
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	5,555	3,162
2.01.06.01.04	Civil provisions	22,295	21,650
2.01.06.02	Other provisions	13,239	12,654
2.01.06.02.01	Provision for guarantees	13,239	12,654
2.02	Non-current liabilities	687,401	687,122
2.02.01	Loans and financing	577,818	576,766
2.02.01.01	Loans and financing	502,371	501,128
2.02.01.01.01	In domestic currency	17,520	18,131
2.02.01.01.02	In foreign currency	484,851	482,997
2.02.01.02	Debentures	75,447	75,638
2.02.02	Other liabilities	66,673	66,257
2.02.02.01	Liabilities from Related parties	49,590	49,310
2.02.02.01.02	Debits with subsidiaries	6,277	6,241
2.02.02.01.04	Debts with other related parties	43,313	43,069
2.02.02.02	Other	17,083	16,947
2.02.02.02.03	Taxes payable	388	549

Individual financial statements/ Balance sheet - Liabilities (In thousands of reais)

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
2.02.02.02.04	Provision for unsecured liability	16,555	16,165
2.02.02.02.06	Suppliers	140	233
2.02.04	Provisions	42,910	44,099
2.02.04.01	Tax, social security, labor and civil provisions	42,910	44,099
2.02.04.01.02	Social security and labor provisions	31,994	32,583
2.02.04.01.04	Civil provisions	10,916	11,516
2.03	Shareholders' equity	-359,933	-406,963
2.03.01	Realized capital	507,489	465,218
2.03.02	Capital reserves	-31,378	-31,170
2.03.02.03	Disposal of subscription bonus	9,618	0
2.03.02.09	Capital transactions	-40,996	-31,170
2.03.05	Retained Earnings/Losses	-1,008,550	-1,012,915
2.03.06	Equity valuation adjustments	46,703	47,023
2.03.07	Accumulated translation adjustments	125,803	124,881

Individual financial statements / Statement of income

(In thousands of reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2019–03/31/2019	01/01/2018–03/31/2018
3.01	Revenue from sales of goods and/or services	160,167	152,406
3.02	Cost of goods and/or services sold	-109,171	-107,514
3.03	Gross income	50,996	44,892
3.04	Operating expenses/revenue	-23,378	-18,364
3.04.01	Sales expenses	-12,250	-11,070
3.04.02	General and administrative expenses	-14,923	-15,056
3.04.03	Loss due to the non-recoverability of assets	-1,456	1,612
3.04.04	Other operating revenue	527	1,051
3.04.05	Other operating expenses	-1,151	-2,060
3.04.06	Equity in net income of subsidiaries	5,875	7,159
3.05	Income (loss) before financial income and taxes	27,618	26,528
3.06	Financial income (loss)	-11,593	-25,063
3.06.01	Financial revenues	3,789	1,545
3.06.02	Financial expenses	-15,382	-26,608
3.07	Income (loss) before income tax	16,025	1,465
3.08	Income tax and social contribution	-11,977	-271
3.08.01	Current	-11,977	-271
3.09	Net income (loss) from continued operations	4,048	1,194
3.11	Income/loss for the period	4,048	1,194
3.99	Earnings per share - (Reais / Share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.04747	0.01846
3.99.01.02	Preferred shares	0.04747	0.01846
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.04747	0.01846
3.99.02.02	Preferred shares	0.04747	0.01846

Individual financial statements / Statement of comprehensive income

(In thousands of reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2019–03/31/2019	01/01/2018–03/31/2018
4.01	Net income for the period	4,048	1,194
4.02	Other comprehensive income	919	866
4.02.01	Translation adjustments in the period	919	866
4.03	Comprehensive income for the period	4,967	2,060

Individual financial statements / Statement of cash flows - Indirect method

(In thousands of reais)

Code of account	Account description	Accumulated of the	Accumulated of the
		current year 01/01/2019–03/31/2019	prior year 01/01/2018–03/31/2018
6.01	Net cash from operating activities	37,158	27,687
6.01.01	Cash generated in operations	32,965	31,578
6.01.01.01	Net income (loss) before income tax and social contribution	16,025	1,465
6.01.01.02	Depreciation and amortization	1,905	1,813
6.01.01.03	Cost of permanent asset written-off	3	74
6.01.01.04	Allowance for doubtful accounts	-1,456	1,612
6.01.01.05	Equity in net income of subsidiaries	-5,875	-7,159
6.01.01.08	Provision for interest on loans and financing	8,785	14,244
6.01.01.10	Provision for inventory loss	-491	0
6.01.01.11	Provision for guarantees	534	0
6.01.01.12	Provision for contingencies	1,482	3,874
6.01.01.13	Exchange rate change on loans and other	12,053	15,655
6.01.02	Changes in assets and liabilities	4,193	-3,891
6.01.02.01	(Increase) decrease in trade accounts receivable	11,631	-12,751
6.01.02.02	Decrease (increase) in inventories	-13,246	2,451
6.01.02.03	Decrease (increase) in other accounts receivable	-1,111	2,630
6.01.02.04	(Decrease) increase in suppliers	16,437	-2,762
6.01.02.05	Increase (Decrease) in accounts payable	-9,518	6,541
6.02	Net cash used in investment activities	-5,318	-1,414
6.02.01	Receivables with related companies	-3,314	-886
6.02.04	In property, plant and equipment	-2,780	-453
6.02.05	In intangible assets	-80	0
6.02.06	Interest earning bank deposits	856	-75
6.03	Net cash from financing activities	-34,246	-18,789
6.03.02	Loans obtained	2,230	726
6.03.03	Payments of loans	-53,639	-13,738
6.03.05	Capital increase	42,271	0
6.03.07	Payment of Interest on loans	-20,558	-3,999
6.03.10	Debts with related companies	-4,550	-1,778
6.05	Increase (decrease) in cash and cash equivalents	-2,406	7,484
6.05.01	Opening balance of cash and cash equivalents	5,157	2,543
6.05.02	Closing balance of cash and cash equivalents	2,751	10,027

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–03/31/2019**(In thousands 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
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.04	Capital transactions with partners	42,271	-208	0	0	0	42,063
5.04.01	Capital increases	42,271	0	0	0	0	42,271
5.04.02	Expenses with issuance of shares	0	-208	0	0	0	-208
5.05	Total comprehensive income	0	0	0	4,048	919	4,967
5.05.01	Net income for the period	0	0	0	4,048	0	4,048
5.05.02	Other comprehensive income	0	0	0	0	919	919
5.05.02.04	Translation adjustments in the period	0	0	0	0	919	919
5.06	Internal changes in shareholders' equity	0	0	0	317	-317	0
5.06.02	Realization of revaluation reserve	0	0	0	317	-317	0
5.07	Closing balances	507,489	-31,378	0	-1,008,550	172,506	-359,933

Individual financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2018–03/31/2018**(In thousands 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
5.01	Opening balances	404,489	-40,996	0	-952,635	143,909	-445,233
5.02	Prior-year adjustments	0	0	0	-1,635	0	-1,635
5.02.01	Initial adoption of IFRS 9	0	0	0	-1,635	0	-1,635
5.03	Adjusted opening balances	404,489	-40,996	0	-954,270	143,909	-446,868
5.05	Total comprehensive income	0	0	0	1,509	551	2,060
5.05.01	Net income for the period	0	0	0	1,194	0	1,194
5.05.02	Other comprehensive income	0	0	0	315	551	866
5.05.02.04	Translation adjustments in the period	0	0	0	0	866	866
5.05.02.06	Realization of equity valuation adjustments	0	0	0	315	-315	0
5.07	Closing balances	404,489	-40,996	0	-952,761	144,460	-444,808

Individual financial statements/ Statement of added value**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2019–03/31/2019	01/01/2018–03/31/2018
7.01	Revenues	159,249	172,115
7.01.01	Sale of goods, products and services	160,178	169,452
7.01.02	Other revenues	527	1,050
7.01.04	Formation/reversal of allowance for doubtful accounts	-1,456	1,613
7.02	Inputs acquired from third parties	-117,681	-103,952
7.02.01	Cost of products, goods and services sold	-106,979	-85,446
7.02.02	Materials, Energy, Third-party services and other	-10,702	-18,506
7.03	Gross added value	41,568	68,163
7.04	Retentions	-1,904	-1,847
7.04.01	Depreciation, amortization and depletion	-1,904	-1,847
7.05	Net added value produced	39,664	66,316
7.06	Added value received as transfer	9,664	8,704
7.06.01	Equity in net income of subsidiaries	5,875	7,159
7.06.02	Financial revenues	3,789	1,545
7.07	Total added value payable	49,328	75,020
7.08	Distribution of added value	49,328	75,020
7.08.01	Personnel	15,580	15,450
7.08.01.01	Direct remuneration	12,027	14,717
7.08.01.02	Benefits	2,775	1,466
7.08.01.03	Severance Pay Fund (FGTS)	778	-733
7.08.02	Taxes, duties and contributions	14,245	31,692
7.08.02.01	Federal	14,233	22,708
7.08.02.02	State	1	8,973
7.08.02.03	Municipal	11	11
7.08.03	Third-party capital remuneration	15,455	26,684
7.08.03.01	Interest	15,382	26,608
7.08.03.02	Rentals	73	76
7.08.04	Remuneration of own capital	4,048	1,194
7.08.04.03	Retained earnings / Loss for the period	4,048	1,194

Consolidated financial statements / Balance sheet – Assets**(In thousands of reais)**

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
1	Total assets	948,421	921,156
1.01	Current assets	645,132	616,217
1.01.01	Cash and cash equivalents	31,719	26,766
1.01.01.01	Cash and banks	29,326	23,562
1.01.01.02	Interbank funds applied	2,393	3,204
1.01.02	Interest earning bank deposits	879	1,801
1.01.03	Accounts receivable	150,360	140,420
1.01.03.01	Trade accounts receivable	150,360	140,420
1.01.04	Inventories	290,823	277,037
1.01.06	Recoverable taxes	29,869	29,461
1.01.06.01	Recoverable current taxes	29,869	29,461
1.01.07	Prepaid expenses	9,245	6,309
1.01.08	Other current assets	132,237	134,423
1.01.08.01	Non-current assets held for sale	122,988	122,551
1.01.08.03	Other	9,249	11,872
1.02	Non-current assets	303,289	304,939
1.02.01	Long term assets	85,026	84,539
1.02.01.01	Interest earning bank deposits measured at fair value	1,119	1,053
1.02.01.01.03	Interest earning bank deposits measured at amortized cost	1,119	1,053
1.02.01.06	Deferred taxes	72,672	73,419
1.02.01.06.01	Deferred income tax and social contribution	72,672	73,419
1.02.01.09	Other non-current assets	11,235	10,067
1.02.01.09.03	Recoverable taxes	246	246
1.02.01.09.04	Other	10,989	9,821
1.02.02	Investments	192	192
1.02.02.01	Equity interest	192	192
1.02.02.01.04	Other equity interest	192	192
1.02.03	Property, plant and equipment	144,103	144,429
1.02.03.01	Fixed assets in operation	133,706	140,137
1.02.03.03	Constructions in progress	10,397	4,292
1.02.04	Intangible assets	73,968	75,779
1.02.04.01	Intangible assets	73,968	75,779

Consolidated financial statements / Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
2	Total liabilities	948,421	921,156
2.01	Current liabilities	506,618	535,626
2.01.01	Social and labor obligations	34,785	31,946
2.01.01.01	Social charges	13,962	14,695
2.01.01.02	Labor obligations	20,823	17,251
2.01.02	Suppliers	105,343	94,707
2.01.02.01	Domestic suppliers	60,422	55,921
2.01.02.02	Foreign suppliers	44,921	38,786
2.01.03	Tax liabilities	66,222	41,902
2.01.03.01	Federal tax liabilities	63,682	37,729
2.01.03.01.01	Income tax and social contribution payable	21,830	8,135
2.01.03.01.02	Other Taxes	41,852	29,594
2.01.03.02	State tax liabilities	2,523	4,165
2.01.03.03	Municipal tax liabilities	17	8
2.01.04	Loans and financing	65,427	113,126
2.01.04.01	Loans and financing	61,789	103,676
2.01.04.01.01	In domestic currency	4,705	8,260
2.01.04.01.02	In foreign currency	57,084	95,416
2.01.04.02	Debentures	3,638	9,450
2.01.05	Other liabilities	150,033	175,769
2.01.05.02	Other	150,033	175,769
2.01.05.02.01	Dividends and interest on own capital	3	3
2.01.05.02.05	Foreign exchange withdrawals	44,392	43,795
2.01.05.02.08	Advance from receivables	42,100	48,455
2.01.05.02.09	Advance from clients	12,040	28,793
2.01.05.02.10	Liabilities from non-current assets held for sale	33,816	33,270
2.01.05.02.11	Other liabilities	17,682	21,453
2.01.06	Provisions	84,808	78,176
2.01.06.01	Tax, social security, labor and civil provisions	66,299	60,273
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	10,755	5,235
2.01.06.01.04	Civil provisions	27,855	27,349
2.01.06.02	Other provisions	18,509	17,903
2.01.06.02.01	Provision for guarantees	18,509	17,903
2.02	Non-current liabilities	801,736	792,493
2.02.01	Loans and financing	717,347	703,565
2.02.01.01	Loans and financing	641,900	627,927
2.02.01.01.01	In domestic currency	17,520	18,131
2.02.01.01.02	In foreign currency	624,380	609,796
2.02.01.02	Debentures	75,447	75,638
2.02.02	Other liabilities	564	987
2.02.02.02	Other	564	987
2.02.02.02.04	Taxes payable	424	592
2.02.02.02.06	Suppliers	140	395
2.02.03	Deferred taxes	20,711	20,804
2.02.03.01	Deferred income tax and social contribution	20,711	20,804

Consolidated financial statements / Balance sheet - Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 03/31/2019	Prior year 12/31/2018
2.02.04	Provisions	63,114	67,137
2.02.04.01	Tax, social security, labor and civil provisions	57,504	61,558
2.02.04.01.02	Social security and labor provisions	46,588	49,842
2.02.04.01.04	Civil provisions	10,916	11,716
2.02.04.02	Other provisions	5,610	5,579
2.02.04.02.01	Provision for guarantees	5,610	5,579
2.03	Consolidated shareholders' equity	-359,933	-406,963
2.03.01	Realized capital	507,489	465,218
2.03.02	Capital reserves	-31,378	-31,170
2.03.02.03	Disposal of subscription bonus	9,618	0
2.03.02.09	Capital transactions	-40,996	-31,170
2.03.05	Retained Earnings/Losses	-1,008,550	-1,012,915
2.03.06	Equity valuation adjustments	46,703	47,023
2.03.07	Accumulated translation adjustments	125,803	124,881

Consolidated financial statements / Statement of income**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2019–03/31/2019	Accumulated of the prior year 01/01/2018–03/31/2018
3.01	Revenue from sales of goods and/or services	252,085	231,043
3.02	Cost of goods and/or services sold	-160,041	-151,331
3.03	Gross income	92,044	79,712
3.04	Operating expenses/revenue	-61,168	-50,600
3.04.01	Sales expenses	-27,911	-28,440
3.04.02	General and administrative expenses	-32,524	-30,764
3.04.03	Loss due to the non-recoverability of assets	-922	5,266
3.04.04	Other operating revenue	831	11,163
3.04.05	Other operating expenses	-642	-7,825
3.05	Income (loss) before financial income and taxes	30,876	29,112
3.06	Financial income (loss)	-12,027	-26,174
3.06.01	Financial revenues	4,213	2,213
3.06.02	Financial expenses	-16,240	-28,387
3.07	Income (loss) before income tax	18,849	2,938
3.08	Income tax and social contribution	-14,275	-1,957
3.08.01	Current	-13,675	-2,084
3.08.02	Deferred	-600	127
3.09	Net income (loss) from continued operations	4,574	981
3.10	Net income (loss) from discontinued operations	-526	213
3.10.01	Net income (loss) of discontinued operations	-526	213
3.11	Income/loss for the period	4,048	1,194
3.11.01	Attributed to the Parent Company's shareholders	4,048	1,194
3.99	Earnings per share - (Reais / Share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.04747	0.01846
3.99.01.02	Preferred shares	0.04747	0.01846
3.99.02	Diluted earning per share		
3.99.02.01	Common shares	0.04747	0.01846
3.99.02.02	Preferred shares	0.04747	0.01846

Consolidated financial statements / Statement of comprehensive income**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2019–03/31/2019	Accumulated of the prior year 01/01/2018–03/31/2018
4.01	Consolidated net income for the period	4,048	1,194
4.02	Other comprehensive income	919	866
4.02.01	Translation adjustments in the period	919	866
4.03	Consolidated comprehensive income for the period	4,967	2,060
4.03.01	Attributed to the Parent Company's shareholders	4,967	2,060

Consolidated financial statements / Statement of cash flows - Indirect method**(In thousands of reais)**

Code of account	Account description	Accumulated of the	Accumulated of the prior
		current year 01/01/2019–03/31/2019	year 01/01/2018–03/31/2018
6.01	Net cash from operating activities	28,616	60,610
6.01.01	Cash generated in operations	52,111	54,066
6.01.01.01	Net income (loss) before income tax and social contribution	18,849	2,938
6.01.01.02	Depreciation and amortization	7,640	7,956
6.01.01.03	Cost of permanent assets written-off	47	5,742
6.01.01.06	Provision for Derivative financial instruments	0	-141
6.01.01.07	Allowance for doubtful accounts	-922	5,266
6.01.01.10	Provision for interest on loans and other	8,788	14,251
6.01.01.17	Provision for guarantees	586	40
6.01.01.18	Exchange-rate change on loans and financing	12,053	15,570
6.01.01.19	Provision for contingencies	1,530	5,027
6.01.01.20	Net cash from discontinued operations	3,540	-2,583
6.01.02	Changes in assets and liabilities	-21,946	6,544
6.01.02.01	(Increase) decrease in trade accounts receivable	-10,297	-14,194
6.01.02.02	(Increase) decrease in inventories	-13,786	16,745
6.01.02.03	(Increases) in other accounts receivable	-1,742	-5,291
6.01.02.04	Increase in suppliers	10,381	-7,118
6.01.02.05	Increase in accounts payable	-6,502	16,402
6.01.03	Other	-1,549	0
6.01.03.03	Assets and liabilities held for sale	-1,182	0
6.01.03.04	Payment of IRPJ (Corporate Income Tax) and CSLL (Social contribution tax)	-367	0
6.02	Net cash used in investment activities	-4,805	-5,938
6.02.04	In property, plant and equipment	-6,433	-1,809
6.02.05	In intangible assets	1,238	-74
6.02.06	Interest earning bank deposits	856	-88
6.02.07	Net cash from investment activities - Discontinued	-466	-3,967
6.03	Net cash from financing activities	-18,858	-36,512
6.03.02	Loans obtained	14,960	726
6.03.03	Payment of loans	-53,639	-31,230
6.03.05	Capital increase	42,271	0
6.03.10	Payment of Interest on loans	-20,558	-4,007
6.03.11	Other	0	782
6.03.12	Net cash from financing activities - Discontinued	-1,892	-2,783
6.05	Increase (decrease) in cash and cash equivalents	4,953	18,160
6.05.01	Opening balance of cash and cash equivalents	26,766	6,679
6.05.02	Closing balance of cash and cash equivalents	31,719	24,839

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2019–03/31/2019**(In thousands 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	Non-controlling interest	Shareholders' equity Consolidated
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.04	Capital transactions with partners	42,271	-208	0	0	0	42,063	0	42,063
5.04.01	Capital increases	42,271	0	0	0	0	42,271	0	42,271
5.04.02	Expenses with issuance of shares	0	-208	0	0	0	-208	0	-208
5.05	Total comprehensive income	0	0	0	4,048	919	4,967	0	4,967
5.05.01	Net income for the period	0	0	0	4,048	0	4,048	0	4,048
5.05.02	Other comprehensive income	0	0	0	0	919	919	0	919
5.05.02.01	Adjustments of financial instruments	0	0	0	0	919	919	0	919
5.06	Internal changes in shareholders' equity	0	0	0	317	-317	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	317	-317	0	0	0
5.07	Closing balances	507,489	-31,378	0	-1,008,550	172,506	-359,933	0	-359,933

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL – 01/01/2018–03/31/2018**(In thousands 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	Non-controlling interest	Shareholders' equity Consolidated
5.01	Opening balances	404,489	-40,996	0	-952,635	143,909	-445,233	0	-445,233
5.02	Prior-year adjustments	0	0	0	-1,635	0	-1,635	0	-1,635
5.02.01	Initial adoption of IFRS 9	0	0	0	-1,635	0	-1,635	0	-1,635
5.03	Adjusted opening balances	404,489	-40,996	0	-954,270	143,909	-446,868	0	-446,868
5.05	Total comprehensive income	0	0	0	1,509	551	2,060	0	2,060
5.05.01	Net income for the period	0	0	0	1,194	0	1,194	0	1,194
5.05.02	Other comprehensive income	0	0	0	315	551	866	0	866
5.05.02.04	Translation adjustments in the period	0	0	0	0	866	866	0	866
5.05.02.06	Realization of equity valuation adjustments	0	0	0	315	-315	0	0	0
5.07	Closing balances	404,489	-40,996	0	-952,761	144,460	-444,808	0	-444,808

Consolidated financial statements / Statement of added value (In thousands of Reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2019–03/31/2019	01/01/2018–03/31/2018
7.01	Revenues	252,378	276,959
7.01.01	Sale of goods, products and services	252,352	264,228
7.01.02	Other revenues	831	11,162
7.01.04	Formation/reversal of allowance for doubtful accounts	-805	1,569
7.02	Inputs acquired from third parties	-173,798	-176,570
7.02.01	Cost of products, goods and services sold	-149,108	-151,331
7.02.02	Materials, Energy, Third-party services and other	-24,690	-25,239
7.03	Gross added value	78,580	100,389
7.04	Retentions	-7,587	-7,957
7.04.01	Depreciation, amortization and depletion	-7,587	-7,957
7.05	Net added value produced	70,993	92,432
7.06	Added value received as transfer	3,687	2,426
7.06.02	Financial revenues	4,213	2,213
7.06.03	Other	-526	213
7.06.03.20	Undistributed value added from discontinued operations	-526	213
7.07	Total added value payable	74,680	94,858
7.08	Distribution of added value	74,680	94,858
7.08.01	Personnel	33,768	30,682
7.08.01.01	Direct remuneration	26,078	28,341
7.08.01.02	Benefits	5,850	3,929
7.08.01.03	Severance Pay Fund (FGTS)	1,840	-1,588
7.08.02	Taxes, duties and contributions	20,340	34,424
7.08.02.01	Federal	20,250	24,914
7.08.02.02	State	2	9,419
7.08.02.03	Municipal	88	91
7.08.03	Third-party capital remuneration	16,524	28,558
7.08.03.01	Interest	16,239	28,387
7.08.03.02	Rentals	285	171
7.08.05	Other	4,048	1,194
7.08.05.01	Retained losses, net of realization of equity valuation adjustments - Continued Operation	4,574	981
7.08.05.02	Retained losses, net of realization of equity valuation adjustments - Discontinued operation	-526	213



WITH GROSS INCOME OF R\$ 92.0 MILLION AND GROSS MARGIN OF 36.5%
TAURUS RECORDS EBITDA R\$ 38.5 MILLION AND EBTIDA MARGIN OF 15.3%

São Leopoldo, May 14, 2019 – A Taurus Armas S.A. (“Taurus” or “Company”) (B3: FJTA3; FJTA4), listed in Level 2 for B3 Corporate Governance (Symbols: FJTA3, FJTA4), one of the largest manufacturers of light firearms in the world, operating with brands Taurus, Rossi and Heritage, presents its profit or loss for the 1st quarter of 2019 (1Q19). Financial and operating information below, except where otherwise indicated, are presented in Brazilian Reals (R\$), follow international accounting standards (IFRS) and Brazilian accounting principles. Comparisons refer to the same period of 2018, unless otherwise indicated.



Financial highlights 1Q19 X 1Q18

Increase of 9.1% in operating revenue, totaling R\$ 252.1 million, with highlight to sales in the USA.

Gross margin of R\$ 92.0 million, with margin of 36.5%, which indicates an increase of 15.5% and 4.3 p.p., respectively.

EBITDA of R\$ 38.5 million, for the fifth consecutive quarter generating positive values.



Operating highlights 1Q19

Sending of the second batch of guns Striker 9mm to the Philippine police, after approval in strict tests that included firing 20 thousand shots without any failure.

Launching of 14 products, among which gun TX 22, presented in Shot Show in January 2019, with great receptivity from specialists and consumers in general.

Production of 309 thousand units, being 70% in the Brazilian plant and 30% in the North-American unit.

MAIN INDICATORS

R\$ million	1Q19	1Q18	Change %	4Q18	Change %
Net operating income	252.1	231.0	9.1%	221.8	13.7%
Domestic market	37.7	34.8	8.3%	43.6	-13.5%
Foreign market	214.4	196.2	9.3%	178.2	20.3%
CPV	-160.0	-151.3	5.8%	-150.2	6.5%
Gross income	92.0	79.7	15.5%	71.5	28.7%
Gross margin (%)	36.5%	34.5%	+2.0 p.p.	32.2%	+4.3 p.p.
Operating expenses - SG&A	-61.2	-50.6	20.9%	-98.5	-72.3%
Operating income (EBIT)	30.9	29.1	6.1%	-27.0	-
EBIT margin %	12.2%	12.6%	-0.4 p.p.	-12.2%	0
Net financial income (loss)	-12.0	-26.2	-54.2%	0.3	-
Income tax and social contribution	-14.3	-2.0	615.0%	12.3	-
Net income / (loss) (continued operations)	4.6	1.0	366.7%	-14.3	-
Net income (loss) from discontinued operations	-0.5	0.2	-	-0.9	44.4%
Net income / (loss)	4.0	1.2	239.3%	-15.2	-
Ebitda*	38.5	37.2	3.5%	18.4	109.2%
Ebitda margin*	15.3%	16.1%	-0.8 p.p.	8.3%	+7.0 p.p.
Net debt (at the end of the period)	835.5	678.0	23.2%	881.1	-5.2%

* Ebitda and Ebitda Margin adjusted in 4Q18 excluding extraordinary non-recurring expenses related to legal advisory and claims of court settlement signed in the USA ("Burrow Case") totaling R\$ 37.1 million

Note - Ebitda (stands for income before interest, taxes, depreciation and amortization) is not an indicator used in accounting practices. Its calculation spreadsheet is presented in item "Ebitda" of this report.

MESSAGE FROM THE BOARD

Results in the first quarter of 2019 strengthen our conviction that we are in the right path and that the Company is consolidating a new performance standard. We reached gains both in economic and financial indicators and we have motives to trust that these are not temporary results, only a reflex of punctual conditions, but a sustainable pattern. Quarterly performance reflects adoption of robust administrative and operating processes.

With increase in revenue, gross profitability gains and maintenance of expenses under control, operating generation of cash measured at Ebitda in the quarter increased 3.5% in relation to the same period of last year, and Ebitda margin reached 15.3%, level that is above global industry average, considering foreign publicly-held corporations that disclose their results.

We continue launching new products - 14 in the quarter – that arrive in the market with excellent acceptance of consumers, establishing a mix of diversified quality products, that has contributed to consolidate the new standard of operating profitability. In the first quarter, one of our launchings of greater impact was gun TX 22mm, presented in "Shot Show" firearm fair held in Las Vegas, USA, in January. Our stand attracted public attention; and this fair is the largest firearm fair in the world, with more than 1.6 thousand exhibitors and 58 thousand visitors, indicating that Taurus is resuming its major player position in the market and demonstrating its strong innovation and technology capacity.

In the international market, we entered into a contract with Philippine police for sale of TS9 guns, a model developed for police and military use, which complies with the strictest quality and safety standards in the world. Firearms went through strict approval tests, including resistance test of 20.000 shots without presenting any failure, making us very proud. This extremely resistant, reliable and safe model reaffirms our commitment with excellence.

Accordingly, we are prepared to compete with imported products after signature of Decree 9,785 by the president of the Republic that authorizes domestic market opening. In Brazil, the Company has a large chain of stores, sellers, dealers and technical support. Taurus already supplies to several markets in the world and is present in over 100 countries and, in the US, our main market, we are doubling installed production capacity to 800 thousand firearms/year with the opening of a new plant in Georgia State. In addition, as an example of our operations' efficiency and excellence, our production lines produce almost two firearms per minute in compliance with strict quality standards and, after receiving authorization, we send the weapon to the client within 2 business days.

Taurus has the capacity to continue satisfying demands of an increasingly demanding market, with products of high reliability and safety.

Salesio Nuhs
CEO

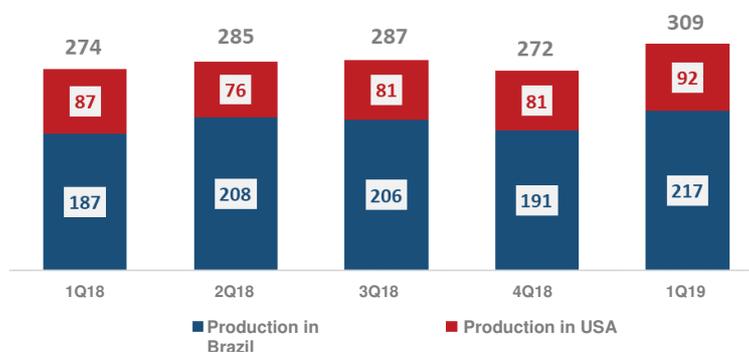
OPERATING PERFORMANCE

In 2019, Taurus will have the 80th anniversary since its establishment, its operation focuses on production and trading of light firearms under brands Taurus, Rossi and Heritage, manufactured in its unit in Brazil and in the USA, with sales to more than 100 countries.



It maintains a segment of injection molding metal production and trading (M.I.M. – Metal Injection Molding), with production mainly for own use and punctual sales to third parties, on demand. In January 2018, the Company put helmet operation on sale, so that income from this segment started to be accounted for, since then, as "discontinued operations".

Production of firearms - Brazil + USA
(thousand units)



Production of firearms in the industrial unit of São Leopoldo, Rio Grande do Sul State, RS, is directed to the domestic market, as well as to USA, and for export to other countries. Taurus unit in the US directs its entire production to the US market. In the 1Q19, the Company's total firearm production exceeded by 12.8% production recorded in the same period of 2018, reaching 309 thousand units, with 70.2% manufactured in Brazil.

Currently, Taurus total production capacity is 1.4 million firearms/year, being 1 million in the Brazilian unit. With transfer of the US plant from Florida to Georgia, which will occur in 2019, production capacity in that country will double from current 400 thousand firearms/year to 800 thousand firearms/year.

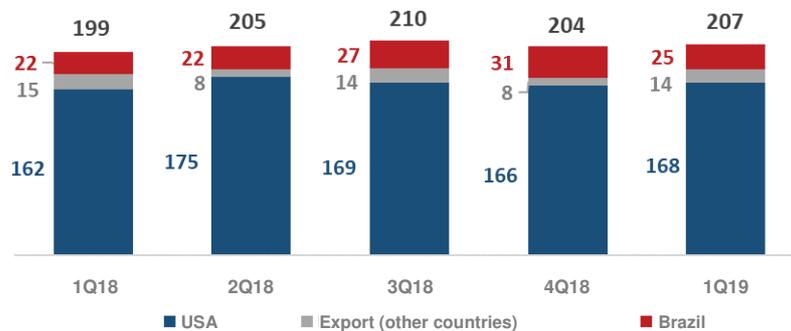
In the 1Q19, as during prior year, **North-American market** of firearms remained competitive for the industry. The index of firearm purchase intention, measured at "Adjusted NICS" (*National Instant Background Check System*), continued to fall and was reduced by 8.5% in relation to the 1Q18, after reduction of 6.1% in 2018 when compared to 2017.

The Company's releases, with products that incorporate innovation and quality, have been well accepted by North-American consumers and have, therefore, contributed to recover the brand's image in the market. Launching of gun TX caliber 22 in January 2019, as well as of 2018, were the main highlights of sales in the quarter, contributing to mal volume that is 11.3% higher than that recorded in the 1Q18, despite the fact that general market demand did not increase.



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Volume of sales - Taurus Brasil (thousand units)



Domestic market sales totaled 25 thousand units, volume that is 13.6% higher than that of the 1Q18. As occurred in the North-American market, increase in sales indicates resumption of the brand's credibility, and is the result of the Company's current strategic position, which includes presenting to the market launches that incorporate technology and quality.

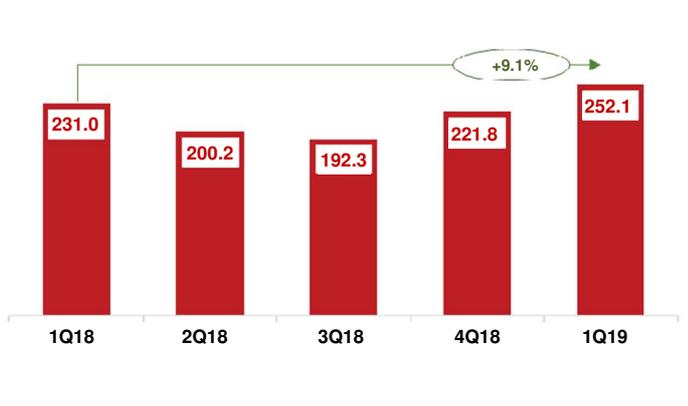


In relation to **exports destined to other countries**, the highlight for the quarter was the sale of pistol Striker TS9, a model specially developed for police and military use, to the Philippines' national police. This was the second batch of guns supplied by Taurus in the ambit of a contract entered into with Philippine corporation at the end of 2018. Firearms are subject to one week of rigorous tests carried out by the Corporation's technical team in São Leopoldo plant. Two hundred samples of the batch were subjected to tests even more rigorous than those established by NATO AC-225, including, among others, accuracy, sand, mud, immersion in water, fall and resistance to 20 thousand shots, and were fully approved without any failure. Sales represented 58.7% of the Company's sales to countries other than the US.

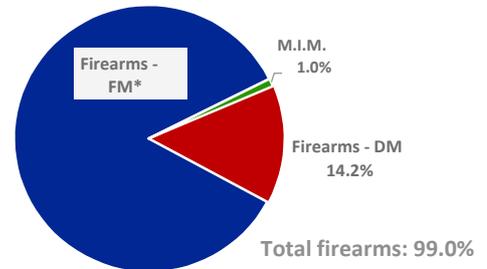
ECONOMIC AND FINANCIAL PERFORMANCE

Net operating revenue

Consolidated net operating revenue (R\$ million)



1Q19 - R\$ 252.1 million



* Firearms – FM includes revenue in the US and exports to other countries

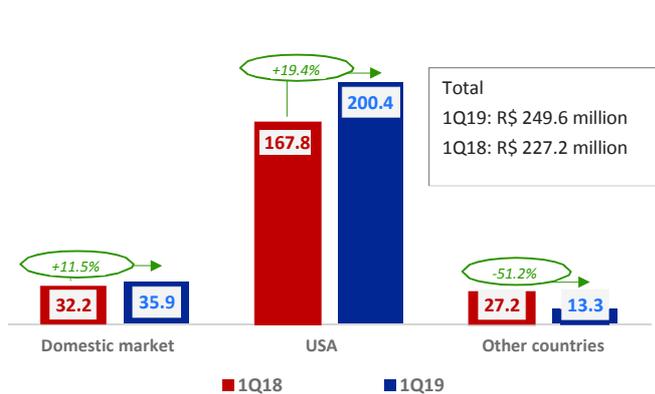
Trend already observed along the four quarters of 2018, of growth in relation to the same period of prior year, was maintained in the 1Q19, with rise of 9.1% of **consolidated revenue** compared to equal period of prior year. Positive evolution reaffirms correctness of measures taken in the ambit of strategic planning and indicates that a new performance standard is being consolidated in the Company.

Compared to the last quarter of 2018, increase in revenues in the 1Q19 was 13.7%. However, it must be considered that sales are seasonal, especially in the North-American firearm market, responsible for most of the Company's sales. Accordingly, comparison between equal period is the most indicated, as it eliminates possible distortions in evaluation.

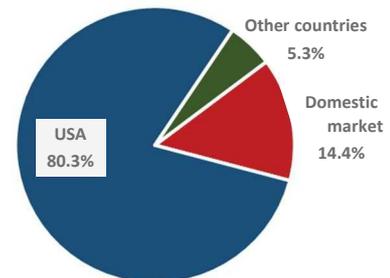
In addition to producing and trading light firearms, the Company carries out occasional sale of metal-injected parts (M.I.M. *metal injection molding*) on demand. MIM production is mainly for own use, therefore, revenue deriving from sales to third parties is not very expressive to Taurus. In the 1Q19, this segment provided net revenues of R\$ 2.5 million.

Net operating revenue

Net revenue from firearm sale by market (R\$ million)



1Q19 - R\$ 249.6 million

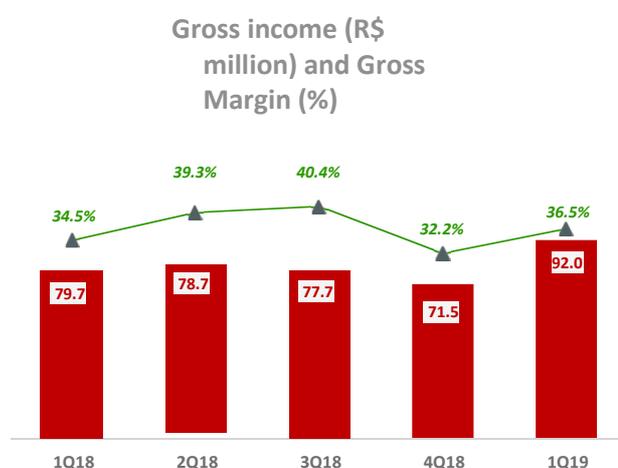
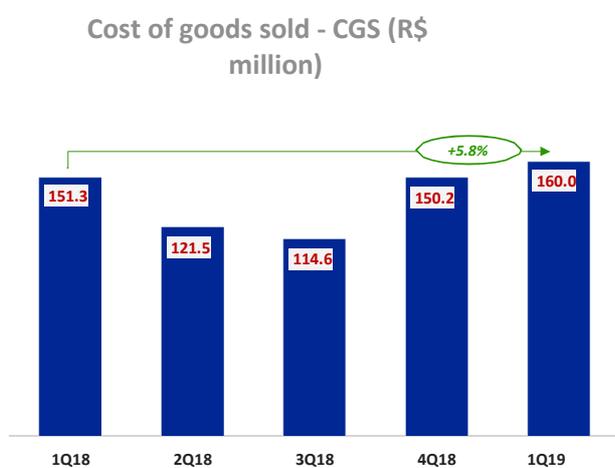


Revenue from sale of **firearms in the USA** totaled R\$ 200.4 million in the 1Q19, amount that is 19.4% higher than that verified in the same quarter of prior year. Despite average dollar appreciation of 17.1% in relation to domestic currency in the period, which provided exchange rate gains from translation of revenue originally in dollars, real increase was also achieved (in dollars) for revenue from sales carried out in that country. Revenue deriving from sale of new models was responsible for 53.6% of revenue from sale of firearms in the quarter. Excellent acceptance in the market of pistol TX 22, presented by Taurus in January 2019 at Shot Show – largest fair of the industry, held in Las Vegas, USA - as well as continued success of revolver Raging Hunter 45, launched in 2018, and of already renowned G2c, were the main highlights of the period.

In the **domestic market**, sales are directed to police, armed forces, their members and CAC's (hunters, sports shooters and collectors). Second market of the Company after the USA, revenue in the domestic market also increased in relation to the 1Q18, totaling R\$ 35.9 million (+11.5%), which supports the perception that, in the Brazilian market as well, measures adopted in the ambit of strategic plan has had success to recover the image of quality and admiration of the market for Taurus products.

Revenue deriving from **exports to other countries** in less representative in total revenue, representing 5.3% in the 1Q19. Expanding sales, seeking new markets and strengthening sales to markets already won is part of the Company's strategy to reduce current dependence on North-American market. However, as the USA have the largest market in the world for light firearms, this country tends to remain as Taurus main buyer. In the quarter, revenue from exports to countries other than the USA totaled R\$ 13.3 million, and sales of pistol Striker to Philippine police – mentioned in item Operating Performance – represented 58.7% of this total.

Cost of goods sold - CGS and gross income



Cost optimization process, within strategic planning adopted to improve the Company's indicators, continues to show its results. We expect that gross profitability stabilizes at this new level, as adjustments adopted for cost management are structural and not temporary with punctual results.

With 5.8% evolution in relation to the same quarter of 2018, percentage lower than that verified for revenue evolution, gross profit in the 1Q19 presented rise of 15.5% in the period. Gross margin was 36.5%, result that is 2.0 p.p. higher than that verified in the 1Q18.

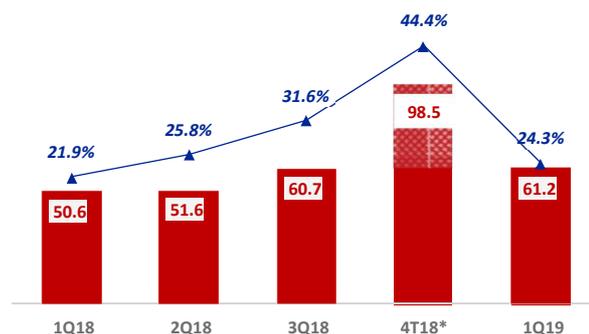
Operating expenses

The main group of expenses is represented by **general and administrative expenses**, which rose from 5.5% in the quarter in relation to the 1Q18, percentage lower than revenue evolution in the same period.

Total operating expenses presented rise of 20.9% compared to that recorded in the 1Q18, mainly due to increase in selling expenses, a group that incorporates a relevant portion of variable expenses represented by commissions, freights and insurance. Considering immediately prior quarter (4Q18), there is a reduction of 33.1% in total operating expenses as a result of non-recurring extraordinary expenses referring to "Burrow Case" (lawsuit agreement

in relation to lawsuit filed against the Company in the USA) for the total amount of R\$ 37.1 million recorded that quarter when such amount was distributed in lines "general and administrative expenses" and "other expenses".

Operating expenses (R\$ million) and its share in the revenue



* 4Q18 includes R\$ 37.1 million of non-recurring extraordinary expenses referring to lawsuit ("Burrow Case").

	1Q19	1Q18	Change %	4Q18	Change %
Sales expenses	28.8	23.2	24.1%	24.3	18.5%
General and administrative expenses	32.5	30.8	5.5%	48.2	-32.6%
Other operating revenues/expenses*	-0.2	-3.3	930.3%	26.0	-
Operating expenses (SG&A)	61.2	50.6	20.9%	98.5	-37.9%
<i>Net Oper. Exp./ Revenue (%)</i>	<i>24.3%</i>	<i>21.9%</i>	<i>2.4 p.p.</i>	<i>44.4%</i>	<i>-20.1 p.p.</i>

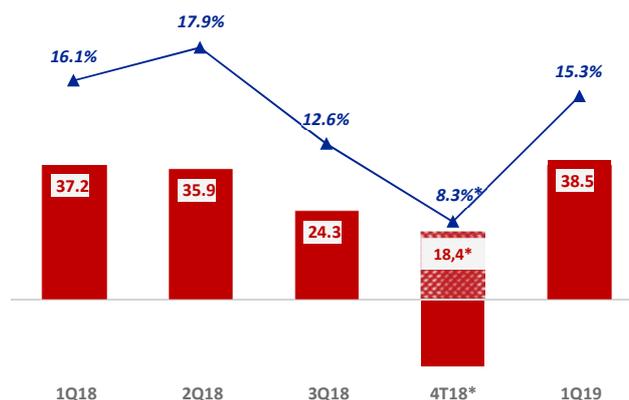
* Includes balance of account classified as "Loss due to the non-recoverability of assets"

Ebitda

In the 1Q19, Ebitda (stands for revenue before interest, taxes, depreciation and amortization) reached R\$ 38.5 million, with margin of 15.3%. This was the fifth consecutive quarter of positive Ebitda, considering adjusted value of the 4Q18 that excludes R\$ 37.1 million of extraordinary expenses related to "Burrow Case" court issues.

This evolution reflects improvements adopted with firm management of costs and expenses, adjustments in industrial process, and correct strategy of launching quality products with incorporated innovation. Prevailing strategic plan provided reversal of negative operating net income recorded from 2014 to 2017 and, in 2018, positive net income started to appear. The Company expects that recent results have reached a new stability level.

EBITDA (R\$ million) and EBITDA margin (%)



* Ebitda and Ebitda Margin adjusted in 4Q18 excluding R\$ 37.1 million in extraordinary non-recurring expenses related to legal advisory and claims of court settlement signed in the USA ("Burrow Case").

Ebitda calculation – reconciliation in accordance with ICVM 527/12

R\$ million	1Q19	1Q18	Change %	4Q18	Change %
Income (loss) before financial income (loss) and taxes (Ebit)	30.9	29.1	6.1%	-27.0	-
Depreciation and amortization	7.6	8.1	-6.2%	8.4	-9.5%
Ebitda	38.5	37.2	3.4%	-18.6	-
EBITDA margin	15.3%	16.1%	-0.8 p.p	-8.4%	+ 23.7 p.p.
Burrow Case					
General and administrative expenses	-	-	-	15.6	-
Other operating expenses	-	-	-	21.5	-
Adjusted EBITDA	38.5	37.2	3.4%	18.4	108.7%
Adjusted EBITDA margin	15.3%	16.1%	-0.8 p.p	8.3%	+7.0 p.p.

Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to BR GAAP, International Accounting Standard and IFRS and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation. Other companies may calculate Ebitda differently.

Financial income (loss)

Quarterly financial results, both in revenues and expenses, were influenced by exchange rate change. As the Company's indebtedness (83.5% on 03/31/2019) is mostly in foreign currency, average dollar appreciation of 17.1% in the quarter results in bank debt in Brazilian Reais increased charges.

Financial revenues - also benefitted from the Company's higher cash and cash equivalents volume in the 1Q19 and, therefore, record these cash equivalents' yield - totaled R\$ 4.2 million, exceeding by 90.4% the R\$ 2.2 million of the 1Q18.

In the same period, financial expenses presented a reduction of 42.8% and also contributed to reduce net financial disbursements balance for the 1Q19. The agreement with bank's Union to renegotiate debt, signed in the third quarter of 2018, included grace period for principal and interest amortization up to the end of 2018, so that financial expenses of the 1Q19 include payment, made on 1/21/2019, of the first interest installment in accordance with the new agreement, which reduced debt cost by around 50%.

The consequence was reduction of net expenses to less than half that recorded in the same period of prior year. Financial balance of the 1Q19 was expenses of R\$ 12.0 million, in view of net expenses of R\$ 26.2 million in the 1Q18 (decrease of 54.0%).

Net Income (loss)

Results of work developed to restructure Taurus aiming at increasing profitability, cash generation, indebtedness equalization and, accordingly, sustainable improvement of economic and financial indicators has been consolidating since 2018. Compared to performance in the 1Q18, the first quarter of 2019 presented gross profitability gains and reduction of financial expenses.

After recording disbursement of R\$ 14.3 million referring to Income Tax and Social Contribution (disbursement of R\$ 2.0 million in the 1Q18) and to net losses of R\$ 0.5 million in the helmet operation, classified as "operation for sale" (revenue of R\$ 0.2 million in the 1Q18), the Company presented net income of R\$ 4.0 million in the 1Q19, compared to net positive income of R\$ 1.2 million in the same quarter of 2018.

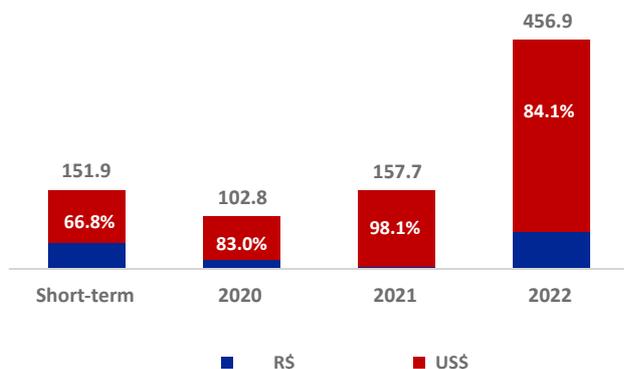
INDEBTEDNESS

In July 2018, renegotiation of bank indebtedness was concluded, including: (i) maturities corresponding to approximately US\$ 162 million of the debt were postponed, thus becoming five years; (ii) agreement for automatic renewal of short-term export financing contracts up to 2022, making this debt installment to be of long-term, in practice; and (iii) reduction of 50% in interest rate in relation to that previously prevailing, which represents more than R\$ 120 million of charges in five years.

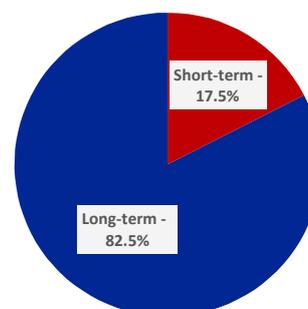
<i>R\$ million</i>	03/31/2019	12/31/2018	Change %
Loans and financing	61.8	103.7	-40.4%
Debentures	3.6	9.5	-61.5%
Advance from receivables	42.1	48.5	-13.1%
Foreign exchange withdrawals	44.4	43.8	1.4%
Financial instruments	0.0	0.0	-
Short-term	151.9	205.4	-26.0%
Loans and financing	641.9	627.9	2.2%
Debentures	75.4	75.6	-0.3%
Long term	717.3	703.6	2.0%
Gross indebtedness	869.2	908.9	-4.4%
Cash and investments	33.7	27.8	21.2%
Net indebtedness	835.5	881.1	-5.2%

During the first quarter of the year, R\$ 42.3 million referring to funds contributed by subscription bonus' holders that acquired new preferred shares in the ambit of capital increase entered the Company. Such funds were directed to pay debt charges as well as to settle some smaller debts, contributing to reduce short-term indebtedness in relation to 2018 closing position.

Schedule of debt maturity per currency - R\$ million on 3/31/19



Gross debt at 03/31/2019 - R\$ 869.2 million



The Company's current indebtedness profile is mainly long-term, with maturities up to 2022. At the end of the 1Q19, short-term debt totaled R\$ 151.9 million, with reduction of R\$ 53.5 million, or 26.0%, in relation to position as of 12/31/2018. With long-term installment of R\$ 717.3 million on 3/31/2019, gross debt totaled R\$ 869.2 million on that date, indicating reduction of 4.4% (R\$ 39.7 million) over the first three months of the year. Considering increase in cash and cash equivalents position, reduction of net debt verified in the period was 5.2%.

In terms of currency, at the end of March 2019, 83.5% of gross debt was denominated in dollars, currency in which the Company has most (85.0% in the 1Q19) of its revenue and, therefore, has a natural hedge.

PERFORMANCE OF SHARES

	FJTA3	FJTA4	IBOV	Market value
12/29/2018	R\$ 4.79	R\$ 4.05	88,104	R\$ 337.6 million
03/29/2019	R\$ 4.05	R\$ 3.87	95,416	R\$ 338.3 million

SUBSEQUENT EVENTS

Tax credits due to exclusion of ICMS from PIS and COFINS calculation basis

On April 1, 2019, Taurus obtained final decision in lawsuit referring to exclusion of PIS and Cofins from ICMS calculation basis, which will cause tax recovery of approximately R\$ 33 million and inflation adjustments of around R\$ 23 million.

As soon as calculation is concluded, as well as evidencing of such amounts, they will be presented for qualification from the Federal Revenue Service, and that will allow the Company to recognize these recoveries using tax credits.

Signing of preference contract for sale of real estate asset

On April 12, 2019, an "Instrument for Assignment of Preference for Acquisition of Properties, with Exclusivity Linked to Term and Other Covenants" related to piece of land of the Company's former head office in Porto Alegre, RS. This contract establishes the amount of R\$ 50.0 million and provides for a term of 60 days for evaluations and negotiations.

In case it is concluded, this transaction will improve financial indicators, as amount received will be fully used to reduce the Company's indebtedness, in accordance with commitment assumed in agreement entered into with creditor banks' Union in 2018.

Fire in pavilion of São Leopoldo industrial plant in Rio Grande do Sul State, RS

In the dawn of April 22, a fire started in one of the pavilions of the Company's industrial unit in Brazil, and it was rapidly controlled by the fire brigade and the Fire Department.

No one was hurt and the plant's activities were resumed on the same day, with no adverse impact on production.

The Company has coverage that contemplates accidents of this nature.

Postponement of deadline for exercising subscription bonuses of series B, C and D.

On May 8, 2019, the following items were approved in the Board of Directors' Meeting:

- (i) two-year postponement of deadline for exercising subscription bonuses of series B, C and D (issued according to Board of Directors' meeting held on October 5, 2018), according to the Executive Board's proposal; and
- (ii) authorize the Company's Executive Board to adopt all the procedures necessary to perform the extension herein approved.

Note that all rights granted upon issuance of subscription bonuses were maintained, ensuring to holders their rights and extending final maturity.

The document may contain statements that form future perspectives of the Company's business. The projections, results and their impacts depend on estimates, information or methods that may be inaccurate and may not be realized. These estimates are also subject to risks, uncertainties and assumptions, including, but not limited to: general economic, political and commercial conditions in Brazil and in the foreign markets where the Company operates and current and future government regulations. Shareholders and possible investors are herein warned that none of these forecasts and/or expectations is guarantee of future performance, since they involve risks and uncertainties. Future results and the perspective of creation of value for shareholders may significantly differ from those expressed or suggested by statements on the future. Many of the factors that will determine these results and values are beyond Taurus's control or foresight capacity. The Company does not assume, and specifically denies any obligation to update any forecasts, which makes sense only on the date in which they had been made.

Statement of income

	1Q19	1Q18	Change %
Revenue from sales of goods and/or services	252.1	231.0	9.1%
Cost of goods and/or services sold	-160.0	-151.3	5.8%
Gross income	92.0	79.7	15.5%
Operating expenses/revenue	-61.2	-50.6	20.9%
Loss due to the non-recoverability of assets	-0.9	5.3	-117.5%
Sales expenses	-27.9	-28.4	-1.9%
General and administrative expenses	-32.5	-30.8	5.7%
Other operating revenue	0.8	11.2	-92.6%
Other operating expenses	-0.6	-7.8	-91.8%
Equity in net income of subsidiaries	-	-	-
Income (loss) before financial income (loss) and taxes	30.9	29.1	6.1%
Financial income (loss)	-12.0	-110.3	-89.1%
Financial revenues	4.2	5.0	-15.0%
Financial expenses	-16.2	-115.2	-85.9%
Income (loss) before income tax	18.8	-271.1	-
Income tax and social contribution	-14.3	-9.6	48.2%
Current	-13.7	13.6	-
Deferred	-0.6	-23.2	-97.4%
Net income (loss) of continued operations	4.6	-280.7	-
Net income (loss) from discontinued operations	-0.5	-5.3	-90.1%
Consolidated income/loss for the period	4.0	-286.0	-
Attributed to the Parent Company's shareholders	4.0	-286.0	-
<i>Earnings per share - (Reais / Shares)</i>	-	-	-
<i>Basic earnings per share</i>	-	-	-
Common shares	0.44409	-4.42165	-
Preferred shares	0.44409	-4.42165	-
<i>Diluted earnings per share</i>	-	-	-
Common shares	0.44409	-4.42165	-
Preferred shares	0.44409	-4.42165	-

Assets

<i>R\$ million</i>	03/31/2019	12/31/2018	Change %
Total assets	948.4	921.2	3.0%
Current assets	645.1	616.2	4.7%
Cash and cash equivalents	31.7	26.8	18.5%
Cash and banks	29.3	23.6	24.5%
Interbank funds applied	2.4	3.2	-25.3%
Interest earning bank deposits	0.9	1.8	-51.2%
Accounts receivable	150.4	140.4	7.1%
Inventories	290.8	277.0	5.0%
Recoverable taxes	29.9	29.5	1.4%
Prepaid expenses	9.2	6.3	46.5%
Other current assets	132.2	134.4	-1.6%
Non-current assets held for sale	123.0	122.6	0.4%
Assets from discontinued operations	-	-	-
Other	9.2	11.9	-22.1%
Non-current assets	303.3	304.9	-0.5%
Long term assets	85.0	84.5	0.6%
Interest earning bank deposits valued at fair value	1.1	1.1	6.3%
Deferred taxes	72.7	73.4	-1.0%
Other non-current assets	11.2	10.1	11.6%
Recoverable taxes	0.2	0.2	0.0%
Other	11.0	9.8	11.9%
Investments	0.2	0.2	0.0%
Property, plant and equipment	144.1	144.4	-0.2%
Fixed assets in operation	133.7	140.1	-4.6%
Constructions in progress	10.4	4.3	142.2%
Intangible assets	74.0	75.8	-2.4%

Liabilities

<i>R\$ million</i>	03/31/2019	12/31/2018	Change %
Total liabilities	948.4	921.1	3.0%
Current liabilities	506.6	535.6	-5.4%
Social and labor obligations	34.8	31.9	8.9%
Social charges	14.0	14.7	-5.0%
Labor obligations	20.8	17.3	20.7%
Suppliers	105.3	94.7	11.2%
Domestic suppliers	60.4	55.9	8.0%
Foreign suppliers	44.9	38.8	15.8%
Tax liabilities	66.2	41.9	58.0%
Federal tax liabilities	63.7	37.7	68.8%
Income tax and social contribution payable	21.8	8.1	168.3%
Other Taxes	41.9	29.6	41.4%
State tax liabilities	2.5	4.2	-39.4%
Loans and financing	65.4	113.1	-42.2%
In domestic currency	4.7	8.3	-43.0%
In foreign currency	57.1	95.4	-40.2%
Debentures	3.6	9.5	-61.5%
Other liabilities	150.0	175.8	-14.6%
Dividends and interest on own capital	0.0	0.0	0.0%
Foreign exchange withdrawals	44.4	43.8	1.4%
Advance from receivables	42.1	48.5	-13.1%
Advance from clients	12.0	28.8	-58.2%
Liabilities from non-current assets held for sale	33.8	33.3	1.6%
Other liabilities	17.7	21.5	-17.6%
Provisions	84.8	78.2	8.5%
Tax, social security, labor and civil provisions	66.3	60.3	10.0%
Tax provisions	27.7	27.7	0.0%
Social security and labor provisions	10.8	5.2	105.4%
Civil provisions	27.9	27.3	1.9%
Other provisions	18.5	17.9	3.4%
Provision for guarantees	18.5	17.9	3.4%
Non-current liabilities	801.7	792.5	1.2%
Loans and financing	641.9	627.9	2.2%
In domestic currency	17.5	18.1	-3.4%
In foreign currency	624.4	609.8	2.4%
Debentures	75.4	75.6	-0.3%
Other liabilities	0.6	1.0	-42.9%
Taxes payable	0.4	0.6	-28.4%
Other liabilities	-	-	-
Suppliers	0.1	0.4	-64.6%
Deferred income tax and social contribution	20.7	20.8	-0.4%
Provisions	63.1	67.1	-6.0%
Social security and labor provisions	46.6	49.8	-6.5%
Civil provisions	10.9	11.7	-6.8%
Other provisions	5.6	5.6	0.6%
Consolidated shareholders' equity	-359.9	-407.0	-11.6%
Realized capital	507.5	465.2	9.1%
Capital reserves	-31.4	-31.2	0.7%
Disposal of subscription bonus	9.6	0.0	-
Options granted	-41.0	-31.2	31.5%
Retained Earnings/Losses	-1,008.6	-1,012.9	-0.4%
Equity valuation adjustments	46.7	47.0	-0.7%
Accumulated translation adjustments	125.8	124.9	0.7%

Notes**Notes****Taurus Armas S.A.**

*Quarterly information on
March 31, 2019*

1. Operations

Taurus Armas S.A. ("Company") is headquartered in São Leopoldo/RS, established on November 17, 1939, a Brazilian publicly-held company since 1982, and since 2011, ranked Level 2 in Corporate Governance of B3 (former BM&FBOVESPA) (trading symbols are FJTA3, FJTA4).

On June 29, 2018, the Annual Shareholders' Meeting approved change of trade name from Forjas Taurus S.A. to Taurus Armas S.A.

The Company operates in the segments of Firearms and Accessories and Metal Injection Molding (MIM), with two industrial plants, one in Brazil, located in the state of Rio Grande do Sul, and another in Miami, Florida, USA.

In Brazil, sales are directed to state, federal, civil and military police, in addition to the civilian market. Taurus is an accredited Strategic Defense Company and is permitted to supply products to the Brazilian armed forces.

Abroad, besides distributing products of the TAURUS and ROSSI trademarks produced in Brazil, the Miami unit manufactures models of TAURUS pistols and HERITAGE revolvers. Sales to the United States cover, mainly, the U.S. civil market and government bodies in the other regions.

In March 2018, Company Management assumed the commitment to dispose of the helmets operation. To carry out this process, a specialized consulting firm was engaged. Due to the decision to sell the investment, it was classified as "held for sale" and accounted for according to technical pronouncement CPC 31 and IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations. The helmet operation has two production units, one in Mandirituba, Paraná, and another in Simões Filho, Bahia.

On December 3, 2018, production activities in Simões Filho, Bahia State, BA, were ended.

Economic /Financial Balance

On July 18, 2018, Management concluded the process of rescheduling and formalization of debt agreements with the Bank Syndicate (Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco), as well as the process of rescheduling of its 3rd public issuance of debentures with Haitong Bank. The terms of the Operation include the extension of the maturity term of debts with Creditors in the approximate amount of US\$ 162.000 million. The total term for payment of the operations is now 5 (five) years, with grace period for payment of principal and interest in year 2018. The amortization of principal and interest will be made in monthly payments, starting on January 21, 2019. The costs of the operation were Libor Month + 3% p.a. for operations in U.S. dollar and CDI + 2.00% for the 3rd Issue of debentures.

The operation is backed by the following real guarantees: (i) Lien of all quotas of the companies Taurus Blindagens Ltda. and Taurus Blindagens Nordeste Ltda. ("Chattel Mortgage"); (ii) 2nd degree mortgage of 02 properties located in Mandirituba/PR, and 02 properties located in Porto Alegre, RS and 1st degree mortgage of 01 property located in São Leopoldo, RS ("Mortgage"); and (iii) lien of credit receivables derived from total funds object of possible sale of quotas object of the Lien and Mortgage, as well as rights inherent in the title of the Company's restricted account to be opened with the purpose of receiving the funds.

Notes

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Taurus Armas S.A.

Quarterly information on
March 31, 2019

As additional option to assist in the economic and financial rebalance, the Company maintains its strategy: (a) divestitures of non-core assets, namely: the helmets operation (historically advantageous and profitable), whose decision of sale and authorization for selling efforts were made by the Board of Directors in March 2018, in addition to a large land in an affluent residential region of Porto Alegre, where the former facilities of the Company were located and; (b) strong restructuring plan, already in course and conducted by specialized consulting firm already contracted.

The aforementioned restructuring plan, which is already in progress, presented positive results throughout 2018 and the Company hopes that will continue to bring efficiency gains in 2019. The plan is divided into 4 areas: i) Renegotiation of Debt; ii) Operating Efficiency, iii) Commercial Efficiency, and (iv) Evaluation of Results. Below is a summary of the actions:

I - Debt Renegotiation (completed):

The debt rescheduling was conducted through direct and extrajudicial renegotiation with creditors, including the following activities:

- Preparation, analysis and validation of operating and financial projections;
- Preparation of negotiation strategies in different scenarios;
- Negotiation with committee of creditors through meetings and presentations;
- Proper formalizations of the process;
- Together with the Bank Syndicate, in the rescheduling the Company obtained a reduction of around 50% of the interest rate of loans.
- There has been a significant change in the amortization schedule, in which the first payment of principal would be in 2018 and after quarterly amortizations, with the rescheduling, there was a grace period for the payment of principal in 2018 and as of 2019, and payments will be on monthly basis. The table below shows the percentages of amortizations.

AMORTIZATION SYSTEM BEFORE RENEGOTIATION	AMORTIZATION SYSTEM AFTER RENEGOTIATION
<p>PPEs AND DEBENTURES BANKS BRADESCO, BRASIL, SANTANDER, ITAU, HAITONG.</p> <p>23.07% OF THE DEBT IN 2018 30.76% OF THE DEBT IN 2019 30.76% OF THE DEBT IN 2020 15.41% OF THE DEBT IN 2021</p>	<p>PPEs AND DEBENTURES BANKS BRADESCO, BRASIL, SANTANDER, ITAU, HAITONG.</p> <p>10.71% OF THE DEBT IN 2019 15.90% OF THE DEBT IN 2020 2.80% OF THE DEBT IN 2021 70.59% OF THE DEBT IN 2022</p>

- In the rescheduling with Banco Pine, the Company also obtained extension of term and reduction of rates. The characteristics of the rescheduling were different, since the Bank did not have funding (line abroad) to support the entire operation, thus at each maturity of Export pre-payment ("PPE") an Advances on Exchange Contracts ("ACC") operation will be released in the amount of the portion with initial term of 180 days and automatically renewed at each maturity for other 180 days. In the third and fourth maturities, the renewal will correspond to 99.30% of the value of the ACC operation, in the fifth maturity, it will correspond to 99.10% of the value of the ACC operation, in the following maturities it will correspond to 97.20% of the ACC operation and up to 10/17/2022, all the ACC operations will be settled. Prior to the rescheduling, the rate of the operation was 112.00% of CDI, for the new operations renegotiated under ACC, the rate will be 5.50% p.a. + exchange-rate change.
- We point out that in the renegotiations, in addition to the extension of debt, there will be a projected reduction of more than R\$ 120 million charges on such indebtedness during the period of 5 years.

Notes**Notes****Taurus Armas S.A.**

Quarterly information on

March 31, 2019

Debt renegotiation provides for extraordinary amortization with amounts deriving from sale of assets or subscription of shares. *In these situations, amounts are deposited in a special account denominated Escrow; once amounts are transferred to this account, the Company no longer has the right to deal with it, only the fiduciary agent may use the account and exclusively for amortization of contract renegotiated with the banks' Union.*

II - Operating efficiency

On macro basis, revaluation of the Organizational Structure of the Company through analysis of activities and processes, Span of Control and average remuneration:

Stages concluded:

- Realignment of the structure with the strategic purposes;
- Streamlining of the hierarchical levels for gain of promptness in decision making;
- Normalization of the areas so as to prevent conflicts and redundancies;
- Review of responsibilities and functions of each position;
- Revaluation of service levels;
- Development of a participatory environment proper to changes.

Stages in progress:

- Clear definition of the metrics;
- Redesign of the relationship with other units of the company;
- Revaluation of outsourcing of non-core activities;
- Revaluation of the centralization of activities;
- Elimination of activities that do not aggregate value;
- Analyses of gains of efficiency in the processes;
- Intelligent and long-lasting reduction of costs;

On a specific manner, the operating planning and management will be segmented as follows with their respective action plans already in course:

Stages concluded:Operating Master Planning:

- Review the S&OP model.

Research and Development:

- Identification of Capex needs;
- Integration with all the industrial units.

Stages in progress:CGS - Cost of goods sold

- Analyze the evolution of Variable Costs and general manufacturing costs (GGF) to identify the main deviations and opportunities.

Operating Master Planning:

- Improve methodology of demand forecast;
- Review the logical process and model of production and inventory planning.

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Taurus Armas S.A.

Quarterly information on

March 31, 2019

Efficiency of the Operating Management:

- Review metrics, goals and routines of analysis of results of key indicators of the processes;
- Map critical points of improvement of each process and develop/ implement applicable corrective actions.

Losses of Materials (yield and scrap):

- Identify critical points of improvement and implement applicable corrective actions.

Research and Development:

- Schedule of actions.

Tools used:

- Explosion of Ideas;
- Data analysis;
- Simulations of scenarios;
- Analyses of Cause/Effect;
- Compensation Matrix.

III - Commercial efficiency

In order to capture higher gains of efficiency in the commercial area, three areas are being focused as follows:

Stages concluded:

Market analysis

- Reviewing the pricing model

Portfolio of products

- Analysis for streamlining of SKUs.

Commercial Performance

- Assess the management model of sales routine;
- Restructuring of the monitoring model for attainment of goals.
- Revaluation and design of a variable remuneration program to the sales team.

Stages in progress:

Market analysis

- Mapping of sales channels and analysis of strategies per channel;
- Analysis of opportunities for reduction of the number of *Layers* and approximation of the point of sale.

Portfolio of products

- Performance analysis of the categories of products;
- Definition of the positioning of each category.

IV - Evaluation of results (in progress)

These initiatives aim to adjust the key processes of Taurus so as to increase the Company's profitability and competition.

Accordingly, with the definition of roles and responsibilities, performance metrics and a culture of discipline in the performance of action plans, the Company continues to take actions aimed at higher operating and financial efficiency, in order to cover the demand for its products, improve its margins, recover profitability and the balance of its cash flows.

Notes**Notes****Taurus Armas S.A.**

*Quarterly information on
March 31, 2019*

Management evaluates that the set of actions related to improvement of above-mentioned operating efficiency, plus sales of non-core assets, capital transactions and the already perceptible improvement in operations performance will be sufficient to guarantee normal continuity of operations.

2. Presentation of information for the year**2.1. Preparation basis****a) Compliance statement**

The Company presents its Quarterly Information of the Parent Company and Consolidated, included in the Quarterly Information Form - ITR, simultaneously prepared, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and with IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB), and presented in accordance with the rules issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Quarterly Information – ITR, and are identified as “Parent company” and “Consolidated”, respectively.

Accounting practices adopted in Brazil and applied to individual financial statements do not differ from IFRS, which started to allow the application of equity method in subsidiaries, associated companies and jointly-controlled companies in separate statements. Therefore, the Individual Financial Statements are also in compliance with IFRS, and all relevant information specific to the quarterly information, and only such information, is being evidenced, and corresponds to the information used by its Management.

Preparation of Parent Company and Consolidated Interim Information, in accordance with Technical Pronouncement CPC 21 and IAS 34, requires the use of some accounting estimates by the Company’s management.

The Quarterly Information of the Parent Company and Consolidated was prepared using historical cost as the value base, except for the valuation of certain financial instruments, which are measured at fair value.

b) Statement of the Board of Directors

The Company management states it has utilized all of the relevant information for its financial statements for the quarter ended March 31, 2019 and only them correspond to those of its management.

The issue of individual and consolidated quarterly financial statements was authorized by the Board of Directors on May 08, 2019.

Notes**Notes****Taurus Armas S.A.***Quarterly information on**March 31, 2019***2.2. Basis of consolidation**

	Country	Equity interest	
		2019	2018
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 Máquinas-Ferramenta Ltda.	Brazil	100.00%	100.00%
Taurus Investimentos Imobiliários Ltda.	Brazil	100.00%	100.00%
Polimetal Metalurgia e Plásticos Ltda. *	Brazil	100.00%	100.00%
T. Investments Co. Inc.*	Panama	100.00%	100.00%
Taurus Plásticos Ltda.	Brazil	100.00%	100.00%

(*) Presented interest represents the percentage directly and indirectly held by the Company in the capital of subsidiaries.

The process of consolidating the balance sheets and the result follows, by their nature, complemented by the elimination of the following:

- Shares of the parent company in capital, reserves and retained earnings of the consolidated companies;
- Balances of asset and liability accounts maintained between the consolidated companies;
- Balances of income and expenses from consolidated intercompany transactions; and
- Unrealized gains originating from transactions with investees recorded under the equity method in the proportion of the Company's interest in the investee. Unrealized losses in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

2.3. Functional and presentation currency

The individual and consolidated financial information is being presented in Brazilian Real, functional and presentation currency of the Company and its subsidiaries headquartered in Brazil. The functional currency of the subsidiary Taurus Holdings, Inc., headquartered in the US, and controlled T. Investments Co. Inc., headquartered in Panama is the US dollar and its assets and liabilities are converted into Reais, marked at the exchange rate on date of the balance sheet, their results are converted to the monthly average exchange rate. Exchange differences arising from the translation process of foreign subsidiaries are reported in other comprehensive income, and presented as shareholders' equity.

Transactions in foreign currency are translated into the functional currency of the Company at the current exchange rates on the dates of the transactions. 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 differences are reported in the income statement.

3. Significant accounting judgments and sources of uncertainties about estimates

When applying the accounting practices, Management must make judgments and prepare estimates on book values of assets, liabilities, expenses and revenues that are not easily obtained from other sources. Estimates and respective assumptions are based on historic experience and on other factors that are considered relevant. The actual results of these book values may differ from these estimates.

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Information regarding critical judgments referring to the accounting policies adopted which impact the amounts recognized in the individual and consolidated quarterly information and information on uncertainties, assumptions and estimates are included in the following notes: 9 - Clients (allowance for doubtful accounts), 10 - Inventories (Provision for inventory loss), 13 - Income tax and social contribution, 14 - Assets held for sale (impairment), 16 - Property, plant and equipment (Impairment), 17 - Intangible assets (Impairment), 23 - Provision for civil, labor and tax risks and 24 - Financial instruments.

(i) Measurement of fair value

A series of Company's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Company established controls related to the measurement at fair value which includes the regular evaluation of significant non-observable data and evaluation adjustments.

When measuring fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

Level 1: Prices quoted (not adjusted) in active markets for identical assets and liabilities to which the entity may have access on the measurement date.

Level 2: Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company uses Level 2 information for measurement of fair value.

4. Significant accounting policies

The accounting policies have also been consistently applied by Company's investees.

a) Financial instruments**(i) *Non-derivative financial assets***

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

(ii) *Non-derivative financial liabilities*

The Company has the following non-derivative financial liabilities: loans, financing, non-convertible debentures, suppliers and other accounts payable. Such liabilities are initially recognized at fair value plus any transaction costs directly assignable. After initial recognition, they are measured at amortized cost using the effective interest method.

According to accounting policy, the Company adopts classification of interest paid as financing activity on a consistent basis in its financial statements.

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The Company and its subsidiaries assess at the balance sheet dates, whether there is any evidence that determines that a financial asset or group of financial assets is impaired. The asset is recorded in accounting books at amount that exceeds its recovery value if its book value exceeds amount to be recovered by the asset's use or sale. If this is the case, the asset is characterized as subject to recognition of losses, and Technical Pronouncement (CPC01) requires the entity to recognize an adjustment for devaluation losses.

b) New standards, interpretations and reviews of standards in force

New standards or amendments and interpretations will be effective for the years started after January 1, 2019.

*(i) **CPC 06 (R2) / IFRS 16 Leases***

CPC 06 (R2) / IFRS 16 introduces a single model of accounting of leases in the balance sheet to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating leases.

Adoption of CPC 06 (R2) / IFRS 16 did not impact the Company's financial statements.

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

Credit risk is the possibility of a financial loss if a client or a counterpart of a financial instrument fails to fulfill its contractual obligations arising mainly from trade accounts receivable and investments of the Company. As regards financial institutions, the Company and its subsidiaries only conduct operations with low risk financial institutions, considered by the Management, as low risk institutions.

Trade accounts receivable and other receivables

The Company and its subsidiaries adopt as a practice the analysis of the financial situation of their counterparties, as well as the definition of credit limits and permanent monitoring of open positions. For the Company's income, sales are not concentrated to a single client, therefore there is no credit risk of concentration.

Credit approvals are analyzed individually before the terms and the standard terms of payment and delivery of the Company are offered. This analysis includes external evaluations and, in some cases, bank references. Purchase limits are established for each client and represent the maximum outstanding amount for which credit approval is not required; these limits are regularly reviewed. Clients who fail to meet the credit limit established by the Company may only operate when there is a settlement of securities. For public bodies, the Company's management individually assesses the ability to pay and the bidding requirements for completion of the sale. The consolidated statement excludes transactions between related parties and, since these transactions are excluded, the Company has no customers that individually represent more than 5% of sales.

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When monitoring credit risk, they are grouped according to their characteristics for credit facility, including if they are an individual or entity, retail, government agencies, geographic location, type of industry and previous financial difficulties.

The Company, in sales to individuals, is entitled to advance part of sales value at purchase intention and billing and delivery of product only occurs if there is no default.

Credit risk exposure

The maximum credit risk exposure on financial statement date was:

	Consolidated		Parent company	
	Book value		Book value	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Fair value through profit or loss				
Cash and cash equivalents	31,719	26,766	2,751	5,157
Amortized cost				
Trade accounts receivable	150,360	140,420	103,290	114,744
Financial investments and linked account	1,998	2,547	1,691	2,547
Total	184,077	169,733	107,732	122,448

The maximum credit risk exposure for trade accounts receivable on the report date per geographic region was:

	Consolidated		Parent company	
	Book value		Book value	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Domestic - trade accounts receivable	101,212	97,458	87,475	84,013
United States clients - trade accounts receivable	67,142	72,557	-	-
Other	13,379	785	32,450	45,730
Total	181,733	170,800	119,925	129,743

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The maximum exposure to credit risk at the reporting date by type of counterparty was:

	Consolidated		Parent company	
	Book value		Book value	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Clients - public agencies	15,975	9,787	15,824	9,621
Clients - distributors	109,676	111,732	64,905	84,286
End clients	56,082	49,281	39,196	35,836
Total	181,733	170,800	119,925	129,743

* Customer balances are presented without considering the provision for losses (see Note 9).

Provision for estimated losses

Pursuant to CPC 48 / IFRS 9, the provision for expected losses considers the internal risk assessment indicator, which captures the client's behavior and the uncertainties of the macroeconomic context.

	Consolidated			Consolidated		
	03/31/2019			03/31/2019		
	Portfolio	Provision	Coverage %	Portfolio	Provision	Coverage %
Not overdue	84,540	(1,772)	2.1%	70,517	(1,261)	1.8%
Overdue (days):						
up to 0-30	38,195	(308)	0.8%	44,360	(860)	1.9%
31-60 ⁽¹⁾	5,811	(217)	3.7%	11,764	(821)	7.0%
61-90 ⁽¹⁾	2,285	(336)	14.7%	2,710	(536)	19.8%
91-180 ⁽¹⁾	8,280	(1,856)	22.4%	7,361	(1,453)	19.7%
181-360 ⁽¹⁾	8,390	(3,345)	39.9%	7,654	(3,019)	39.4%
>360	34,232	(23,539)	68.8%	26,434	(22,430)	84.9%
Total	181,733	(31,373)		170,800	(30,380)	

	Parent company			Parent company		
	03/31/2019			12/31/2018		
	Portfolio	Provision	Coverage %	Portfolio	Provision	Coverage %
Not overdue	44,330	(1,732)	3.9%	53,145	(1,222)	2.3%
Overdue (days):						
31-60 ⁽¹⁾	36,025	(241)	0.7%	40,718	(840)	2.1%
61-90 ⁽¹⁾	6,226	(184)	3.0%	10,770	(790)	7.3%
91-180 ⁽¹⁾	1,301	(287)	22.1%	2,806	(480)	17.1%
181-360 ⁽¹⁾	8,165	(1,803)	22.1%	5,399	(1,275)	23.6%
>360	6,974	(3,265)	46.8%	6,033	(2,607)	43.2%
31-60 ⁽¹⁾	16,904	(9,123)	54.0%	10,872	(7,785)	71.6%
Total	119,925	(16,635)		129,743	(14,999)	

5.2 Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that will be settled with cash payments or with another financial asset.

The Company and its subsidiaries monitor the requirements for operating cash flow and this excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters.

The contractual maturities of financial liabilities including payment of estimated interest are as follows:

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	Consolidated				
	03/31/2019				
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Suppliers	105,483	105,483	105,343	140	-
Loans and financing	703,689	719,161	91,109	239,136	388,916
Debentures	79,085	79,085	3,638	15,067	60,380
Foreign exchange advances	44,392	44,392	44,392	-	-
Advance from receivables	42,100	42,100	42,100	-	-
	974,749	990,221	286,582	254,343	449,296

	Consolidated				
	12/31/2018				
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Suppliers	95,102	95,102	94,707	395	-
Loans and financing	731,603	813,414	103,676	244,959	464,779
Debentures	85,088	85,088	9,450	13,224	60,380
Foreign exchange advances	43,795	43,795	43,795	-	-
Advance from receivables	48,455	48,455	48,455	-	-
	1,004,043	1,085,854	300,083	258,578	525,159

	Parent company				
	03/31/2019				
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Suppliers	172,602	172,602	172,462	140	-
Loans and financing	564,160	584,532	91,109	104,507	388,916
Debentures	79,085	79,085	3,638	15,067	60,380
Foreign exchange advances	44,392	44,392	44,392	-	-
Advance from receivables	42,100	42,100	42,100	-	-
	902,339	922,711	353,701	119,714	449,296

	Parent company				
	12/31/2018				
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Suppliers	156,165	156,165	155,932	233	-
Loans and financing	604,804	707,284	129,223	113,282	464,779
Debentures	85,088	85,088	9,450	13,224	60,380
Foreign exchange advances	43,795	43,795	43,795	-	-
Advance from receivables	48,455	48,455	48,455	-	-
	938,307	1,040,787	386,855	126,739	525,159

5.3 Market risk

Market risk is the risk that alterations in market prices, such as exchange rates and interest rates, have in the Company's earnings, or in the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures to risks, within acceptable parameters, and at the same time to optimize the return.

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The Company and its subsidiaries meet financial obligations to manage market risks. All of these transactions take place under guidance specified by Management.

(i) Currency risk (foreign exchange)

The Company and its subsidiaries are subject to currency risk in the sales, purchases and loans denominated in a currency other than the respective functional currencies of Company's entities.

Generally, the Company seeks to protect its expected foreign exchange exposure with respect to forecast sales.

Sensitivity analysis

The probable base scenario for 2019 was defined through assumptions available in the market (source: Brazilian Central Bank Focus), and sensitivity calculation considered the change, affected in balances due to the fluctuation between rates of the scenario foreseen for 2019 and those prevailing in 2018.

The sensitivity analysis also considered changes from 25% to 50% on exchange-rate change considered in the probable scenario.

Currencies and ratios	Rate 2019	Probable scenario	Possible scenario	Remote scenario	Δ
			Δ 25%	50%	
US dollar - Write-off	3.8967	3.7000	2.7750	1.8500	
US dollar - Increase	3.8967	3.7000	4.6250	5.5500	

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Awareness of the changes in the foreign currency:

		Consolidated			
		Balance in 2019	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Assets - Depreciation of Dollar					
Accounts receivable	USD	20,664	(1,099)	(8,353)	(22,861)
Liabilities - Increase in Dollar					
Loans and financing	USD	(174,882)	9,297	(27,539)	(52,096)
Suppliers	USD	(11,528)	613	(1,815)	(3,434)
Foreign exchange advances	USD	(11,392)	606	(2,278)	(3,394)
Advance from clients	USD	(2,490)	132	(392)	(742)
Other	USD	(21,463)	1,141	(3,380)	(6,394)
		Parent company			
		Balance in 2019	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Assets - Depreciation of Dollar					
Accounts receivable	USD	8,328	(420)	(2,397)	(4,374)
Liabilities - Increase in Dollar					
Loans and financing	USD	(139,075)	7,020	(25,993)	(59,007)
Suppliers	USD	(7,596)	383	(1,420)	(3,223)
Foreign exchange advances	USD	(11,392)	575	(2,129)	(4,834)
Advance from clients	USD	(2,323)	117	(434)	(986)
Other	USD	(21,929)	1,107	(4,099)	(9,304)

For the asset balances, an analysis was conducted considering a downturn in the foreign exchange rate and losses arising from a negative change in the currency, while for the liabilities balances, an analysis was conducted considering an upturn in the foreign exchange rate and the losses arising from a positive change in the currency.

(ii) Interest rate risk

The balances of instruments exposed to changes in interest rates are summarized below.

Income from short-term investments and financial expenses arising from the Company's loans and financing are impacted by changes in interest rates.

On December 31, 2018, the management considered the likely scenario for 2019 is a CDI rate of 6.40% and TJLP of 7.03%. The probable rate was then adjusted at 25% and 50%, as parameter for possible and remote scenarios, respectively. The scenarios below were estimated for the period of 1 year:

Currency	2019	Probable scenario	Possible scenario Δ 25%	Remote scenario Δ 50%
CDI - write-off	6.40%	6.40%	4.80%	3.20%
CDI - increase	6.40%	6.40%	8.00%	9.60%
TJLP	7.03%	7.00%	8.75%	10.50%
SELIC	6.40%	6.50%	8.13%	9.75%
LIBOR Overnight	2.31%	2.31%	2.89%	3.47%
LIBOR - 30 days	2.50%	2.50%	3.12%	3.75%
LIBOR 3 months	2.60%	2.60%	3.25%	3.90%

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		Consolidated Gain (Loss)			
Index	Balance 03/31/2019	Probable scenario	Possible scenario	Remote scenario	
Assets					
Interest earning bank deposits	CDI - write-off	4,391	-	(70)	(141)
Liabilities					
Loans	CDI - write-off	-	-	-	-
Loans	CDI - increase	(134,573)	-	(2,153)	(4,306)
Loans	TJLP	(3,581)	1	(62)	(124)
LIBOR - 30 DAYS	LIBOR Overnight	(139,529)	-	(806)	(1,616)
LIBOR 3 months	LIBOR - 30 days	(539,055)	-	(3,350)	(6,746)
LIBOR 6 months	LIBOR 3 months	-	-	-	-
Taxes in installments	SELIC	(1,453)	(1)	(25)	(49)
Parent company Gain (Loss)					
Index	Balance 03/31/2019	Probable scenario	Possible scenario	Remote scenario	
Assets					
Interest earning bank deposits	CDI - write-off	4,003	-	(65)	(129)
Liabilities					
Loans	CDI - write-off	(24,307)	-	389	778
Loans	CDI - increase	(134,573)	-	(2,153)	(4,306)
Loans	TJLP	(3,581)	1	(62)	(124)
LIBOR - 30 days	LIBOR Overnight	-	-	-	-
LIBOR 3 months	LIBOR - 30 days	(539,055)	-	(3,350)	(6,746)
LIBOR 6 months	LIBOR 3 months	-	-	-	-
Taxes in installments	SELIC	(1,325)	(1)	(23)	(44)

5.4 Capital management

The management's policy is to maintain a solid base of capital for the future development of the business, adding value for shareholders, creditors and the market in general, by monitoring the returns on capital. However, the results of recent years have meant some deterioration in this policy, as shown below.

	Consolidated	
	03/31/2019	12/31/2018
Total liabilities	1,308,354	1,328,119
Less: Cash and cash equivalents and interest earning bank deposits	(31,719)	(27,819)
Net debt (A)	1,276,635	1,300,300
Total shareholders' equity (B)	(326,114)	(406,963)
Net debt to shareholders' equity ratio as of March 31, 2019 and December 31, 2018 (A/B)	(3.91)	(3.20)

6. Operating segments

The Company has four reportable segments represented by strategic business units, managed separately since they differ by products and services, technologies and marketing strategies. Other transactions are aggregated in segment "Other", as they do not qualify for separate disclosure quantitative limits. The Company's reportable segment operations can be detailed as follows:

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Firearms – the firearm production process, since is treated, primarily, as metalworking, and uses the following basic phases: machining (from machined and forged molds by means of machining centers, milling, drill pressing and broaching, lathing, broaching since all the forging process and some machining operations are outsourced), Metal Injection Molding (MIM) (metal injection molded parts), finishing (polishing), heat treatment, surface treatment, final assembly, functional test, engraving and packaging; these operations are carried out by Taurus Armas S.A., and Taurus Holdings, Inc. and its subsidiaries.

Helmets – the helmet production process uses the following steps injection (from the Acrylonitrile Butadiene Styrene (ABS)), painting and finishing (from parts already injected through the manual and automated painting process), sewing (from fabrics, foam plates and polycarbonates, using cutting machines and sewing) and final assembly; these operations are performed by Taurus Blindagens Ltda. and Taurus Blindagens Nordeste Ltda.

Other - result of the MIM (Metal Injection Molding) segment - metal injection molded parts to third parties, (Polimetal Metalurgia e Plásticos Ltda.); hard trunks (Taurus Blindagens Ltda). It also includes expenditures with technical support and financial expenses with discontinued machinery operation in June 2012 and other operations as the manufacturing and sale of glasses and rendering of services. As these segments have been aggregated, they do not meet the quantitative thresholds for separate disclosure as a reportable segment.

Performance of each segment is quarterly evaluated based on the segment's earnings (losses) before income tax and social contribution, as included in internal reports, as Management believes that this information is more relevant for the evaluation of results from some segments related to other entities that operate in these industries.

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The reconciliation of revenues, profits and losses, assets, liabilities and other material items in reportable segments are disclosed below:

	Firearms		Other		Total		Helmets (a)		Total	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018	03/31/2019	03/31/2018
External revenues	249,597	227,157	2,488	3,886	252,085	231,043	20,295	20,852	272,380	251,895
Inter-segment income	153,587	131,896	1,323	395	154,910	132,291	-	4,199	154,910	136,490
Cost of sales	(160,041)	(150,265)	-	(1,066)	(160,041)	(151,331)	(13,429)	(13,464)	(173,470)	(164,795)
Gross income (loss)	243,143	208,788	3,811	3,215	246,954	212,003	6,866	11,587	253,820	223,590
Sales expenses	(28,815)	(22,950)	1	(224)	(28,814)	(23,174)	(3,881)	(3,521)	(32,695)	(26,695)
General and administrative expense	(28,187)	(28,988)	(645)	470	(28,832)	(28,518)	(2,107)	(2,193)	(30,939)	(30,711)
Depreciation and amortization	(3,188)	(649)	(523)	(1,597)	(3,711)	(2,246)	(58)	-	(3,769)	(2,246)
Other operating income (expenses), net	20	166	169	3,171	189	3,337	(97)	(339)	92	2,998
	(60,170)	(52,421)	(998)	1,820	(61,168)	(50,601)	(6,143)	(6,053)	(67,311)	(56,654)
Operating income (loss)	182,973	156,367	2,813	5,035	185,786	161,402	723	5,534	186,509	166,936
Financial revenues	4,212	1,133	1	1,081	4,213	2,214	84	1,151	4,297	3,365
Financial expenses	(16,212)	(26,877)	(28)	(1,510)	(16,240)	(28,387)	(938)	(1,484)	(17,178)	(29,871)
Net financial income (loss)	(12,000)	(25,744)	(27)	(429)	(12,027)	(26,173)	(854)	(333)	(12,881)	(26,506)
Income (loss) per segment subject to be disclosed before income tax and social contribution	170,973	130,623	2,786	4,606	173,759	135,229	(131)	5,201	173,628	140,430
Elimination of inter-segment income	(153,587)	(131,896)	(1,323)	(395)	(154,910)	(132,291)	-	(4,199)	(154,910)	(136,490)
Income (loss) before income tax and social contribution	17,386	(1,273)	1,463	4,211	18,849	2,938	(131)	1,002	18,718	3,940
Income tax and social contribution	(14,092)	(1,221)	(183)	(736)	(14,275)	(1,957)	(395)	(789)	(14,670)	(2,746)
Net income for the year	3,294	(2,494)	1,280	3,475	4,574	981	(526)	213	4,048	1,194
Assets of reportable segments	787,071	602,375	89,751	95,449	876,822	697,824	71,598	79,636	948,420	777,460
Liabilities of reportable segments	1,254,136	1,151,501	20,401	22,212	1,274,537	1,173,713	33,815	48,555	1,308,352	1,222,268

(a) Helmets Operation reclassified to Discontinued Operation according to Note 26.

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Geographical information

The net revenue information below is based on the geographical location of the client.

	<u>Firearms</u>		<u>Helmets</u>	
	<u>03/31/2019</u>	<u>03/31/2018</u>	<u>03/31/2019</u>	<u>03/31/2018</u>
Domestic market				
Southeastern region	19,259	19,319	5,509	5,499
South region	12,852	6,029	1,478	1,939
Northeastern region	1,418	3,732	6,101	6,223
Mid-west region	1,587	1,661	3,652	3,505
North region	790	1,462	3,479	3,648
	<u>35,906</u>	<u>32,203</u>	<u>20,219</u>	<u>20,814</u>
Foreign market				
United States	200,419	167,770	76	38
Argentina	190	75	-	-
France	156	697	-	-
Chile	-	281	-	-
Burkina	2,324	-	-	-
Honduras	-	1,024	-	-
Germany	3	1,008	-	-
South Africa	1,422	611	-	-
Peru	249	-	-	-
Philippines	7,791	343	-	-
Guatemala	504	-	-	-
New Zeland	322	-	-	-
El Salvador	-	54	-	-
Oman	-	20,736	-	-
Malaysia	10	-	-	-
Other countries	301	2,355	-	-
	<u>213,691</u>	<u>194,954</u>	<u>76</u>	<u>38</u>
	<u>249,597</u>	<u>227,157</u>	<u>20,295</u>	<u>20,852</u>

The other segments of the Company have concentrated their sales in the domestic market and have distributed products throughout all regions of Brazil. The Company's sales and its subsidiaries do not have any restrictions and do not suffer concentration risk, characterized by a dependence on government agencies or any other client. Approximately 80% of consolidated revenues are directed to the American civil market, and are subject to that country's regulations.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and interbank funds applied, that is, redeemable within up to three months of contracting dates, without penalties for the Company and with low risk of change in their market value.

	<u>Consolidated</u>		<u>Parent company</u>	
	<u>03/31/2019</u>	<u>12/31/2018</u>	<u>03/31/2019</u>	<u>12/31/2018</u>
Cash balance	50	27	36	12
Demand deposits	29,276	23,535	373	2,044
Interest earning bank deposits	2,393	3,204	2,342	3,101
Cash and cash equivalents	<u>31,719</u>	<u>26,766</u>	<u>2,751</u>	<u>5,157</u>

The investments classified as cash and cash equivalents are remunerated at variable average rates from 86% to 97% of the CDI at 03/31/2019 (86% to 98% of CDI at 12/31/2018) with counterparty financial institutions considered by management as the first line.

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8. Financial investments and linked accounts

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Interest earning bank deposits - CDB	1,119	1,053	812	746
Interest earning bank deposits - Short-term	879	1,801	879	1,801
Total	1,998	2,854	1,691	2,547
Current	879	1,801	879	1,801
Non-current	1,119	1,053	812	746

Financial investments are paid by the average variable rate of 94.98% of CDI at March 31, 2019 (from 86% to 98% of CDI as of December 31, 2018), being held as guarantees of international short and long-term contracts of bids to export, and their redemption scheduled to take place in conjunction with their termination, presented in current and non-current assets based on their redemption provisions.

9. Clients

Trade accounts receivable are recorded at the amount billed and include the respective direct taxes for which the Company is responsible.

The expected allowance for doubtful accounts was calculated at an amount considered adequate by the management to cover any losses arising on collection of accounts receivable.

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Domestic clients	101,212	97,458	87,475	84,013
Foreign clients	80,521	73,342	32,450	45,730
	181,733	170,800	119,925	129,743
Expected allowance for doubtful accounts in the country	(24,856)	(23,755)	(14,565)	(13,438)
Expected allowance for doubtful accounts abroad	(6,517)	(6,625)	(2,070)	(1,561)
	(31,373)	(30,380)	(16,635)	(14,999)
	150,360	140,420	103,290	114,744

The Company's exposure to credit and currency and impairment losses risk related to trade accounts receivables and other accounts, including the breakdown of accounts receivable by maturity are disclosed in note 5. Changes in the expected allowance for doubtful accounts are as follows:

	Consolidated	Parent company
Balance at December 31, 2018	(30,380)	(14,999)
Additions	(4,486)	(4,173)
Reversal of allowance for doubtful accounts	3,564	2,717
Exchange-rate change	(71)	(180)
Balance at March 31, 2019	(31,373)	(16,635)

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10. Inventories

Inventories are shown at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs (based on normal operating capacity), as well as other costs incurred in bringing them to their existing location and condition.

The provision for inventory losses is recorded for products with low turnover and items that are sold below the formation cost.

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Finished goods	175,210	182,433	31,662	25,467
Raw material	139,490	118,972	108,115	101,064
Provision for loss	(23,877)	(24,368)	(22,222)	(22,713)
	290,823	277,037	117,555	103,818
			Consolidated	Parent
Balance at December 31, 2018			(24,368)	(22,713)
Reversal of provision for loss			491	491
Balance at March 31, 2019			(23,877)	(22,222)

11. Recoverable taxes

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
ICMS	12,318	12,546	3,023	3,011
IPI	6,454	4,494	6,156	4,224
PIS	774	936	709	842
COFINS	3,422	5,070	3,286	4,796
Income tax and social contribution	7,124	6,634	2,300	2,218
Other	23	27	21	21
Total	30,115	29,707	15,495	15,112
Current	29,869	29,461	15,374	14,991
Non-current	246	246	121	121

12. Other accounts receivable

	Consolidated		Parent company	
	03/31/2019	03/31/2019	03/31/2019	03/31/2019
Advances to suppliers	6,433	6,579	4,910	4,017
Advances to employees	1,002	2,862	526	1,304
Judicial deposits (Note 23)	10,989	9,808	6,002	5,333
Related party loans	-	-	27,064	24,978
Other receivables	1,814	2,444	1,141	1,159
Total	20,238	21,693	39,641	36,791
Current	9,249	11,872	33,641	31,458
Non-current	10,989	9,821	6,002	5,333

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13. Income tax and social contribution

The income tax and social contribution of the year, both current and deferred, are calculated based on the nominal rate of 15% plus a surcharge of 10% on taxable income in excess of R\$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution, limited to 30% of the taxable income. For companies that calculate income tax and social contribution based on estimated profits, the same rates as above are used but on percentage of revenue of 32%. The rate of income tax is 21% for the US subsidiary.

a) Breakdown of effects in assets and liabilities	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
On tax loss and negative basis of social contribution on net income				
Tax loss	16,640	16,640	5,666	5,666
Negative basis of CSLL	6,024	6,024	2,074	2,074
On temporary credit assets				
Provision for contingencies	50,008	50,755	36,913	36,913
Total assets	72,672	73,419	44,653	44,653
On temporary liability differences				
Fair value of investment property	(10,263)	(10,263)	-	-
Equity valuation adjustment	(1,087)	(1,106)	-	-
Difference for depreciation base	-	-	-	-
Unshipped notes	(2,917)	(2,203)	-	-
Allocation of goodwill - Goodwill and intangible assets	(6,444)	(6,925)	-	-
Other	-	(307)	-	-
Total liabilities	(20,711)	(20,804)	-	-

Current and deferred taxes are recognized in income (loss) unless they are related to the business combination, or items directly recognized in shareholders' equity or in Other comprehensive income.

Deferred taxes are recognized in relation to the temporary differences between the book values 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 tax and social contribution assets are reviewed at each reporting date and reduced when their realization is no longer probable.

	Consolidated	Parent company
Changes in deferred taxes		
Opening balance of deferred taxes, net	52,615	44,653
Allocated in income (loss)	(600)	-
Allocated to shareholders' equity	-	-
Offsetting of the Tax Regularization Program	(54)	-
Transfer to held for sale	-	-
Closing balance of deferred taxes, net	51,961	44,653

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The amount of tax losses and negative basis of social contribution on which deferred taxes are not recorded totaled R\$ 925,825. While in parent company, total amount of tax losses and social contribution negative basis were established as deferred taxes.

The main balances of tax losses and negative bases are recorded in the parent company Taurus Armas S.A and in consolidated (Polimetal).

Reconciliation of effective rate for income tax and social contribution (continued operations)

	Consolidated		Parent company	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Income before income tax and social contribution	52,668	(276,994)	49,844	(304,427)
Combined statutory rate:	34.00%	34.00%	34.00%	34.00%
Income tax and social contribution at the combined statutory rates	(17,907)	94,178	(16,947)	103,505
Permanent additions				
Non-deductible expenses	(832)	(7,468)	(691)	(402)
Transfer pricing	-	(4,081)	-	(4,081)
Equity in net income of subsidiaries	5,878	-	5,875	(35,527)
Permanent exclusions				
Reintegra	(214)	2,985	(214)	2,985
Tax incentives of subsidiaries	-	1,588	-	-
Effects of differentiated rate of deemed income subsidiary	-	262	-	-
Offset of tax loss and negative basis in PRT (Tax Regularization Program)	-	40,741	-	32,882
Deferred taxes not formed on tax loss and negative basis of CSLL	-	(43,105)	-	(26,248)
Deferred charges not recorded on unrealized exchange-rate change	-	(2,729)	-	(2,761)
Deferred taxes not recorded on provision for labor/civil/tax lawsuits	-	(39,723)	-	(37,471)
Deferred taxes not recorded on other items	-	(51,682)	-	(14,483)
Income tax and social contribution in income (loss) for the year	(13,075)	(9,034)	(11,977)	18,399
Current	13,675	13,175	11,977	-
Deferred	(600)	(22,209)	-	18,399
	13,075	(9,034)	11,977	18,399
Effective rate	24.83%	3.26%	24.03%	-6.04%

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The Company recorded its deferred tax assets only in the amount considered probable by means of projected future taxable income. If the expectation of future taxable income was greater, the amount to be recorded related to deferred taxes would also be higher.

Breakdown of the total calculation bases and the respective deferred tax assets that could be recorded:

	03/31/2019				12/31/2018			
	Base	25%	9%	Total	Base	25%	9%	Total
Exchange-rate change	-	-	-	-	-	-	-	-
Equity valuation adjustment	(3,197)	(799)	(288)	(1,087)	(3,253)	(813)	(293)	(1,106)
Fair value of investment property	(30,186)	(7,547)	(2,717)	(10,263)	(30,186)	(7,547)	(2,717)	(10,263)
Unshipped notes	(8,579)	(2,145)	(772)	(2,917)	(6,480)	(1,620)	(583)	(2,203)
Goodwill and intangible assets	(20,368)	(5,092)	(1,833)	(6,925)	(20,368)	(5,092)	(1,833)	(6,925)
Other	-	-	-	-	22,050	5,513	1,985	7,497
Undelivered Billing - MI	4,201	1,050	378	1,428	3,813	953	343	1,296
Allowance for doubtful accounts	25,744	6,436	2,317	8,753	20,425	5,106	1,838	6,945
Allowance for inventory losses	25,258	6,314	2,273	8,588	25,749	6,437	2,317	8,755
Provision for loss - Interest earning bank deposit	2,989	747	269	1,016	2,989	747	269	1,016
Provision for tax expenses	7,363	1,841	663	2,504	7,363	1,841	663	2,504
Profit sharing	7,553	1,888	680	2,568	5,302	1,326	477	1,803
Commission of agents	1,824	456	164	620	736	184	66	250
Provision for fees from tax expenses	103	26	9	35	103	26	9	35
Provision for Life Pensions	2,770	692	249	942	2,182	546	196	742
Provision for contingencies	114,962	28,741	10,347	39,087	113,091	28,273	10,178	38,451
Provision for guarantee	14,654	3,664	1,319	4,982	14,315	3,579	1,288	4,867
Provision for Offset of INSS Credit	389	97	35	132	389	97	35	132
Differences in Depreciation Rate	-	-	-	-	4,268	1,067	384	1,451
Other	-	-	-	-	396	99	36	135
On tax loss and negative basis of social contribution on net income	792,332	198,083	71,310	269,393	792,332	198,083	71,310	269,393
Tax loss and negative basis of social contribution on net income								
	937,812	234,452	84,403	318,856	955,216	238,805	85,968	324,775

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	03/31/2019				Parent company 12/31/2018			
	Base	25%	9%	Total	Base	25%	9%	Total
Equity valuation adjustment	(1,334)	(334)	(120)	(454)	(1,487)	(372)	(134)	(506)
Unshipped notes	(4,385)	(1,096)	(395)	(1,491)	(2,667)	(667)	(240)	(907)
Allowance for doubtful accounts	16,384	4,096	1,475	5,571	10,361	2,590	932	3,523
Allowance for inventory losses	23,602	5,901	2,124	8,025	24,094	6,023	2,168	8,192
Provision for loss - Interest earning bank deposit	2,989	747	269	1,016	2,989	747	269	1,016
Provision for tax expenses	5,644	1,411	508	1,919	5,644	1,411	508	1,919
Profit sharing	5,453	1,363	491	1,854	4,141	1,035	373	1,408
Commissions of agents	1,743	436	157	593	677	169	61	230
Provision for fees from tax expenses	103	26	9	35	103	26	9	35
Provision for contingencies	95,582	23,896	8,602	32,498	94,357	23,589	8,492	32,081
Provision for guarantee	13,187	3,297	1,187	4,484	12,847	3,212	1,156	4,368
Provision for Offset of INSS Credit	389	97	35	132	389	97	35	132
Provision for Life Pensions	2,355	589	212	801	1,854	464	167	630
Differences in Depreciation Rate	-	-	-	-	2,262	565	204	769
On tax loss and negative basis of social contribution on net income								
Tax loss and negative basis of social contribution on net income	46,921	11,730	4,223	15,953	46,921	11,730	4,223	15,953
	208,633	52,159	18,777	70,936	202,485	50,619	18,223	68,843

The portion of the amounts not constituted is represented by the assets, since there is no grounded expectation of generation of taxable profits.

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14. Assets held for sale

Non-current assets or groups (containing assets and liabilities) held for sale are classified as "held for sale" if it is highly probable that they will be primarily recovered through sales instead of the continuous use.

The assets or group of assets held for sale should be measured at the lowest of book value recorded until then or market value net of sales expenses, and that depreciation or amortization of such assets cease.

Any impairment loss on assets over a group of assets held for sale is initially allocated to goodwill, and then to remaining assets and liabilities on a prorated basis. No loss should be allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property and biological assets, which continue to be measured under the other accounting policies of the Group. Impairment losses determined in the initial classification as held for sale or distribution, and gains and losses from subsequent remeasurements, are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

Reconciliation of book value

<i>In thousands of reais</i>	<u>03/31/2019</u>	<u>Consolidated</u> <u>12/31/2018</u>
Buildings, land and improvements	51,390	51,390
Helmets' operations - Non-current assets held for sale	71,598	71,161
Total non-current assets held for sale	122,988	122,551
Helmets' operation - Liabilities held for sale	33,816	33,270
Total liabilities held for sale	33,816	33,270

Buildings, land and improvements.

In 2016, Taurus Armas S.A. transferred the operation from the Industrial Plant located in the city of Porto Alegre/RS to the Industrial Plant located in the city of São Leopoldo/RS. In view of the foregoing and considering the terms of CPC 28 - Investment Property, the Company reclassified the items formerly classified as Property, plant and equipment to Investment Property.

In 2017, through approval of the Board of Directors, the sale and the availability for intermediation by market specialists were determined. Accordingly, these properties were reclassified to "Assets held for sale".

The fair value for the purpose of evaluating impairment loss was determined by independent external real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the property location and category that is being appraised.

Location: Avenida do Forte, nº 511 - Porto Alegre (RS)

Industrial complex, not occupied, with 18,600.00 m² of built area in urban land of 29,900 m² of area.

Assets held for sale - Helmets' operation

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On March 27, 2018, the Board of Directors unanimously authorized the offer of the Helmets business – represented by Taurus Blindagens Ltda. and Taurus Blindagens Nordeste Ltda. – to the market.

The preparation of a schedule and sales efforts was the responsibility of a specialized firm, according to the proposal already accepted by the Company.

On March 31, 2019, the group of assets and liabilities held for sale was presented as the chart below and comprised the following assets and liabilities:

Property, plant and equipment / intangible	21,716
Inventories	16,425
Trade accounts receivable and other receivables	33,457
Assets held for sale	71,598
Suppliers and other accounts payable	33,816
Liabilities held for sale	33,816

The Company did not identify any impairment loss amounts to be recognized.

Profit or loss from transactions with assets held for sale are presented in note on operating segments (note 6).

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15. Investments (parent company)

	Taurus Blindagens Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Plásticos Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas Ferramenta Ltda. (1)	Parent company	
									03/31/2019	12/31/2018
Current assets	42,506	5,419	1,125	341,063	5	65,778	268,097	392		
Non-current assets	105,814	56,126	3,735	82,427	-	44,444	123,657	1,125		
Current liabilities	31,178	9,299	1,174	112,114	-	2,354	111,136	5,045		
Non-current liabilities	4,702	130	27	155,560	-	16,591	49,649	22,748		
Capital	73,855	9,400	6,355	1,188	42,864	53,292	304,780	293,639		
Shareholders' equity	112,440	52,116	3,659	155,816	5	91,277	230,969	(26,276)		
Net revenue	20,295	-	-	200,419	-	1,323	45,085	-		
Net income (loss) for the year	132	(104)	(8)	2,952	-	752	1,248	(619)		
Number of shares/quotas	14	9,400	636	302,505	11,000,000	43,623,159	304,779,837	185,007,117		
Direct ownership interest (%)	0.00%	0.10%	0.01%	100.00%	100.00%	81.86%	100.00%	63.00%		
Opening balances	1	52	-	138,458	6	77,716	228,555	-	444,788	417,433
Equity income (loss) (2)	-	-	-	4,155	-	616	1,494	(390)	5,875	16,699
Exchange rate change over investments	-	-	-	922	-	-	-	-	922	29,213
Reclassified for provision for unsecured liability (1)	-	-	-	-	-	-	-	390	390	(18,557)
Closing balances (2)	1	52	-	143,535	6	78,332	230,049	-	451,975	444,788

(1) The unsecured liability of the subsidiary Taurus Máquinas-Ferramentas Ltda., in the amount of R\$ 390, is recorded in "Provision for unsecured liability" in non-current liabilities.

(2) In order to determine the investment amounts, the value of shareholders' equity and of income (loss) of each investee is adjusted for unrealized profits in intercompany transactions.

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Taurus Holdings, Inc., a subsidiary located in the United States, is the parent company of Taurus International Manufacturing Inc., of Braztech International L.L.C., and of other subsidiaries also located in the US territory, mainly carrying out the resale of firearms imported from Taurus Armas S.A., aimed at wholesalers in that market. The main accounting balances of the subsidiary are shown below:

	Taurus Holdings, Inc.	
	Consolidated	
	03/31/2019	12/31/2018
Assets	423,490	404,315
Liabilities	267,674	252,371
Net revenue	200,419	626,661
Income (loss) for the year	2,952	(17,892)

16. Property, plant and equipment

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

The Company chose to revalue the fixed asset items for their deemed cost on the year opening date of the year 2009. The effects of the deemed cost, net of tax effects, increased property, plant and equipment with a contra entry in shareholders' equity.

The cost includes expenditures that are directly attributable to the acquisition of assets. The cost of assets built by the Company includes materials and labor, as well as any other costs attributable to bringing the assets to the location and condition requires for them to operate in the manner intended by management, costs for dismantling and restoration of the site where they are located, and loan costs on qualifiable assets for which their start capitalization date is January 1, 2009 or later.

Gains and losses on disposal of a property, plant and equipment item are determined by comparing the proceeds from disposal with the book value of Property, plant and equipment and are recognized net within "Other revenues" in the income (loss).

Depreciation is recognized in the income statement using the straight-line method over the estimated useful life of each part of an item of property, plant and equipment. The useful estimated lives for the current and comparative periods are as approximately as follow:

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

The depreciation methods, useful lives and residual values are reviewed at each year end and potential adjustments are recognized as a change in accounting estimate.

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	Consolidated							
Cost or deemed cost	Land	Buildings	Machinery and facilities	Furniture and computers	Vehicles	Construction in progress	Advances to suppliers	Total
Balance at December 31, 2017	15,598	141,285	257,707	24,653	928	3,895	409	444,475
Additions	1,296	156	7,168	751	-	3,237	44	12,652
Disposals	(9,268)	(55,565)	(8,165)	(56)	(92)	-	(88)	(73,234)
Transfers	-	(134)	2,081	336	-	(2,283)	-	-
Effect of changes in exchange rate	1,176	7,637	9,352	1,398	33	-	-	19,596
Effect of Discontinued Operations:								
Net changes in the year	-	91	(4,756)	91	(51)	1,835	-	(2,790)
Transfer to held for sale	(76)	(12,402)	(26,014)	(2,359)	(535)	(2,392)	(150)	(43,928)
Balance at December 31, 2018	8,726	81,068	237,373	24,814	283	4,292	215	356,771
Additions	-	-	1,172	524	-	4,329	408	6,433
Disposals	(32)	(3,015)	(52)	(72)	-	2,389	-	(782)
Transfers	-	249	279	84	-	(612)	-	-
Effect of changes in exchange rate	8	2	380	57	1	-	-	448
Balance at March 31, 2019	8,702	78,304	239,152	25,407	284	10,398	623	362,870
Depreciation								
Balance at December 31, 2017	-	(34,560)	(170,324)	(16,106)	(799)	-	-	(221,789)
Depreciation for the year	-	(7,068)	(22,516)	(1,732)	(2)	-	-	(31,318)
Disposals	-	17,888	7,330	69	55	-	-	25,342
Effect of changes in exchange rate	-	(2,260)	(5,507)	(1,237)	(33)	-	-	(9,037)
Effect of Discontinued Operations:								
Net changes in the year	-	(546)	588	(97)	80	-	-	25
Transfer to held for sale	-	3,720	18,553	1,746	416	-	-	24,435
Balance at December 31, 2018	-	(22,826)	(171,876)	(17,357)	(283)	-	-	(212,342)
Depreciation for the year	-	(1,313)	(5,202)	(348)	-	-	-	(6,863)
Disposals	-	626	41	68	-	-	-	735
Effect of changes in exchange rate	-	-	(244)	(52)	(1)	-	-	(297)
Balance at March 31, 2019	-	(23,513)	(177,281)	(17,689)	(284)	-	-	(218,767)
Book value								
December 2018	8,726	58,242	65,497	7,457	-	4,292	215	144,429
March 2019	8,702	54,791	61,871	7,718	-	10,398	623	144,103

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Cost or deemed cost	Parent company						Total
	Buildings	Machinery and facilities	Furniture and computers	Vehicles	Construction in progress	Advances to suppliers	
Balance at December 31, 2017	17,079	62,810	7,078	125	3,067	2	90,161
Additions	82	1,290	236	-	1,681	44	3,333
Disposals	-	(192)	(25)	(92)	-	-	(309)
Transfers	145	1,876	329	-	(2,350)	-	-
Balance at December 31, 2018	17,306	65,784	7,618	33	2,398	46	93,185
Additions	-	170	43	-	2,567	-	2,780
Disposals	(753)	(1)	(67)	-	597	-	(224)
Transfers	206	171	74	-	(451)	-	-
Balance at March 31, 2019	16,759	66,124	7,668	33	5,111	46	95,741
Depreciation							
Balance at December 31, 2017	(3,313)	(46,169)	(4,421)	(86)	-	-	(53,989)
Depreciation for the year	(1,881)	(4,821)	(685)	(2)	-	-	(7,389)
Disposals	367	331	39	55	-	-	792
Balance at December 31, 2018	(4,827)	(50,659)	(5,067)	(33)	-	-	(60,586)
Depreciation for the year	(392)	(1,130)	(166)	-	-	-	(1,688)
Disposals	156	1	64	-	-	-	221
Balance at March 31, 2019	(5,063)	(51,788)	(5,169)	(33)	-	-	(62,053)
Book value							
December 2018	12,479	15,125	2,551	-	2,398	46	32,599
March 2019	11,696	14,336	2,499	-	5,111	46	33,688

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The balance of constructions is related to machinery and equipment still in the implementation phase and constructions in progress. These assets should come into operation during 2019.

Guarantee

The Company uses its assets as guarantees for the funds obtained from financial institutions. Although most fixed assets are collateralized by loans and financing, and historically, the guarantees with assets have never been used. In 2019, the Company used the amount of R\$ 46,482 in guarantees (R\$ 46,551 as of December 31, 2018).

17. Intangible assetsGoodwill

The goodwill resulting from the acquisition of investments, after appropriate allocations, is included in intangible assets. They are presented in the parent company statement under the investment group.

Goodwill generated in business combinations are recorded in intangible assets and were determined in accordance with accounting practices in force at the time of each business combination, adjusted for the reclassification of certain intangibles. Goodwill is measured at cost, less impairment losses.

Other intangible assets

Separately acquired intangible assets are measured at cost upon initial recognition, while the cost of intangible assets acquired in a business combination is the fair value at the acquisition date. The balances are presented net of accumulated amortization and impairment losses.

Development expenditures involving a plan or project aiming at the production of new products or substantially enhanced are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and use or sell the asset.

The amortization of intangible assets, other than goodwill, is based on their estimated useful lives and is recognized in profit or loss under the straight-line method. The estimated useful lives for the current and comparative periods are approximately 5 years for system development and deployment costs.

On December 31, 2018 the Company carried out an impairment test of fixed assets.

We also clarify that the recovery of the book value of goodwill and intangible assets with indefinite useful life is assessed annually or when impairment indicators are detected using the concept of "value in use" through discounted cash flow models of cash generating units.

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Cost	Consolidated					
	Software	Trademarks and patents	Client Relationship	Goodwill	Product development	Total
Balance at December 31, 2017	6,347	21,746	14,546	42,831	5,756	91,226
Acquisitions	884	-	-	1	3,486	4,371
Write-offs	-	-	-	-	(1,583)	(1,583)
Effects of exchange-rate change	-	1,790	2,399	1,749	1,066	7,004
Effect of Discontinued Operations:						
Net changes in the year	-	18	-	-	-	18
Transfer to held for sale	(1,305)	(1,284)	-	-	-	(2,589)
Balance at December 31, 2018	5,926	22,270	16,945	44,581	8,725	98,447
Acquisitions	70	-	-	-	-	70
Write-offs	-	-	-	-	(1,307)	(1,307)
Effects of exchange-rate change	-	69	94	68	38	269
Balance at March 31, 2019	5,996	22,339	17,039	44,649	7,456	97,479
Amortization						
Balance at December 31, 2017	(2,590)	(7,388)	(8,237)	-	(2)	(18,217)
Amortization for the year	(855)	-	(1,701)	-	(356)	(2,912)
Effects of exchange-rate change	-	-	(1,360)	-	(291)	(1,651)
Effect of Discontinued Operations:						
Transfer to held for sale	112	-	-	-	-	112
Balance at December 31, 2018	(3,333)	(7,388)	(11,298)	-	(649)	(22,668)
Amortization for the year	(230)	-	(427)	-	(120)	(777)
Effects of exchange-rate change	-	-	(63)	-	(3)	(65)
Balance at March 31, 2019	(3,563)	(7,388)	(11,788)	-	(772)	(23,510)
Book value						
December 2018	2,593	14,882	5,647	44,581	8,076	75,779
March 2019	2,433	14,951	5,251	44,649	6,684	73,968

Impairment test for cash generating units containing goodwill

For impairment testing purposes, the goodwill is allocated to the Group's operating divisions, which represent the lowest level inside the Group, at which the goodwill is monitored for purposes of internal Management, never above the Group's operating segments.

Cash-generating unit	2018
Firearms	44,851

The recoverability test for CGUs mentioned above is performed annually based on the fair value net of sales expenses, which is estimated based on discounted cash flows. On December 31, 2018, the tests performed did not indicate the need of forming a provision for impairment losses on goodwill and intangible assets with indefinite useful lives, as well as on fixed assets. The Company evaluated main assumptions of 2018 test and verified that there are no significant changes on March 31, 2019 and concluded that it is not necessary to make an interim evaluation on this date.

Main assumptions used for forecasting the discounted cash flows

The main assumptions used in the calculation of the recoverable value are the cash flow discount rate and growth rates.

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Assumptions adopted are as follows:

	Discount Rate WACC	Average growth rate
Cash-generating unit	2018	2018
Firearms	16.1%	4.0%

Discount rate

The discount rate for CGU is represented by a post-tax rate based on US Treasury Bonds for 20 years, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the unit in question. The company estimated, based on management's experience with assets of this CGU, the weighted average of the capital cost of the industry in which such CGU operates, which was calculated based on a possible debt/shareholders' equity ratio of 17.06% for Firearms CGU at the market interest rate of 15.85%.

Growth rate and perpetuity

The forecasts are in line with the Business Plan prepared by the Company's management. It is expected that the projected sales growth is in line with the curve observed in previous years, and in line with the economic growth of the country. After the projection period, we considered the growth and constant percentage of economic growth (growth in perpetuity).

In order to calculate the perpetuity, a nominal growth rate of 3.8% was used, in line with the long-term inflation expectation projected by the Brazilian Central Bank (BACEN) and macroeconomic indicators published in Focus report of BACEN, and in the Country Forecast report of Economist Intelligence Unit (EIU).

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18. Loans and financing

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	03/31/2019		Consolidated 12/31/2018	
				Contracted value	Book value	Contracted value	Book value
Loans and financing							
Working capital	R\$	CDI + 2.00%	2022	9,500	19,585	27,694	22,240
FINAME	R\$	2.50–8.70% p.y.	2021	2,304	395	2,304	464
BNDES	R\$	3.50% p.y.	2020	9,995	3,186	9,995	3,687
Advance from receivables	R\$	0.246	2019	6,136	42,100	36,141	48,455
Foreign exchange advance	USD	0.098	2019	28,065	44,392	43,795	43,795
Working capital	USD	Libor + 1.55–5.6% p.y.	2021	499,162	649,264	499,162	670,746
Working capital	USD	80–112% CDI p.y.	2019	65,072	31,259	65,072	34,466
			Total		790,181		823,853
			Current liabilities		148,281		195,926
			Non-current liabilities		641,900		627,927
	Currency	Nominal interest rate	Year of maturity	03/31/2019		Parent company 12/31/2018	
				Contracted value	Book value	Contracted value	Book value
Secured bank loans – Working capital	R\$	CDI + 2.00%	2022	21,317	19,585	27,694	22,240
FINAME	R\$	2.50–5.50%	2021	2,304	395	2,304	464
BNDES	R\$	3.50%	2020	9,995	3,186	9,995	3,687
Advance from receivables	R\$	24.60%	2019	42,100	42,100	36,141	48,455
Foreign exchange advances	USD	9.80%	2019	22,664	44,392	43,795	43,795
Working capital	USD	Libor + 3.00%	2022	424,162	509,735	424,162	543,947
Working capital	USD	112.00% CDI	2019	65,072	31,259	65,072	34,466
			Total		650,652		697,054
			Current liabilities		148,281		195,926
			Non-current liabilities		502,371		501,128

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Schedule of maturities of non-current liabilities:

Year of maturity	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
2020	89,474	90,761	89,474	90,761
2021	15,769	15,673	155,298	15,673
2022	397,128	521,493	397,128	394,694
	502,371	627,927	641,900	501,128

Loans and financing are guaranteed by promissory notes, interest earning bank deposits, fiduciary assignment of machinery and equipment, and real estate mortgages, quotas and collateral of subsidiaries. The sureties granted by the parent company and its subsidiaries are shown in Note 25 - Related parties.

Certain loans and financing agreements entered into by the Company and its subsidiaries contain restrictive covenants that limit certain corporate amendments, including: changes in the Company's direct or indirect control, reduction of the capital of the Company and/or its parent company, distribution of dividends, payment of interest on own capital, or any other payments to shareholders by the Company and/or its parent company in the event of default of any of the obligations and reduction of the Company's equity capital. If the restrictions are not met, creditors may anticipate maturity.

Covenants

As described in note 1, as of July 18, 2018, the new process of renegotiation of debts with the Bank syndicate was completed. The instrument, which was included in re-profile of debt process provides for the early maturity in cases of non-compliance of covenants that define, among other obligations: the maintenance of certain financial ratios, such as: net debt/adjusted EBITDA equal or lower than 13x in 2018, 8x in 2019, 7x in 2020 and 6x as of 2021, besides maintaining the Adjusted EBITDA/Financial expenses index equal or higher than 0.90 as of December 31, 2018 and 1.20x as of 2019.

Such indices are monitored by Management, as the contracts determine that the indices be measured annually.

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19. Debentures

The debentures issued by the Company in a single series, not convertible into shares, distributed in the secondary market through the National Debenture System, with restricted placement efforts aimed at 3rd issue aimed at banking institutions.

Debentures	Principal (R\$)	Issuing Date	Securities in the market	Financial charges	03/31/2019	12/31/2018
3rd issue (a)	100,000	06/13/2014	5,000	DI rate + 2.00% (2016)	79,085	85,088
				Grand total	79,085	85,088
				Current liabilities	3,638	9,450
				Non-current liabilities	75,447	75,638
				Total	79,085	85,088

Covenants

As described in note 1, as of 2018, the new process of renegotiation of Company's debt was concluded. The instrument, which was included in re-profile of debt process provides for the early maturity in cases of non-compliance of covenants that define, among other obligations: the maintenance of certain financial ratios, such as: net debt/adjusted EBITDA equal or lower than 13x in 2018, 8x in 2019, 7x in 2020 and 6x as of 2021, besides maintaining the Adjusted EBITDA/Financial expenses index equal or higher than 0.90 as of December 31, 2018 and 1.20x as of 2019.

Such indices are monitored by Management, as the contracts determine that the indices be measured annually.

20. Other accounts payable

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Performance bonus	10,360	2,505	-	-
Sales commissions	1,706	1,782	1,636	1,725
Accrued interest	141	2	-	-
FEE Banking Syndicate	215	430	215	430
Accounts payable - CBC	48	48	48	48
Parent companies and subsidiaries	-	-	43,313	43,069
Other	5,212	16,686	1,867	2,233
	17,682	21,453	47,079	47,505
Current	17,682	21,453	3,766	4,436
Non-current	-	-	43,313	43,069

21. Salaries and social security charges

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Salaries	8,939	6,381	5,957	4,534
Social security charges	13,962	14,695	3,797	4,905
Provisions for vacations	11,884	10,870	5,086	4,677
	34,785	31,946	14,840	14,116

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22. Taxes, rates and contributions

	Consolidated		Parent company	
	03/31/2019	12/31/2019	03/31/2019	12/31/2018
ICMS	1,070	911	1,068	911
IPI	13,398	5,462	13,398	5,462
PIS	110	43	-	-
COFINS	510	200	-	-
Special tax - FAET (USA)	19,902	16,457	-	-
IRRF	480	8	285	(5)
Income tax and social contribution	21,830	8,135	11,977	-
Installment payment of PRT	578	2,312	481	1,922
Other payments in installments	1,217	1,453	1,151	1,379
Other	7,551	7,513	5,822	5,783
	66,646	42,494	34,182	15,452
Current	66,222	41,902	33,794	14,903
Non-current	424	592	388	549

On 5/26/2017, the Company formalized its adhesion to the Tax Regularization Program - PRT, published by Provisional Measure 766/2017 and regulated by IN 1687/2017. This program allowed the consolidation of federal tax debts and offsetting of 76% of the amount using credits of tax losses and negative basis of social contribution. The balance of 24% was paid in 24 months.

The consolidation of these debts is shown in the tables below:

	Consolidated							Total
	IPI	IRPJ/CSLL	PIS/COFINS	IOF	IRRF/PCC	INSS		
Value Principal	30,754	456	9,054	342	1,090	307	42,003	
Fine	6,811	165	2,158	68	368	-	9,570	
Interest	3,686	94	2,030	38	(39)	438	6,247	
	41,251	715	13,242	448	1,419	745	57,820	
Offset of tax loss and negative basis of social contribution on net income	31,350	543	10,065	341	1,079	566	43,944	
Balance - Payment in 1 installment	9,902	172	3,177	107	340	179	13,877	
Payments	(9,488)	(164)	(3,046)	(103)	(326)	(171)	(13,299)	
Balance payable	414	8	131	4	14	8	578	

	Parent company							Total
	IPI	IRPJ/CSLL	PIS/COFINS	IOF	IRRF/PCC	INSS		
Value Principal	29,555	-	5,101	342	711	307	36,016	
Fine	5,911	-	1,020	68	142	-	7,141	
Interest	3,681	-	671	38	76	438	4,904	
	39,147	-	6,792	448	929	745	48,061	
Offset of tax loss and negative basis of social contribution on net income	29,752	-	5,162	341	706	566	36,527	
Balance - Payment in 1 installment	9,395	-	1,630	107	223	179	11,534	
Payments	(9,003)	-	(1,562)	(103)	(214)	-	(11,053)	
Balance payable	392	-	68	4	9	179	481	

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23. Provisions for civil, labor and tax risks

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.

Based on information from its legal advisors and analysis of pending legal proceedings, the Company recorded provision in an amount considered sufficient to cover estimated losses as follow:

	Consolidated			
			03/31/2019	12/31/2018
	Provision	Judicial deposit (1)	Net	Net
Labor	57,343	(10,016)	47,327	46,007
Civil	38,771	(448)	38,323	39,065
Tax	27,689	(525)	27,164	26,950
	123,803	(10,989)	112,814	112,022
Classified in current liabilities	44,633			
Classified in the non-current liabilities	79,170			

	Parent company			
			03/31/2019	Net
	Provision	Judicial deposit (1)	Net	Net
Labor	37,549	(5,029)	32,520	31,151
Civil	33,211	(448)	32,763	33,166
Tax	27,689	(524)	27,165	26,950
	98,449	(6,001)	92,448	91,267
Classified in current liabilities	33,873			
Classified in the non-current liabilities	64,576			

(1) Recorded in other non-current assets.

Changes in provisions are as follows:

	Consolidated		
	Civil and labor	Tax	Total
Balance at December 31, 2018	94,141	27,689	121,830
Provisions formed during the year	5,296	-	5,296
Provisions used during the year	(50)	-	(50)
Write-off of provision	(3,428)	-	(3,428)
Effect of changes	155	-	155
Balance at March 31, 2019	96,114	27,689	123,803

	Parent company		
	Civil and labor	Tax	Total
Balance at December 31, 2018	68,911	27,689	96,600
Provisions formed during the year	2,345	-	2,345
Provisions used during the year	(38)	-	(38)
Effect of changes	123	-	123
Write-off of provision	(581)	-	(581)
Balance at March 31, 2019	70,760	27,689	98,449

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The Company and its subsidiaries have other processes that have been assessed by the Company's legal advisors as being a possible or remote risk of loss which cannot be determined with certainty, for which no provision has been recorded in view of the fact that the accounting practices adopted in Brazil do not require their calculation as shown below:

	Consolidated						Parent company	
	03/31/2019		12/31/2018		03/31/2019		12/31/2018	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	51,030	4,266	50,924	4,266	24,887	-	24,788	
Civil	97,145	329	96,711	1,935	76,465	251	75,616	493
Labor	50,094	34,804	59,664	31,777	21,192	25,071	28,846	23,174
	198,269	39,399	207,299	37,978	122,544	25,322	129,250	23,667

Lawsuit and Administrative Proceedings – PMESP

The Company was summoned to present defense in administrative process filed by the Military Police of the State of São Paulo (Sanctioning Process CSMAM-002/30/16) which challenges the possibility or not of partial or total non-compliance with the agreement for acquisition and supply of 98,465 (ninety-eight thousand, four hundred and sixty-five) firearms, type pistol, models 24/7 and 640, between years 2007 and 2011.

Since it is an administrative process and is at Discovery phase, we are presently unable to estimate the values, and the sanctions to which the Company is subject are provided for in article 87, Federal Law 8666/93, combined with article 81, State Law (SP) 6544/89.

On December 19, 2017, the Company received service of judicial process where the State of São Paulo requires the rescission of the agreement of supply of 5,931 submachine guns, model SMT-40 entered into in 2011 with the Military Police of the State of São Paulo and the return of the value paid at the time, of R\$ 21.7 million, plus inflation adjustment and other legal consequences. The Company has presented its defense in the lawsuit and, according to its legal advisors, lawsuit was qualified as possible loss.

Djibouti

There is a prosecution in secrecy of Justice at the 11st Federal Court of Porto Alegre, against two former employees of the Company and one citizen from Yemen, due to alleged irregular sale of firearms in year 2013 to the Government of Djibouti, whose final destination would be Yemen. Although the Company and its officers are not parties to the process, as soon as the Company became aware of the prosecution, potentially harmful to its reputation, required and had deferred its qualification in the process, as interest party, with the purpose of clarifying to the Judge the facts known by it and providing the necessary support to the investigations. There are no estimated effects or provisions concerning the subject that are or should be duly reflected in the quarterly information of the Company on this date.

Public Civil Action - Attorney General of Sergipe for the Federal Public Prosecutor's Office

The Company became aware of the filing by the Attorney General of Sergipe for the Federal Public Prosecutor's Office of a Public Civil Action against Taurus and also against the Federal Government (Brazilian Army), before the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe. The requests are related to alleged defects in a few models of firearms produced by Taurus. In the Public Civil Action, the Federal Public Prosecutor's Office pleads that i) Taurus be prevented from trading a few models of firearms in Brazil; ii) Taurus make a national recall for replacement and/or indemnity according to the market value of these models of firearms and iii) the Federal Government be prohibited from applying the restriction of import of models that have local similar products, under penalty of daily fine of R\$ 10 (ten thousand reais).

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Finally, the Federal Public Prosecutor's Office pleads i) the conviction of the Federal Government to the obligation to modify R-105 or to issue a new substitutive regulation that does not create regime of monopoly of sales of weapons in Brazil, which adversely affects the free competition; ii) the conviction of Taurus to the obligation to make a national recall within 20 days, for the repair, replacement and/or indemnity according to the market value of these models of firearm; (iii) the conviction of the Federal Government and Taurus to the payment of collective pain and suffering in amount to be defined by the judge, not below R\$ 40.000 million. In preliminary injunction, the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe determined the obligation by Taurus to submit a detailed plan of recall of the supposedly defective models of firearms within 90 days. The preliminary injunctions for suspension of the trading of the models allegedly defective and prohibition of restriction of import of firearms by the Federal Government were rejected by the Judge. In the judgment of the bill of review filed by Taurus, The Federal Court of the 5th Region suspended the effectiveness of the decision granted by the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe, with respect to the part that establishes the submission, by Taurus, of a plan of recall within 90 (ninety) days. Currently, the lawsuit is under the submission of proofs. In the opinion of Taurus' legal advisors, the present lawsuit is classified as risk of possible loss.

Public Civil Action – Public Prosecutor's Office of the Federal District and Territories

The Public Ministry of the Federal District and Territories ("MPDFT") filed a Public Civil Action with motion for injunction against the Company due to alleged supply to the Civil Police of the Federal District of pistols that had not met the contractual specifications. Through this action, it requires that Taurus should be convicted to indemnify for material damages caused, temporary suspension of the Company to bid and contract with the Public Management for a period of 2 years, as well as to pay for collective pain and suffering in the amount of R\$ 10,000 (ten million reais). Based on injunction, it required the freezing of the claimed values in the Company's bank accounts.

The Judge of the 8th Civil Court of Brasília rejected the motion for injunction of freezing of the Company's bank accounts in the absence of evidence as to the alleged need of immediate freezing of the values claimed in the lawsuit. The MPDFT filed bill of review, received by the Notable Federal Regional Court of the 1st Region without suspensive effect and, on this date, awaits judgment.

After the submission of contestation by Taurus, the Judge accepted the request of qualification of the Federal District as co-plaintiff of the MPDFT and determined the forwarding of the lawsuit to one of the Public Treasury Courts of the Federal District, since it considers itself unqualified to judge the action. Lawsuit is now in the 1st Court of the Federal District's Public Revenue Service and evidences are being presented.

Taurus will perform all the measures necessary to prove that the allegations are unjustified and that the products traded do not have manufacturing defects. The Company believes that the risk of loss on this lawsuit is classified as possible.

Burrow Case

A lawsuit filed by William Burrow, Oma Louise Burrow, Suzanne M. Bedwell and Ernest D. Bedwell is in progress in the U.S. Court for the Southern District of Florida against Taurus and its subsidiary Braztech International L.C in the US; this lawsuit discusses alleged faults in some revolver models produced by Taurus under Rossi brand.

On January 8, 2019, the Board of Directors approved execution of an agreement to end this lawsuit that was homologated on March 15, 2019 by the federal judge responsible for the lawsuit.

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In 2018, the Company recorded a provision for value loss equivalent to US\$5,560, which corresponds to the loss expected in the cause pursuant to agreement executed into.

Taurus Management understands that signature of this agreement is a large step to minimize financial impacts on the Company and give management more stability. This decision corroborates the restructuring process the Company is undergoing, seeking sustainable earnings and improvement of financial and operating indicators.

Said agreement depends on final homologation by the American Court, which is expected to occur in the second half of 2019. All payments provided for in the agreement will only be mandatory after final and definitive approval.

24. Financial instruments

Company Management determines the classification of its non-derivative financial assets and liabilities at the time of their initial recognition, pursuant to the criteria set forth in CPC 48 / IFRS 9 when the characteristics of the Company's cash flows and business model in the management of financial assets. Financial liabilities are measured according to their nature and purpose.

a) Fair value vs. book value

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

Due to the short-term cycle, it is assumed that the fair value of cash and cash equivalents, receivables, suppliers, other accounts payable and advances from receivables are close to its book values.

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 quarterly information.

	03/31/2019		Consolidated 12/31/2018	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at the amortized cost				
Loans and financing	703,689	719,161	731,603	711,265
Debentures	79,085	78,855	85,088	88,866
Foreign exchange advances	44,392	44,392	43,795	43,795
Suppliers	105,483	105,483	95,102	95,102
Advance from receivables	42,100	42,100	48,455	48,455
	974,749	989,991	1,004,043	987,483
			Parent company	
	03/31/2019		12/31/2018	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at the amortized cost				
Loans and financing	564,160	594,952	604,804	594,952
Debentures	79,085	88,866	9,450	88,866
Foreign exchange advances	44,392	44,392	43,795	43,795
Suppliers	172,602	172,602	156,165	156,165
Advance from receivables	42,100	42,100	48,455	48,455
	902,339	942,912	862,669	932,233

Notes**Notes****Taurus Armas S.A.**

*Quarterly information on
March 31, 2019*

According to the hierarchical classification criteria for determining fair value: Level 1: prices quoted (not adjusted) in active markets, net and visible to identical assets and liabilities and identical which are accessible at the measurement date; *Level 2*: prices quoted (that can be adjusted or not) for similar assets or liabilities in active markets; and Level 3: assets and liabilities that are not based on observable market data (unobservable inputs); the Company classified the fair values of financial instruments as Level 2.

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Taurus Armas S.A.
Quarterly information on
March 31, 2019

25. Related parties

	Balances of subsidiaries outstanding with the parent company		Effect on the result of transactions of subsidiaries with parent company					
	Current assets (ii)	Non-current assets (iii)	Current liabilities (i)	Non-current liabilities	Total liabilities	Revenue (vi)	Expense (vi)	
December 31, 2018								
Taurus Blindagens Ltda.	364	-	364	888	10,407 (iv)	11,295	-	235
Taurus Blindagens Nordeste Ltda.	187	-	187	329	24,185 (iv)	24,514	-	396
Taurus Holdings, Inc.	30,104	-	30,104	75,625	6,241 (v)	81,866	93,019	-
Taurus Investimentos Imobiliários Ltda.	377	-	377	1,649	8,478 (iv)	10,127	-	186
Taurus Máquinas-Ferramenta Ltda.	-	18,164	18,164	-	-	-	228	-
Taurus Plásticos Ltda.	47	-	47	-	-	-	-	-
Polimetal Metalurgia e Plásticos Ltda.	24,652	-	24,652	85,096	-	85,096	85	38,792
	55,731	18,164	73,895	163,587	49,311	212,898	93,332	39,609
March 31, 2019								
Taurus Blindagens Ltda.	382	-	382	935	11,370 (iv)	12,305	-	141
Taurus Blindagens Nordeste Ltda.	187	-	187	333	23,363 (iv)	23,696	-	360
Taurus Holdings, Inc.	27,228	-	27,228	70,542	6,277 (v)	76,819	110,989	-
Taurus Investimentos Imobiliários Ltda.	621	-	621	2,148	8,580 (iv)	10,728	-	540
Taurus Máquinas-Ferramenta Ltda.	-	19,392	19,392	10	-	10	283	-
Taurus Plásticos Ltda.	47	-	47	-	-	-	-	-
Polimetal Metalurgia e Plásticos Ltda.	26,476	-	26,476	93,754	-	93,754	-	42,598
	54,941	19,392	74,333	167,722	49,590	217,312	111,272	43,639

(i) (i) Refers to amounts recorded under Suppliers - R\$ 112,257, other accounts payable - R\$ 55,145 and advance from clients, R\$ 320.

(ii) Refers to amounts recorded under Trade accounts receivable caption, R\$ 27,877 and other accounts receivable - R\$ 27,064.

(iii) Refers to values recorded under the captions financial loans R\$ 19,392 with the parent company Taurus Armas S.A. which are updated at 100% of CDI (Interbank Deposit Certificate).

(iv) Represent loan agreements totaling R\$ 43,313 with subsidiary Taurus Blindagens Ltda., Taurus Blindagens Nordeste Ltda. and Taurus Investimentos Imobiliários Ltda which are restated to 100% of the CDI (Interbank Deposit Certificate).

(v) Refers to advances received from clients - R\$ 6,277

(vi) Comparative balance against March 31, 2018

Notes**Notes****Taurus Armas S.A.**

Quarterly information on
March 31, 2019

Operations involving the Company and the subsidiary Taurus Holdings, Inc., refer to sales of firearms to be marketed by the subsidiary in the US market.

In relation to transactions involving the Company and the subsidiary Polimetal Metalurgia e Plásticos Ltda., refer to the purchase of products in the process, since the subsidiary carries out a part of the production process in the firearms' segment.

The transactions carried out with related parties follow the price conditions and terms agreed between the parties and cannot be compared to those practiced with other non-related parties.

On March 31, 2019, operations involving Taurus Armas S.A. and CBC (indirect parent company) refer mainly to sales of firearms for trading, and purchase of ammunition. The amount of these operations is shown below:

	Current assets	Current liabilities	Non-current liabilities	Revenue	Expense
Companhia Brasileira de Cartuchos	615	19,938	-	51	5,916
CBC Participações	-	-	-	5,838	-
	615	19,938	-	5,889	5,916

Directors' fees and Board Members

The remuneration of directors and board members includes salaries, fees and benefits:

	Consolidated		Parent company	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Salaries and benefits of statutory directors	589	530	589	530
Remuneration and benefits of the Board of Directors	42	42	42	42
Remuneration and benefits of the Tax Council	120	117	120	117
	751	689	751	689

The Company does not have remuneration benefit policies for key Management personnel that may be characterized as: post-employment benefits, termination benefits, share-based remuneration or other long-term benefits.

Operations of directors and board members

Directors and board members hold a non-material percentage of Company's voting shares.

Sureties among related parties

Loans and financing are guaranteed by promissory notes, fiduciary assignment of machinery and equipment, and real estate mortgages.

The parent company granted sureties to Taurus USA in the amounts corresponding to R\$ 139,529 (R\$ 126,799 as of December 31, 2018) and Taurus Blindagens Ltda granted the corresponding amount of R\$ 716,435 (R\$ 707,294 as of December 31, 2018) to Taurus Armas S.A.

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Taurus Armas S.A.

Quarterly information on
March 31, 2019

26. Discontinued operations

A discontinued operation is an item of the Group's business including operations and cash flows that can be clearly distinguished from the rest of the Group and that:

- represents a separate major line of business or geographical area of operations;
- It is part of a single coordinated plan to sell a separate major line of business or geographical area of operations; or
- is a subsidiary acquired only for the purpose of resale.
- The classification as a discontinued operation is made upon its disposal or when the operation fails to meet the criteria for being held for sale, if this occurs before.

When an operation is classified as a discontinued operation, the comparative statements of income and the statement of added value are restated as if the operation had been discontinued since the beginning of the comparative period.

In March 2018, the Board of Directors unanimously authorized the offer of the helmets business – represented by Taurus Blindagens Ltda and Taurus Blindagens Nordeste Ltda. – to the market.

The preparation of the schedule was under the responsibility of a specialized firm according to the proposal already accepted by the Company.

Although intra-group transactions were completely eliminated from consolidated income, Company Management chose to attribute the elimination of transactions between continued and discontinued operations prior to disposal in order to reflect the continuity of these transactions after disposal, since Management believes that the information is useful to users of the financial statements. To achieve this presentation, Company Management – starting from the results of discontinued operations – eliminated inter-segment sales (and costs resulting from these sales, less unrealized profits) made prior to its disposal.

(a) Net income (loss) from discontinued operations

	<u>03/31/2019</u>	<u>03/31/2018</u>
Net sales	20,295	23,989
Elimination of inter-segment revenues	-	(3,137)
External revenues	<u>20,295</u>	<u>20,852</u>
Expenses / costs / net financial income (loss)	(20,426)	(22,987)
Elimination of inter-segment expenses	-	3,137
Foreign expenses	<u>(20,426)</u>	<u>(19,850)</u>
Income (loss) from operating activities	(131)	1,002
Taxes on profits	(395)	(789)
Net income (loss) from income tax and social contribution	<u>(526)</u>	<u>213</u>
	(0.007122)	0.001131

Income (loss) from discontinued operations as of March 31, 2019 is R\$ (526) thousand (R\$ 213 thousand on March 31, 2018) is fully attributed to controlling shareholders.

Notes**Notes****Taurus Armas S.A.***Quarterly information on**March 31, 2019***(b) Cash flow from discontinued operations**

	<u>03/31/2019</u>	<u>03/31/2018</u>
Net cash generated (used) by operating activities	3,540	(2,583)
Net cash used in investment activities	(466)	(3,967)
Net cash used in financing activities	(1,892)	(2,783)
Net cash generated by discontinued operations	1,182	(9,333)

27. Shareholders' equity / Unsecured liability (parent company)a) Capital

On March 31, 2019, the Company's capital is R\$ 507,489 (R\$ 465,218 thousand as of December 31, 2018), represented by 85,269,047 shares, of which 46,445,314 common shares and 38,823,733 preferred shares, all registered, book-entry and with no par value.

On October 5, 2018, the Company issued 4 series of share subscription bonus, with each bonus being converted into 1 share, as follows: (i) 25 million of series A, (ii) 20 million of series B, (iii) 20 million of series C and (iv) 9 million of series D. Subscription fixed prices are R\$ 4.00, R\$ 5, R\$ 6 Brazilian Reais and R\$ 7, respectively.

As of March 31, 2019, bonuses executed until then were automatically converted into capital, in the amount equivalent to R\$ 42,271, and this was ratified in the minutes of the Board of Directors' Meeting held on April 29, 2019.

Preferred shares

Preferred shares do not entitle to differentiated dividends and takes priority in the settlement of their share of capital.

According to the Company's Bylaws, in its Article 5, paragraph 4, the preferred shares will be entitled to vote at any General Meeting deliberations on the matters listed below, in which case each preferred share correspond to one vote:

- (i) Transformation, Take-over, Merger or Spin-off of the Company;
- (ii) Approval of agreements entered into between the Company and its Controlling Shareholder, as defined in Level 2 Regulation, directly or by means of third parties, as well as other companies in which the Controlling Shareholder holds interests, whenever, pursuant to law or statutory provision, such matters should be submitted to the General Meeting;
- (iii) Appraisal of assets earmarked for the capital increase subscription of the Company;
- (iv) Choice of a specialized company for determination of the Company's Economic Value; under Chapter VII hereof; and
- (v) Change or revocation of statutory provisions which change or modify any of the requirements established in item 4.1 Regulations of the Level 2, excepting that this voting right shall prevail only while the Contract of Participation of Level 2 Corporate Governance is in force.

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Taurus Armas S.A.

Quarterly information on
March 31, 2019

Authorized shares (in thousands of shares)

	03/31/2019	12/31/2018
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Shares issued and fully paid-in

	Common		Preferred	
	Amount in thousands	Amount in R\$ thousand	Amount in thousands	Amount in R\$ thousand
As of December 31, 2018, R\$ 4.79 (common shares) - R\$ 4.05 (preferred shares)*	46,445	222,472	28,217	114,279
As of March 31, 2019, R\$ 4.05 (common shares) - R\$ 3.87 (preferred shares)*	46,445	188,102	38,824	150,249

*Share closing quotation on the date indicated, multiplied by the total shares outstanding on that date.

b) Equity valuation adjustments

Deemed cost

The equity valuation adjustments' caption in shareholders' equity includes adjustments for the adoption of deemed cost of fixed assets on the transition date for IFRS. Amounts recorded in equity valuation adjustments are totally or partially reclassified to full or partial income (loss) for the year upon depreciation of items related to or disposal of assets.

Fair value of property investments

As described in note 14, in 2016 the Company recognized the fair value of investment property, according to the Brazilian accounting practices (BR GAAP) and international accounting practices (IFRS). The initial recognition of investment property at fair value is made in the shareholders' equity. After the initial recognition, the fair value should be reviewed on annual basis and the changes in fair value are recognized directly in the result for the year.

Accumulated translation adjustments

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

c) Earnings per share

Basic earnings per share - Continued operations	03/31/2019	12/31/2018
Income attributable to shareholders (in thousands of R\$)	4,574	(62,606)
Balance of shares at the end of the year	85,269,047	74,862,626
Total shares according to CPC 41 – weighted average	85,269,047	74,862,626
Earnings per share - Basic (in R\$)	0.0536	(0.8363)
Basic earnings per share - Discontinued operations	03/31/2019	12/31/2018
Income attributable to shareholders (in thousands of R\$)	(526)	2,744
Balance of shares at the end of the year	85,269,047	74,862,626
Total shares according to CPC 41 – weighted average	85,269,047	74,862,626
Earnings per share - Basic (in R\$)	(0.0062)	0.0367
Basic earnings per share - Continued operations	03/31/2019	12/31/2018
Income/(loss) attributable to shareholders (in thousands of R\$)	4,048	(59,862)
Balance of shares at the end of the year	85,269,047	74,862,626
Total shares according to CPC 41 – weighted average	85,269,047	74,862,626
Earnings per share - Basic (in R\$)	0.0475	(0.7996)

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Taurus Armas S.A.

Quarterly information on
March 31, 2019

d) Capital transactions

The corporate restructuring in May 27, 2011 involving the subsidiary Polimetal Metalurgia e Plásticos Ltda. and the Company resulted in changes in ownership interest between the parties involved in the amount of R\$ 40,996, which was recognized in unsecured liability in the capital transaction account.

28. Net operating revenue

According to CPC 47 / IFRS 15, revenue is recognized when the client obtains control of the products. If a reasonable estimate of potential return of goods cannot be made, when allowed, income recognition is deferred until the return period expires or until a reasonable estimate of the returns can be made.

Pursuant to CPC 47 / IFRS 15, revenue for these contracts will be recognized to the extent that it is probable that there will be no significant reversal in the amount of accumulated income. Consequently, for agreements in which the Company is unable to make a reasonable estimate of the returns, revenues are expected to be recognized prior to the expiry of the period of return or before it is possible to make a reasonable estimate. A reimbursement liability and an asset for recovery will be recognized for these contracts and will be reported separately on the balance sheet.

The Company adopted CPC 47 / IFRS 15 using the cumulative effect method (with no practical expedients), with initial application of the standard recognized on initial date (that is, January 1, 2018). Consequently, the information presented for 2017 was not restated and, accordingly, it was presented as formerly reported according to CPC 30 / IAS 18 and related interpretations.

No amount was determined to be adjusted on January 01, 2018 as a result of adopting this pronouncement.

Sales tax

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

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

	Consolidated		Parent company	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Sales of goods	285,547	264,225	174,862	169,449
Rendering of services	3	3	3	3
Total gross revenue	285,550	264,228	174,865	169,452
Sales tax	(32,398)	(27,060)	(13,765)	(11,194)
Refunds and rebates	(1,067)	(6,125)	(933)	(5,852)
Total net operating revenue	252,085	231,043	160,167	152,406

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Taurus Armas S.A.

Quarterly information on
March 31, 2019

Because the Company's sales have short-term maturity, and the effects of the calculation of adjustment to present value are immaterial, the Company no longer presents the calculation of present value in its financial statements.

29. Expenses per type

	Consolidated		Parent company	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Expenses according to the role				
Cost of products sold	(160,041)	(151,331)	(109,171)	(107,514)
Sales expenses	(27,911)	(28,440)	(12,250)	(11,070)
Provision for impairment of financial instruments	(922)	5,266	(1,456)	1,612
General and administrative expenses	(32,524)	(30,764)	(14,923)	(15,056)
Other operating expenses	(642)	(7,825)	(1,151)	(2,060)
	(222,040)	(213,094)	(138,951)	(134,088)
Expenses per type	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Depreciation and amortization	(7,640)	(8,795)	(1,905)	(1,847)
Personnel expenses	(67,705)	(56,132)	(20,658)	(15,977)
Tax expenses	(2,036)	(268)	(869)	-
Raw materials and use and consumption materials	(79,914)	(81,680)	(90,355)	(93,359)
Auxiliary, conservation and maintenance materials	(10,973)	(9,171)	(1,702)	(1,530)
Freight and insurance	(10,799)	(7,348)	(7,469)	(4,557)
Third party services	(9,715)	(8,840)	(5,903)	(3,851)
Advertising and publicity	(5,554)	(4,553)	(1,387)	(489)
Expenses with product warranty	(724)	(901)	(534)	(505)
Water and electricity	(2,200)	(3,127)	(146)	(436)
Travel and accommodation	(2,535)	(959)	(1,157)	(487)
Commission expenses	(5,450)	(7,324)	(1,083)	(3,874)
Cost of write-off property, plant and equipment	(47)	(6,622)	(3)	(74)
Provision for contingencies	(3,847)	(5,458)	(2,073)	(4,368)
Rentals	(1,205)	(539)	(474)	(131)
Other expenses	(11,696)	(11,377)	(3,233)	(2,603)
	(222,040)	(213,094)	(138,951)	(134,088)

30. Net financial income (loss)

Financial income (loss) mainly includes income from interest on investment funds, changes in fair value of assets measured at fair value through profit or loss and gains on hedge instruments. The financial income (loss) is recognized within the accrual period.

	Consolidated		Parent	
	03/31/2019	03/31/2018	03/31/2019	03/31/2018
Financial expenses				
Interest	(9,885)	(17,987)	(9,767)	(17,236)
Exchange-rate changes	(1,699)	(6,808)	(1,793)	(6,625)
IOF	366	(689)	386	(1,381)
Other expenses	(5,022)	(2,903)	(4,208)	(1,366)
	(16,240)	(28,387)	(15,382)	(26,608)
Financial revenues				
Interest	788	894	350	305
Exchange-rate changes	3,372	1,277	3,389	1,199
Other revenues	53	41	50	41
	4,213	2,213	3,789	1,545
Net financial income (loss)	(12,027)	(26,174)	(11,593)	(25,063)

Notes**Notes****Taurus Armas S.A.**

Quarterly information on
March 31, 2019

31. Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks to cover eventual claims, considering the nature of its activity. The adequacy of insurance coverage is determined by the Company's management, which considers it sufficient to cover any losses.

In 2019, insurance coverage for the Company was as follows:

	2019	
	Consolidated	Parent company
Material damages	428,592	80,000
Civil liability	196,534	15,000
Loss of profit	200,583	200,583

32. Provision for product warranty

The Company quantifies and records an estimate for the costs related to the warranty, according to historical and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the operating results for the periods in which these additional costs occurred. Therefore, amounts are recorded for the accrual basis of accounting. At March 31, 2019 and December 31, 2018, the balances are shown as follow:

	Consolidated		Parent company	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Domestic market	14,707	14,122	13,239	12,654
Foreign market	9,412	9,360	-	-
Total	24,119	23,482	13,239	12,654
Current liabilities	18,509	17,903	13,239	12,654
Non-current liabilities	5,610	5,579	-	-

33. Subsequent events**Sale of Porto Alegre Property**

On April 15, 2019, Taurus Armas S.A. communicated to its shareholders and to the market in general that, on April 12, 2019, it signed an "Instrument for Assignment of Preference on Acquisition of Properties, with Exclusivity Linked to Term and Other Covenants" with PLAENGE EMPREENDIMENTOS LTDA. on the Company's former head office piece of land located at Avenida do Forte in Porto Alegre, RS, and the amount of R\$ 50,000 was stipulated as the deal value, with period of 60 days for evaluations and negotiations related to sale.

After conclusion of the deal, received amount will be fully used to reduce the Company's indebtedness, in accordance with commitment assumed with creditor Banks and recently announced by the New Management in 2018 financial statements.

Notes**Notes****Taurus Armas S.A.**

*Quarterly information on
March 31, 2019*

Fire

In the dawn of Monday, April 22, 2019, a fire occurred in a small pavilion of Taurus Armas S.A. in the municipality of São Leopoldo, Rio Grande do Sul State. The fire was rapidly controlled by brigade men and the Fire Department. No one was hurt and there was only material damage, so its activities were re-established on the same morning.

The Company has coverage that contemplates accidents of this nature.

On April 29, 2019, after all inspections of insurance companies and competent agencies, production activities were partially re-established and adapted in other areas of the plant; causes are being investigated.

The Company has suppliers developed to supply some urgent and specific demands. Accordingly, affected process was rearranged for temporary production in third parties. Management evaluates that this incident will not materially impact operations and financial statements for future periods.

Tax credits due to exclusion of ICMS from PIS and COFINS calculation basis

On June 20, 2008, Taurus Armas S.A. filed a lawsuit for exclusion of ICMS from PIS and COFINS taxation basis, lawsuit 0019761- 56.2008.4.01.3400.

This lawsuit sought restitution of PIS and COFINS on billing overpaid amounts, as ICMS, being an indirect tax, does not comprise revenue of the Company - which is merely the collector responsible for transferring to public coffers – and should not be part of said contribution calculation basis.

In March 2017, the Federal Supreme Court decided that, as ICMS is not part of the Company's billings or gross revenue, it must be excluded from PIS and COFINS calculation basis, considered unconstitutional.

On April 1, 2019, Taurus obtained final decision on its lawsuit and will receive tax recovery of approximately R\$ 33 million and inflation adjustment of approximately R\$ 23 million.

The Company will recognize these recoveries in net income as soon as survey of calculations and evidences are concluded and they are enabled by the Federal Revenue Service, so that the Company starts to use these credits.

Postponement of deadline for exercising subscription bonuses of series B, C and D.

On May 8, 2019, the following measures were approved in Board of Directors' Meeting:

- (i) postpone period for exercising subscription bonuses of series B, C and D (issued in Board of Directors' meeting held on October 5, 2018) for 2 years, as proposed by the Executive Board; and
- (ii) authorize the Company's Executive Board to adopt all the procedures necessary to perform the extension herein approved.

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Taurus Armas S.A.

*Quarterly information on
March 31, 2019*

Note that all rights granted upon issuance of subscription bonuses were maintained, ensuring to holders their rights and extending final maturity term.

Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly information - ITR To

the Board members and Directors of

Taurus Armas S.A.

São Leopoldo - RS

Introduction

We have reviewed the interim, individual and consolidated financial information of Taurus Armas S.A. ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended March 31, 2019, which comprise the balance sheet on March 31, 2019 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the quarter then ended, including explanatory notes.

Company's Management is responsible for the preparation of the interim financial information in accordance with CPC 21 (R1) - Interim Statement and 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 this 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 individual and consolidated 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 financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB and applicable 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

The individual and consolidated interim financial information related to statements of added value (DVA) for the three-month period ended March 31, 2019, prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes, was submitted to review procedures carried out jointly with the audit of Company's quarterly information. To form a conclusion, we evaluated whether these statements are reconciled with interim financial information and accounting records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. 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 individual and consolidated interim financial information taken as a whole.

Porto Alegre, May 08, 2019

KPMG Auditores Independentes

CRC SP014428/F-7

Cristiano Jardim Seguecio

Accountant CRC SP244525/O-9 T-RS

Opinions and Statements / Tax Council opinion or equivalent body

Tax council opinion

The Tax Council of Taurus Armas S.A. In compliance with legal and statutory provisions, reviewed the information regarding the first quarter of 2019. Based on this review and on information contained in the Quarterly Information Review Report, issued without qualifications by KPMG Auditores Independentes and dated May 08, 2019, in addition to information and explanations received from the Company's management, it represents that the mentioned documents are appropriate for disclosure.

São Leopoldo, May 08, 2019.

Haroldo Zago

President

Mauro César Medeiros de Mello

Board Member

Amoreti Franco Gibbon

Board member

Opinions and Statements / Statement of the Executive Officers on the Financial Statements**REPRESENTATION BY THE DIRECTORS OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2019**

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli e Ricardo Machado, Directors of Taurus Armas S.A., company with head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled in the EIN 92.781.335/0001-02, in compliance with provisions of items V and VI of article 25 of CVM Instruction 480, of December 07, 2009, state that they have reviewed, discussed and agreed with Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 01, 2019 to March 31, 2019.

São Leopoldo, May 08, 2019.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Diretor Administrativo Financeiro

Investor Relations Director

Eduardo Minghelli

Executive Officer without specific

designation

Ricardo Machado

Executive Officer without specific designation

Opinions and Statements / Statement of the Executive Officers on Independent Auditor's Report

STATEMENT OF THE EXECUTIVE BOARD OF FORJAS TAURUS S.A. ON THE INDEPENDENT AUDITORS' REPORT

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli e Ricardo Machado, Directors of Taurus Armas S.A., company with head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled in the EIN 92.781.335/0001-02, as provided in sections V and VI, article 25, CVM Instruction 480, dated December 07, 2009, hereby represent that they reviewed, discussed and agreed with the opinions expressed KPMG Auditores Independentes, contained in the Independent Auditors' Review Report with regard to the Financial Statement for the period from January 01, 2019 to March 31, 2019, issued on May 08, 2019.

São Leopoldo, May 08, 2019.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Diretor Administrativo Financeiro

Investor Relations Director

Eduardo Minghelli

Executive Officer without specific designation