MANAGEMENT REPORT 2012

Voluntary restatement on March 28, 2014

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

Management of Forjas Taurus S.A. ("Company") submits hereby for your appreciation the voluntary restatement of the Management Report and its complete Individual and Consolidated Financial Statements, including the Report of Independent Auditor - Ernst & Young – referring to the restatement for the year ended December 31, 2012, as established by **CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors** (equivalent to IAS 8).

Due to the amendment of the Purchase and Sale Contract ("Contract") in connection with disposal of operations of Taurus Máquinas-Ferramenta Ltda. ("TMFL"), occurred on September 12, 2013, the asset sale amount was decreased from R$ 115.35 million to R$ 57.52 million, resulting in a loss of R$57.83 million. Company management, in a review of all contracts and correspondence related to this operation, concluded that the events that lead to decrease in value was already present on the sale of the asset, whose original contract was signed on June 21, 2012, acting by the reopening of the Quartely Information ("ITR") of the 2nd quarter of 2012.

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

The retroactive effect from asset write off for the purpose of restatement of Financial Statements, generated a consolidated net loss of R$ 117.2 million in 12M12, for which the reconciliation of the restated balance and the originally presented balance and the impact on income for the period was disclosed in Note 3 of the Financial Statements footnotes and explained in item Restatement of Financial Statements of this report.

Considering the changes made for purposes of voluntary restatement of the financial information, a new process for approval of the Company's Standardized Financial Statements ("DFPs") ended at December 31, 2012 was conducted by management and, in accordance with **CPC 24 – Subsequent Events**, the impacts from subsequent events were also considered, occurred between the period of the DFs and approval for the restatement thereof, which will be submitted for approval in the next Ordinary Shareholders' Meeting to be held on April 30, 2014.

For this reason we submit the restatement on the date hereof for the comments on performance in management's discussion and analysis of results (MD&A), which is an integral part of the Management Report, to reflect the new financial situation and the economic and financial result after the restatement of the financial statements.

In macroeconomic terms, the unstable international scenario, particularly in economies of the Euro Zone, China and USA, continued to be an issue in 2012 and affected the performance of emerging economies. In this context, Brazil was also affected and thus presented modest Gross Domestic Product (GDP) increase of 0.9%, despite the measures to promote growth acceleration, such as reduction of the basic interest rate and selective taxes, in addition to reduction of payroll taxes for certain sectors.

There was 0.8% decrease in the industrial sector in 2012 compared to 2011, contributing to the slowdown of the economy, mainly due to the 4% decrease in investments, based on IBGE's FBCF (Gross Fixed Capital Formation) index in Brazil.

Despite this adverse context, Forjas Taurus S.A. presented 13.4% increase in its consolidated net revenue in 2012, reaching R$ 701 million; operating cash generation (ADJUSTED EBITDA) of R$ 130.3 million, down 6.5% and **positive net result from continuing operations** of R$ 17.8 million and margin of 2.5%, compared to R$ 73 million and margin of 11.8% in 2011.

We point out that if we adjust the basis for comparison, which is net income of R$ 73 million in 2011, eliminating non-recurrent revenue of R$ 37.9 million in tax credits from income and social contribution tax losses of subsidiary Polimetal Metalurgia e Plásticos Ltda. (generated in the corporate reorganization of July/11), profit from continuing operations would be of R$35.1 million, with net margin of approximately 5.6%.

However, with recording of the amounts related to write down of accounts receivable by the sale of the TMFL operations and the recording of supplementary valuation allowance for the balance receivable of this sale, due to deterioration of credit conditions, difficulties in fully implementing the guarantees and lack of updated information on the debtor's financial conditions, there was generation of **negative net result from discontinued operations** in 2012 in the amount of R$ 135 million, compared to loss of R$ 35.7 million in 2011.

The impact from restatement of financial statements is basically: (i) nonrecurring; and (ii) minimized by not representing significant outflows in the Company's cash flow, being reversible in relation to the additional provisions, as the installments from the sale of TMFL operations are paid or as the contingencies don't occur in fact.

The Company's medium and long-term fundamentals contributed to the performance of **the result of continuing operations** that, together with investments of approximately R$ 90.2

million in 2012 (compared to R$ 47.4 million in 2011), allowed the acquisitions of national and international companies in the amount of R$ 33 million; giving continuity to the necessary modernization in the production lines, as well as the maintenance of resources for the research and development area, respecting Taurus' skill for innovation and technology.

We may highlight certain aspects that contributed to the performance of continuing operations, such as favorable foreign exchange rate for export trading companies; positive demand in the North American consumer market for weapons, which remained kindled in 2012; expansion of exports to other countries with the proactive and directed prospection and sales program; and the investments in public and private security in Brazil, due to the need of public modernization.

These positive factors of continuing operations were affected by the impact from the negative result from discontinued operations (TMFL), thus generating loss in 2012.

Exports accounted for almost 60% of the Company's consolidated net revenue, 88% of which being to the North American market and 12% to other countries. Sales to the Brazilian market accounted for approximately 40% of revenue in 2012.

We further highlight that 2012 was a year of consolidation of the corporate and organizational restructuring process, with significant changes in Company management, process that was started in July 2011. A new organizational structure was approved at the end of 2012, being conducted and concluded in the year after .

Therefore, even in a period of important transition, the three main directives established by the Board of Directors for 2012 were followed and will naturally have consequences until their effective conclusion in the following years:

1. **Growth through acquisitions:** we acquired (i) Steelinject (M.I.M. - Metal Injection Molding technology) in Brazil, which has been administered by us since January 2012, consolidating Taurus technology in this modality in the local market; and (ii) Heritage in the USA, a highly profitable company that allow us to operate in special niches of the weapons market;

2. **Extension of debt payment term and reduction of financial costs:** ongoing general objective with renewal of credit lines at lower costs and with longer payment terms, looking for alternative international credit line facilities with competitive weighted average cost of third party capital; and

3. **Decision of relocation and concentration of the industrial premises** to increase synergy, quality and productivity as well as to reduce costs:

(i) Transfer of the plant of Heritage in Opa Locka (FL) – USA, to the plant of TIMI – Taurus International Manufacturing Inc. in Hialeah, in Greater Miami (FL) – USA, in September 2012, where we already have weapon production lines;

(ii) Transfer of the Steelinject plant (metal injection molding for third parties) currently in Caxias do Sul, to the plant in São Leopoldo (RS), concluded in July 2013, where the M.I.M. plant already operates, producing components used in the weapon production lines; and

(iii) Transfer of the long guns production line of Rossi mark, from the current plant in rented premises to the plant in São Leopoldo (RS) in own premises, scheduled for June 2014.

The results obtained in 2012 to date stemmed from our teamwork and the action plan together with Company management, focusing on the **Defense & Security segment** that accounts for 74% of total revenue and in which there was 14.3% increase in revenue from weapon sales. The **Metallurgy and Plastics** segment that accounts for the remaining 26% of total revenue, has as highlights motorcyclist helmets representing 17.3% of revenue, in which there was 2.9% increase in revenue and 5.5% increase in volume, maintaining the gain in market share in the period, compared to the 15.5% decrease in motorcycle sales in the Brazilian market, due to lower demand in the 2H12, due to increased restrictions to consumer credit.

In 2012, the Company also strengthened its relations with the capital market, through a group of actions with the objective of expanding and diversifying the shareholders base and contributing for share price to reflect the Company's fundamentals. Due to the 1st and 2nd debenture issues that are still outstanding, the Company annually reviews its related risk assessment. The review for 2012 of the risk rating by Fitch Ratings resulted in maintenance of the long term A – (Bra) rating for the two issues, further considering the long-term rating as stable.

We also highlight a consistent improvement in shares liquidity in 2012, measured by the increase in the number of trades, the daily number of traded shares and the financial volume that increased by 208%. In addition, there was significant change in the share base profile and appreciation of PN (preferred) shares by 104% compared to appreciation of only 7% of IBOVESPA, contributing to the 109% increase in the Company's market value.

With well directed action plan and commercial and marketing strategies, aligned with the area manufacturing our products and with financial management focused on working capital, the prospects for 2013 are optimistic, however prudent, since we have big challenges ahead.

Finally, we would like to thank our customers, shareholders, suppliers, the community and mainly our employees and external collaborators that continue trusting in our management, innovation, increased focus on quality of our products and our capacity of looking for new ways of continuing to grow sustainably.

The Management

Taurus Profile

Forjas Taurus S.A. ("Company") headquartered in Porto Alegre – Rio Grande do Sul state – Brazil is a Brazilian company that has been listed for over 30 years, and has been listed in Corporate Governance Level 2 of BM&FBOVESPA for almost 2 years (ticker **FJTA3** and **FJTA4**).

Taurus was founded in 1939, being one of the 3 main manufacturers of light guns in the world, operating with seven production units in Brazil and one in the USA, at December 31, 2012. The products manufactured by the Company are divided into two segments: **Defense & Security and Metallurgy & Plastics.** In the first segment, the Company manufactures a wide range of gun models, such as revolvers, pistols, machineguns and long guns, managing manufacture of TAURUS, ROSSI and HERITAGE products and, in Jan/13, it entered into an agreement for global distribution of DIAMONDBAC products. The second segment includes forged and molded (M.I.M.) products, motorcyclist helmets, bulletproof vests and high density polyethylene molded plastic containers for storage of solid waste for industrial, commercial and environmental use.

In its 73 years of history, with almost 4,800 direct employees in 2012, Taurus is starting now a new phase that is being developed with creativity, innovation, technology, its marks and team.

The year of 2012 was the year of **transition**, whilst 2013 is the year for **overcoming and getting ready for a new management model,** which focuses on ongoing Corporate governance improvement and strengthening the Company's vocation for being a world class company, being one of the first companies becoming global, internationalizing its products through a distribution company in the USA, thus starting a new and important virtuous cycle, after resolving the problems related to disposal of the discontinued machine tool operations.

In Brazil, the 7 business units are located as follows:

(***1) Rio Grande do Sul:*** production of hand guns and long guns in Porto Alegre and São Leopoldo;

(***2) Paraná:*** production of bulletproof vests, helmets and plastic containers in the city of Mandirituba; and

(3) Bahia: production of helmets in the city of Simões Filho.

Abroad, the Company's business and manufacturing unit is located in Hialeah in Greater Miami, Florida - USA.

1. Management's Discussion and Analysis – MD&A

CONSIDERATIONS ABOUT THE FINANCIAL STATEMENTS

- **Standards and criteria applied in the preparation of the financial information**

The consolidated financial statements of Forjas Taurus S.A. and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board *(*IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP). The amounts presented herein are expressed in millions of Brazilian reais except where otherwise indicated, thus are subject to rounding. As a consequence, the stated amounts may differ from the amounts per the financial statements and the accompanying notes.

1.1 Investments in subsidiaries and affiliates and basis for consolidation

The following companies were considered direct or indirect subsidiaries totaling shareholding interest of 100% for consolidation purposes:

- Taurus Blindagens Ltda. (BR)
- Taurus Blindagens Nordeste Ltda. (BR)
- Taurus Holdings, Inc. (USA)
- Taurus Security Ltda. (BR)
- Taurus Máquinas-Ferramenta Ltda. (BR)
- Taurus Investimentos Imobiliários Ltda. (BR)
- Taurus Helmets Indústria Plástica Ltda. (BR)
- Polimetal Metalurgia e Plásticos Ltda. (BR)
- Steelinject – Injeção de Aços Ltda. (BR)

The result of affiliate Famastil Taurus Ferramentas S.A. was also considered, of which the financial statements were not consolidated, since we hold shareholding interest therein of 35%, through subsidiary Polimetal Metalurgia e Plásticos Ltda., thus not detaining the control.

1.2. Investments and Divestitures in 2012 and Subsequent Events

1.2.1. Sale of TMFL – Taurus Máquinas-Ferramenta Ltda.

On June 21, 2012, Forjas Taurus S.A. concluded the sale of the operational activities of Taurus Máquinas-Ferramenta Ltda. (“TMFL”) to Renill Participações Ltda. (“RPL”), as per the Agreement for Purchase and Sale of Units of Interest and Other Covenants (“Agreement”) executed by and between the parties.

The selling company was Taurus Máquinas-Ferramenta Ltda. (“TMFL”), with the consent of Wotan Máquinas Ltda. and Taurus Investimentos Imobiliários Ltda. (“TIIL”), through set up of a company denominated SM Metalurgia Ltda. (“SML”), whose subscribed capital of R$115,350 represents the final selling amount, paid with properties, machinery and inventories.

With payment of the debt, of the capitalization and payment in kind by Wotan Máquinas Ltda. and Taurus Investimentos Imobiliários Ltda., Taurus Máquinas-Ferramenta Ltda. now holds the totality of the units of interest of SM Metalurgia Ltda., and Renill Participações Ltda. has the commitment to sell and the commitment to purchase the totality of the units of interest for R$115,350.

1.2.2. Renegotiation of the Agreement for Purchase and Sale of TMFL Operations

On August 12, 2013, Company management received from Renill Participações Ltda.(“RPL”) a request of renegotiation of the conditions in the Contract for Purchase and Sale of Units of Interest and Other Covenants, related to disposal of subsidiary SM Metalurgia Ltda. (“SML”).

On September 12, 2013, the Company disclosed a Material News Release communicating that it concluded the review of the Contract conditions, related to disposal of subsidiary SML, through execution of an amendment to Contract after evaluation of the terms originally agreed-upon.

The Parties renegotiated the sales price and payment conditions, adjusting the overall value of the Contract related to disposal of subsidiary SML to R$ 52 million, payable as follows:

(a) 1st installment, in the amount of R$ 1,960, duly restated by Long-Term Interest Rate (TJLP) and increased by interest of 1.8% p.a., shall be paid by RPL, through SML, with the supply of parts used in the rendering of warranty services for machines manufactured by TMFL, as well as supply of parts and components to any company of the Taurus Group;

(b)2 installments in the amount of R$ 2,055 each, duly restated by TJLP and increased by interest of 1.8% p.a., one maturing on 06/30/2014 and another on 12/30/2014; and (c)balance in 14 twice-annual installments, maturing as from 06/30/2015, duly restated by TJLP and increased by interest of 1.8% p.a., in the amount of R$3,675 each.

Restatement by TJLP and interest of 1.8% p.a. shall be applied since the date of execution of the Contract for Purchase and Sale of Units of Interest and Other Covenants, namely June 2012.

Investments - Acquisitions

Two strategic acquisitions were made in 2012, approved by the Company's Board of Directors on the following dates:

- ***On January 1, 2012, acquisition of Steelinject Injeção de Aços Ltda.*** for R$14 million, paid in five monthly installments of R$2.8 million, supplementing the Company's segment of products manufactured using the M.I.M. (Metal Injection Molding) methodology. Under the purchase and sale agreement executed by the parties, the controlling interest in said company was transferred to Polimetal Metalurgia e Plásticos Ltda. on January 1, 2012, date on which there was effective conclusion of the business with transfer of the units of interest representing capital of this company;

- ***May 2, 2012, acquisition of controlling interest in Heritage Manufacturing, Inc***., a US company founded in 1992, headquartered in Opa Locka, Florida, for USD 10 million, by subsidiary Taurus Holdings, Inc. Heritage manufactures *Single Action* revolvers, an American legend, reinforcing its leadership worldwide in the production of revolvers.

1.2.3. Subsequent Events

a) ***On January 3, 2013, Taurus entered into an Exclusive Agreement for Global Distribution*** with the American company Diamondback Firearms LLC, through its wholly-owned subsidiary Taurus Holdings, located in Miami, Florida. Taurus is a leader worldwide in the production of weapons and has one of the 4 biggest distribution chains in the USA. As part of this recent partnering agreement, Taurus assumed the whole sales force and marketing of Diamondback products, thus expanding the portfolio of products offered to customers, aligned with its strategy of operating in certain market niches, in addition to its traditional lines of products made in Brazil and the USA. The company is located in Cocoa, Florida and employs skillful professionals and engineers committed to the production of high quality weapons for personal defense.

2. Consolidated Economic and Financial Performance

The year of 2012 was the year of consolidation of the corporate reorganization, with introduction of the new organizational structure, which was concluded at the end of 2013, but also of improvement of managerial tools in order to align managers in the pursuit of results and attainment of targets.

The voluntary restatement of result for 2012 as well as for 2Q12 and 3Q12, as established by CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors (equivalent to IAS 8) and CPC 24 – Subsequent Events, is due to the renegotiation of the Purchase and Sale Contract ("Contract") for the disposal of the operations of Taurus Máquinas-Ferramenta Ltda. ("TMFL"), occurred on September 12, 2013, in order to better reflect the Company's financial and economic position.

Due to the amendment to the Contract, in which the asset sale amount was decreased from R$ 115.35 million to R$ 57.52 million, resulted in a loss of R$57.83 million. Company management, in a review of all contracts and correspondence related to this operation, concluded that the events that lead to decrease in value was already present on the sale of the asset, whose original contract was signed on June 21, 2012. Therefore, resolved by restate the Financial Statements of 2012.

The table below presents the Company's consolidated economic and financial performance in 2012, compared to the performance in 2011, with inclusion of two additional lines, to clearly disclose net result from **continuing operations**, net result from **discontinued operations (TMFL)** and the Company's **consolidated** net income or loss and the corresponding margin

Consolidated Economic and Financial Performance

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

Ratios	2013	2012	Variação % 2013/2012
Net revenue	**807.3**	**701.0**	**15.2%**
Domestic market	260.0	290.4	-10.5%
Foreign market	547.3	410.6	33.3%
COGS	565.6	434.2	30.3%
Gross Profit	241.7	266.7	-9.4%
Gross Margin - %	**29.9%**	**38.1%**	**-8.1 p.p.**
Operating Expenses	-225.7	-182.6	23.6%
Operating Profit (EBIT) (1)	16.0	84.2	-81.0%
EBIT Margin - %	**2.0%**	**12.0%**	**-0.8 p.p.**
Net Financial Income	-73.6	-44.5	65.2%
Depreciation and amortization (2)	35.3	31.2	13.0%
Net Income - Continuing Operations	-80.3	17.8	-551.7%
Net Income Margin - Cont. Operations	**-9.9%**	**2.5%**	**-12.5 p.p.**
Net Income - Descontinuing Operations	0.0	-135.0	-100.0%
Net Income - Consolidated	-80.3	-117.2	-31.5%
Net Income Margin - Consolidated	**-9.9%**	**-16.7%**	**6.8 p.p.**
Adjusted EBITDA (3)	100.0	130.3	-23.2%
Adjusted EBITDA Margin - %	**12.4%**	**18.6%**	**-6.2 p.p.**
Total Assets	1,184.1	1,114.3	6.3%
Equity	146.0	201.8	-27.6%
Investiments (CAPEX)	28.2	90.2	-68.7%

(1) For EBIT calculation purposes, equity pickup result was not considered, contained in operating expenses of the DFP form.

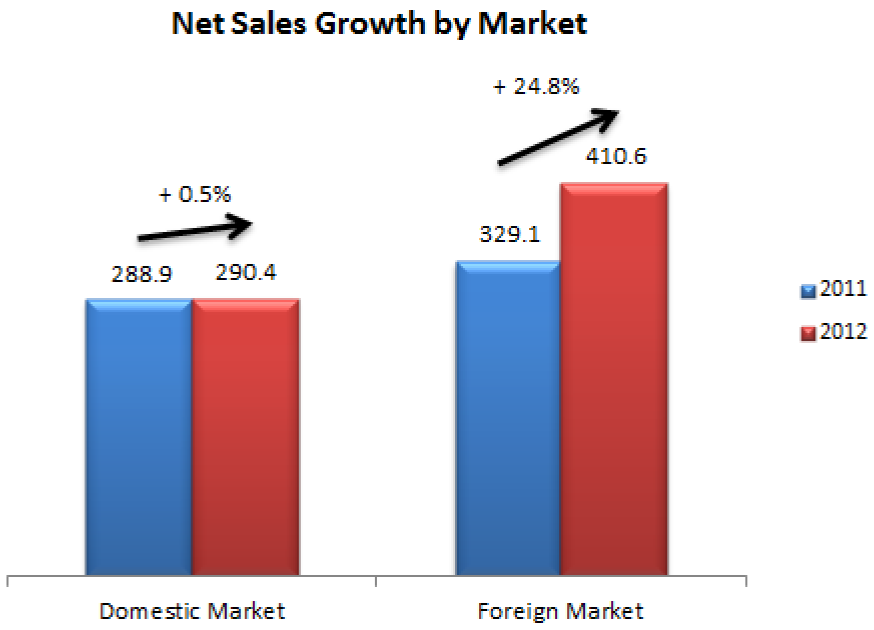
(2) Depreciation and amortization: these amounts include total depreciation and amortization based on cash flow for DFP

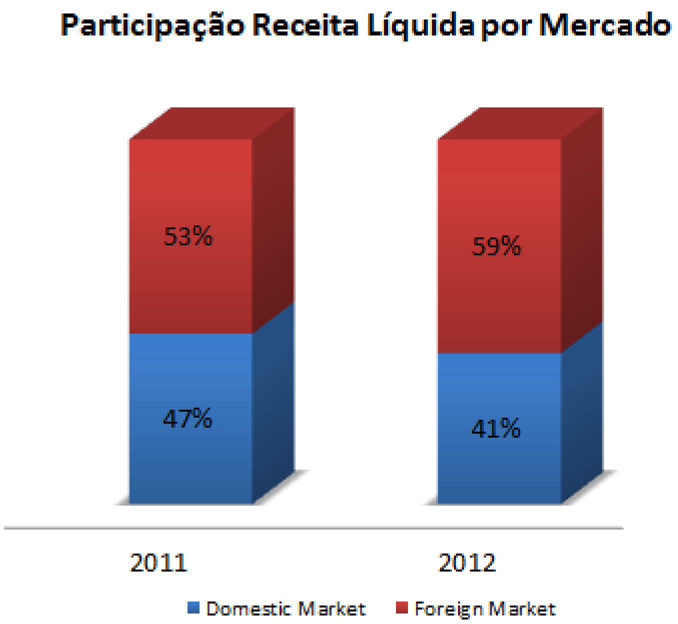
(3) Adjusted EBITDA: Earnings before interest, tax, depreciation and amortization and net earnings from non-recurring operations. The computing process was developed acording the CVM nº 527 instruction of October 04, 2012.

Net Revenue

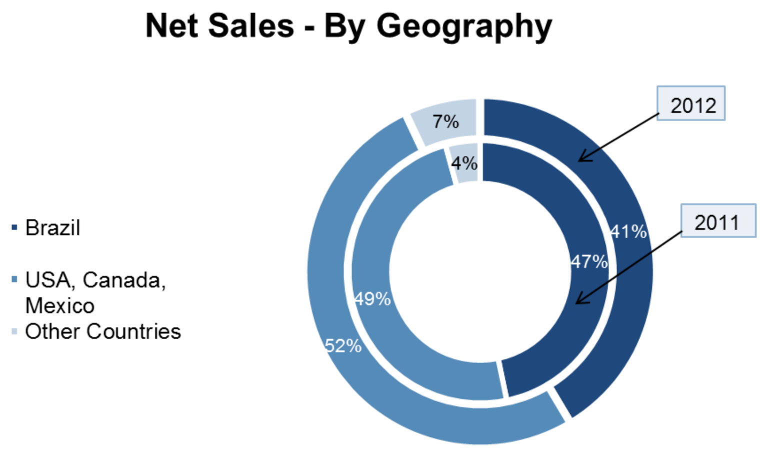
Forjas Taurus S.A. and subsidiaries posted in 2012 consolidated net revenue of R$ 701 million, up 13.4% compared to R$ 618 million in 2011, mainly due to the 24.8% increase in exports, since the sales in the domestic market remained stable with a slight increase of 0.5%.

The share of sales to foreign market in relation to total net revenue increased from 53.3% in 2011 (equal to 2010) to 58.6% in 2012, representing R$410.6 million (compared to R$329.1 million in 2011).





Distribution of consolidated net revenue by geographic region illustrated in the graph below shows that the North American market (USA, Mexico and Canada) continues accounting for the main percentage of exports, representing 52% of total revenue in 2012 (compared to 49% in 2011), followed by Brazil - 41% and other countries – 7%, to which we export.



The positive performance of exports in 2012 is basically due to the following: (i) strong demand, particularly in the USA, due to the risk of possible regulation about use by civilians of certain weapons, such as assault rifles, discussed during the campaign for President Barack Obama re-election; and (ii) restructuring of the area of exports to other markets, with a new team and prospection of new markets and products, culminating with the closing of contracts with several governments in the public security area, thus resulting in increase in market share of three percentage points.

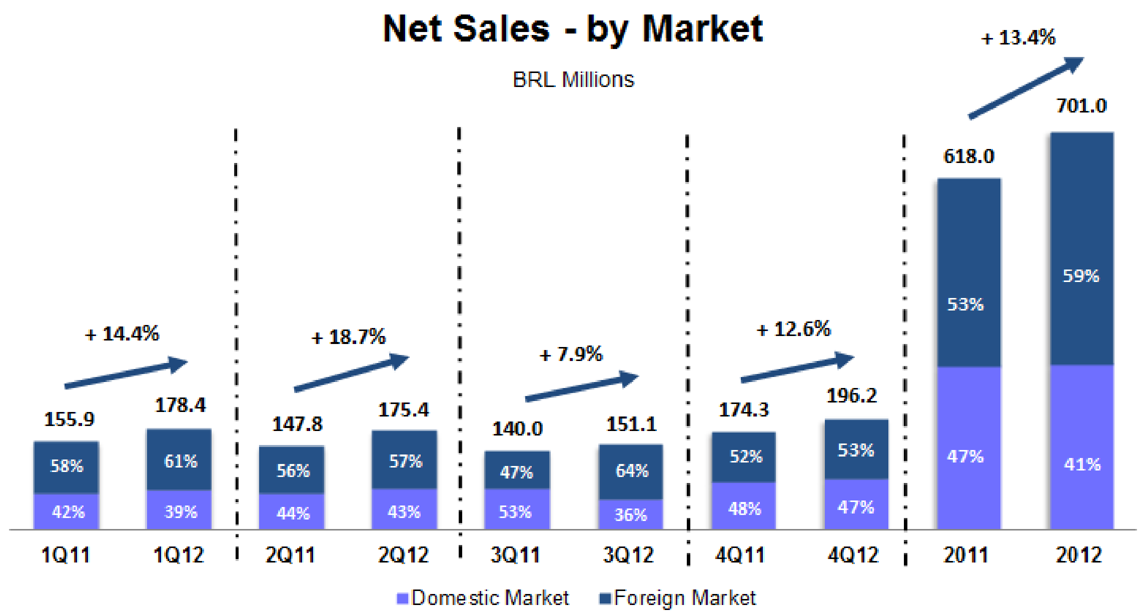
In analyzing exports for the last two years and in comparing the same quarters in 2012 and 2011, the evolution was quite positive always of two digits (except in 3Q12, when the increase was of 8%).

As subsequent event for 2012, the re-elected president Barack Obama disclosed on January 16, 2013, soon after his re-inauguration, 23 measures proposing restrictions to the use of special weapons for civilians, which have to be approved by Congress. Due to this potential restriction and the rights assured by the American Constitution related to use of guns, the demand will probably continue kindled in the USA until the measures are voted by Congress.

In the domestic market, consolidated net revenue for 2012 was stable, up 0.5% from R$288.9 million in 2011 to R$290.4 million.

The small evolution is due to the decrease in consumption in the helmets for motorcyclists segment due to the decrease in sales of motorcycles in Brazil, increase in default in the market and increased restrictions to consumer credit.

Consequently, there was decrease in the percentage related to total revenue in the domestic market to 41% in 2012 (compared to 47% in 2011), as shown in the graph below:



Segment Information

The table below sets out breakdown of net revenue, gross result, gross margin and pretax income by business segment. The information presented refers to the 12-month periods ended December 31, 2012 and 2011, in accordance with IFRS, net of transactions between subsidiaries of each segment.

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	2013	Part. %	2012	Part. %	Var.	2013	2012	Var.	2013	2012	Var.p.p	2013	2012	Var.
Firearms	621.2	76.9%	516.5	73.7%	20.3%	195.0	198.9	-2.0%	31.4%	38.5%	-7.1	(30.9)	26.9	NS
Helmets	127.6	15.8%	121.5	17.3%	5.0%	45.6	47.5	-4.0%	35.7%	39.1%	-3.4	23.9	31.1	-23%
Others	58.6	7.3%	63.0	9.0%	-7.0%	1.1	20.3	-94.3%	2.0%	32.2%	-30.2	(50.6)	(18.4)	NS
Total	**807.3**	**100.0%**	**701.0**	**100.0%**	15.2%	**241.7**	**266.7**	-9.4%	**29.9%**	**38.1%**	**-8.1**	**(57.6)**	**39.6**	NS

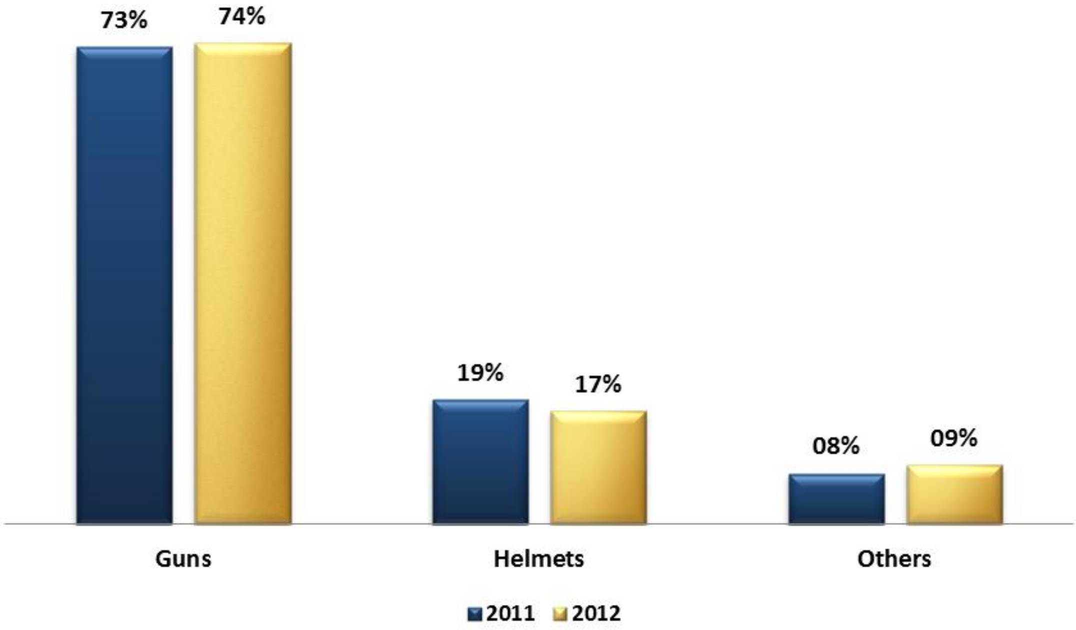
(i) *Weapons – operations conducted by Forjas Taurus S.A. and Taurus Holdings, Inc. (USA);*

(ii) *Helmets for motorcyclists – operations conducted by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;*

(iii) *Other – segments of forging (Polimetal Metalurgia e Plásticos Ltda.), M.I.M – Metal Injection Molding, boiler making (2011), bulletproof vests and molded plastic products (Taurus Blindagens Ltda.)*

I. Defense and Security Segment

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



The Company's main segment is that of Defense & Security, of which the products are weapons, accounting for 73.7% of consolidated net revenue. There was 14.3% increase in revenue of the segment, totaling R$ 516.5 million in 2012. Gross profit was down 3.2% due to the 28.8% increase in cost of products sold in 2012 compared to 2011, due to the following: (i) change in the products mix, with lower average price; and (ii) pressure on costs: raw materials and labor.

Consequently, gross margin decreased from 45.5% in 2011 to 38.5% in 2012.

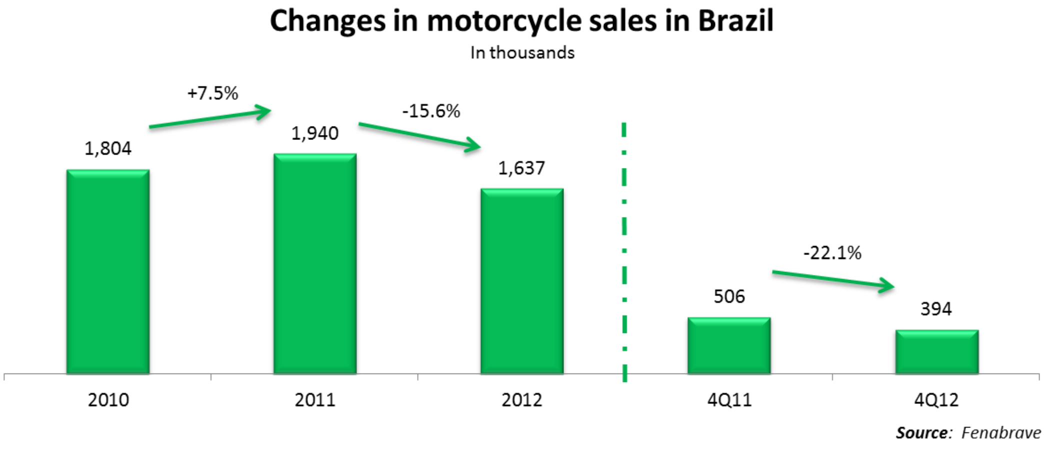
Pretax income was quite favorable, having increased 47% in 2012 to R$ 26.9 million.

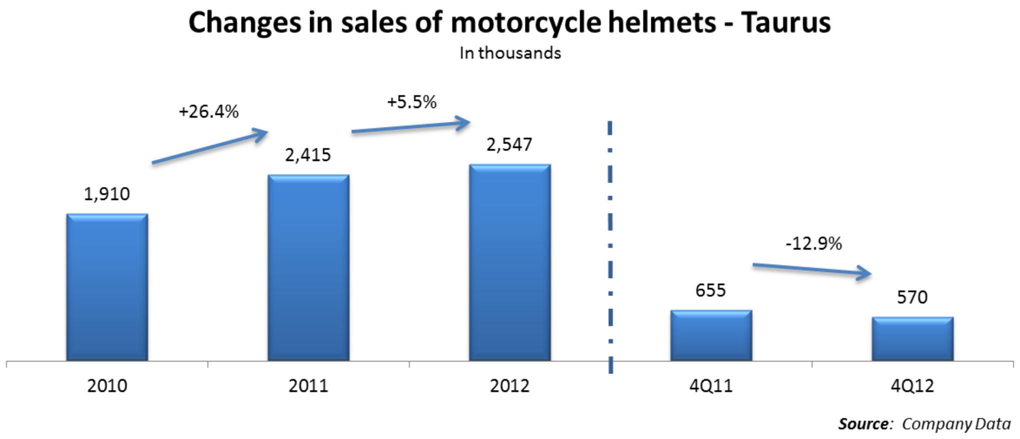
ii. Metallurgy and Plastics Segment

This segment accounts for 26.3% of net revenue, including the operations of Polimetal in the São Leopoldo unit (in the Rio Grande do Sul state) of forging and M.I.M.- Metal Injection Molding, as well as the activities of the helmet for motorcyclists plants (in the Paraná and Bahia states) and production of bulletproof vests and plastic containers (in the Paraná state).

Helmets for motorcyclists

There was 2.9% increase in net revenue from helmets, with represents 17.3% of total revenue, amounting to R$121.5 million. Gross profit amounted to R$ 47.5 million, with gross margin of 39.1% in 2012, representing a decrease of 5.2% in gross profit and margin, that was 42.5% in 2011. The margin decrease is due to the following: (i) decrease in the demand for helmets compared to 2011 due to the decrease in the offer of consumer credit; and (ii) pressure on costs: raw materials and labor.





The graphs above show that despite the 15.6% decrease in motorcycle sales in Brazil, Taurus succeeded in increasing helmet sales by 5.5% and revenue by 2.9% in 2012, gaining market share of competitors and reaching 58% market share in Brazil.

Pretax income amounted to R$31.1 million, with margin of 26.5% of net revenue in 2012.

Other products from the Metallurgy and Plastics segment

Revenue reached R$63 million in 2012, up 31.4% compared to 2011. The main products from this segment are: bulletproof vests, plastic containers in the shielding area and plastics as well as metallurgy products.

Gross profit amounted to R$ 20.3 million, with significant margin recovery, which reached 32.2% in 2012, compared to 18% in 2011, due to the significant increase in sales of vests and molded plastic products (containers for solid waste).

Consolidated gross profit and gross margin

Consolidated gross profit reached R$ 266.7 million in 2012, up 0.9% compared to 2011 (R$ 264.3 million), resulting in gross margin of 38.1%, 4.7 percentage points below gross margin of 42.8% of 2011. The 13.4% increase in net revenue was not enough to offset the 22.8% increase in cost of products sold in 2012, due to the following: (i) change in the Defense & Security products mix; (ii) lower average price due to promotional campaigns due to the decrease in the demand for motorcyclist helmets, despite the increase in sales in Brazil; (iii) low result of forging to third parties; and (iv) foreign exchange effect on cost of raw materials.

Earnings before interest and taxes - EBIT

EBIT in 2012 totaled R$ 84.2 million, down 16.6% compared to 2011. EBIT margin was of 12% in 2012, slightly lower than that for 2011 (R$ 101 million and margin of 16,3%). This operating result is due to small increase in operating expenses (selling, administrative and other expenses), although expenses have accounted for a smaller percentage in the computation of net revenue, namely 26.0% in 2012 compared to 26.4% in 2011.

Adjusted EBITDA

Consolidated cash generation in 2012, measured by adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) defined by CVM Rule No. CVM 527/12, totaled R$ 130.3 million with EBITDA margin of 18.6% (R$ 139.4 million and EBITDA margin of 22.6% for 2011). Adjusted EBITDA was down 6.5% mainly due the following: (i) 0.9% increase in gross profit, offset by; (ii) 11.8% increase in operating expenses due to the increase in provisions due to the disposal of TMFL operations.

The EBITDA concept defined in CVM Rule No. 527/12, a measure commonly used to represent the Company's capacity to generate cash from its operations; introduced discrimination of profit sharing with deduction in the calculation as from 2012; and the possibility of adjustments for non-recurrent results.

Among other purposes, EBITDA is used as indicator of Company commitments related to loans, financing and debentures.

CONSOLIDATED EBITDA
In thousands of BRL

PERIOD	2012	2013
= NET PROFIT	(117,210)	(80,310)
(+) IR/CSLL	21,833	22,744
(+) Net Financial Expenses	134,897	175,731
(-) Net Interest Income	(90,348)	(102,136)
(+) Depreciation/Amortization	31,241	35,306
= EBITDA CVM Reg. 527/12	(19,587)	51,335
(+) Income from Discontinued Operations [(1)]	131,903	-
(+) Loss of Taurus Máquinas-Ferramenta Ltda. [(2)]	17,940	27,356
(+) Non-recurring Expenses	-	21,331
= ADJUSTED EBITDA	130,256	100,022

(1) *Net result of discontinued operations, properly discounted the depreciation and amortization, taxes and net financial result effects, as a criterion for calculating EBITDA.*

(2) *Loss of Taurus Máquinas Ferramenta Ltda.refered to 1Q13, when operation ceased to be discontinued.*

Financial income (expenses)

Net financial expenses totaled R$ 44.5 million in 2012, down 6.5% compared to R$ 47.6 million in 2011. This decrease is mainly due to the change in exchange rate of Brazilian real to US dollar, generating exchange gain on the onerous liability of approximately R$ 37.3 million, and to reduction of average financial cost of loans and financing, with extension of debt payment term and raising of funds in the American market by subsidiary TIMI, at very competitive rates.

Net result for the year

Net income/ loss from continuing operations

In 2012, Forjas Taurus S.A. and subsidiaries posted consolidated positive result of continuing operations in R$ 17.8 million, down 75.6% compared to R$ 73.0 million in 2011. Net margin from continuing operations was of 2.5% of net revenue compared to 11.8% in 2011.

We point out that if we adjust the basis for comparison, which is net result of R$ 73 million in 2011, eliminating non-recurrent revenue of R$ 37.9 million in tax credits from income and social contribution tax losses of subsidiary Polimetal Metalurgia e Plásticos Ltda. (generated in the corporate reorganization of July/11), result from continuing operations would be of R$35.1 million, with net margin of approximately 5.6%.

This increase in net result from continuing operations eliminating non-recurrent revenues (expenses) for purposes of comparison was mainly due to the following factors, already mentioned above: (i) increase in gross profit; (ii) decrease in the percentage of operating expenses in the determination of net revenue; and (iii) decrease in net financial expenses due to extension of debt payment term at lower costs.

Total Consolidated Net Loss of the year

The effects of reducing the selling price and the provision for losses related to the renegotiation of the sale of TMFL's discontinued operations were presented in the income statement on the result line (negative) in discontinued operations of Taurus, a consolidated loss in value having been generated in the value of R$ 117.2 million in 2012, against a loss of R$ 37.3 million in 2011.

The factors that led to loss in 2012 were: (i) increase in production costs and in the cost of raw materials used in the production of weapons and motorcyclist helmets above the increase in net revenue; (ii) decrease in demand for helmets, resulting in lower average sales price and decrease in margins; and (iii) loss of R$ 135 million from discontinued operations.

Restatement of Consolidated Financial Statements ("DFS")

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

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

The accounting effect from the renegotiation entailed reduction of the sale value, resulting in loss of R$57.83 million.

The Company revisited all contracts and correspondence related to the sale of TMFL operations, reaching the same conclusion as that of its independent auditor, i.e. that the events that led to the reduction of the original sales value were already present at June 30, 2012, reason why the loss should have been recognized as of that date.

In view of this, the Company decided to voluntarily correct all the effects determined on a retroactive basis in the financial statements as established by CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors (equivalent to IAS 8), as follows:

	Consolidated					
	At December 31, 2012					
	Assets		Liabilities and equity			
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Net income for the year
Balance originally disclosed	**722,336**	**541,411**	**427,947**	**474,900**	**360,900**	**41,910**
Write-off of accounts receivable (a)	-	(57,830)	-	-	(57,830)	(57,830)
Supplementary provision for losses (b)	(3,590)	(57,154)	-	-	(60,744)	(60,744)
Provision for inventory losses (c)	(9,566)	-	-	-	(9,566)	(9,566)
Allowance for doubtful accounts (c)	(8,320)	-	-	-	(8,320)	(8,320)
Provision for impairment of PP&E (c)	-	(13,522)	-	-	(13,522)	(13,522)
Provision for tax and civil contingencies (c)	-	-	3,059	6,618	(9,677)	(9,677)
Deferred taxes	-	539	-	-	539	539
Transfer to current assets/liabilities (d)	1,415	(1,415)	207,507	(207,507)	-	-
Restated balance	**702,275**	**412,029**	**638,513**	**274,011**	**201,780**	**(117,210)**

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

(a) Write down of accounts receivable for sale of the machinery activity, as a result of the renegotiation that led to the reduction of sales price, as mentioned in Note 8 of Financial Statements.

(b) In addition to recording of write down of accounts receivable for the sale of the machinery activities, as mentioned in (a) above, management recorded a complementary provision for losses for the balance still receivable from Renill Participações, due to impairment of the credit conditions, difficulties in fully implementing the guarantees and lack of updated information on the debtor's financial conditions. in accordance with CPC24 that provides for subsequent events occurred between the period of the financial statements and the approval for their restatement. Such allowance was also recognized as of June 30, 2012.

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

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

The above provisions and losses were substantially determined by the subsidiary Taurus Máquinas-Ferramenta Ltda., which has no capacity to recover tax credits from income and social contribution tax taxes on that date. As such, deferred income and social contribution tax losses were not recorded for these provisions and losses.

The cash flow statements and statements of value added were adjusted to reflect the effects indicated.

4. Financial Position

Cash and short-term investments totaled R$ 180.8 million in 2012 (R$ 162.2 million in 2011). Out of this amount, R$ 151.8 million (R$ 87.5 million in 2011) is remunerated by variable rates from 98% to 103% of CDI, by first tier financial institutions in both periods.

Consolidated short and long-term loans and financing totaled R$ 707.2 million at Dec/31/12, down 5% compared to Sept/30/12, which are mainly destined to: (i) working capital; and (ii) investments in industrial modernization.

Net debt after cash and cash equivalents amounted to R$ 526.4 million, down 5% at Dec/31/12 compared to Sept/30/12, starting to reflect the effect from the corporate action plan to optimize working capital, including inventory reduction; improvement of maturity schedule of accounts payable and receivable and increase in tax recovery.

As an ongoing objective, we seek to extend payment term of our debts. However, due to the restatement of the financial statements, there was transfer of loans (R$ 131.4 million), debentures (R$ 56.5 million) and mortgage credits (R$ 19.6 million) to current liabilities, even when maturing within long term, totaling R$ 207.5 million, owing to existence of contracts with covenants not to be complied with.

The balance of debentures at 12/31/12, including 1st and 2nd issue, amounted to R$ 94.7 million in current liabilities compared to R$ 112 million at 09/30/12. With the reclassification to the short-term portion, the maturity schedule presented below encumbered 2013. Final maturity of 1st issue debentures is April/14 and 2nd issue debentures mature in 2016.

The spontaneous restatement of the Financial Statements changed the result of calculation of the financial ratios (Net Debt/EBITDA and EBITDA/Net Financial Expenses), consequently breaking the covenants, reason why the loans and financing balances related to these contracts had to be automatically transferred to the short term.

The balances of debentures, financing and advance on mortgage credits that had contractual covenants were classified in current liabilities (transferred from long-term to short-term portion), owing to the noncompliance with the ratios if we do not eliminate the non-recurring effects (renegotiation of TMFL) in the result, reason why the Company convened two General Debenture Holders' Meetings, one for the 1st and the other for the 2nd issue, at least 15 days in advance, being held on 11/12/13.

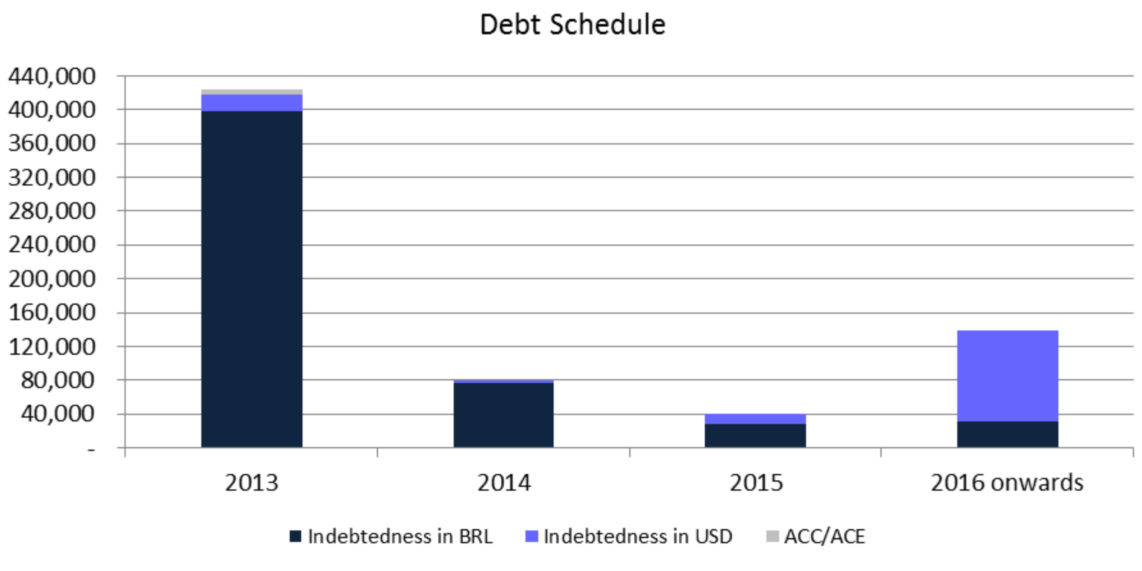
Furthermore, we consider the prepayment of receivables as debt, even without recourse, in response to the request of the debenture holders at the General Meeting of Debenture Holders held in November 12, 2013 to voting on the no early settlement of the 1st and 2nd issues.

All the main creditors were visited or contacted in order to explain the transitory noncompliance with the covenants. Debenture holders did not show interest in early settlement of the two issues, as initially proposed by the Company.

On April 3, 2012, the Company completed the taking out of an international credit line facility, as approved by the Board of Directors in the board meeting held and disclosed on March 29, 2012, in the amount of USD 75,000,000.00 (seventy-five million US dollars), with payment term of 5 (five) years at competitive costs, as part of the strategy of strengthening the Company's internationalization process and to facilitate access to the global capital market, being the source of funds for acquisitions abroad.

With this new framework after restatements, the maturity schedule was temporarily concentrated in the short term:

Maturity of consolidated debt – In thousands of reais



We set out below the Company's financial position, including advance on mortgage credits – CRI and the sureties and guarantees, as well as the financial position of Taurus Máquinas-Ferramenta Ltda., which was restated and consolidated, as well as the main related financial ratios:

In millions BRL

	12/31/2013	09/30/2013	12/31/2012	Var. Dec/13 x Sep/13	Var. Dec/13 x Dec/12
Short term indebtedness	388.5	367.3	322.6	6%	20%
Long term indebtedness	273.2	302.8	255.5	-10%	7%
Exchange Serves	0.0	0.0	5.1	-	-
Debentures	57.6	77.1	94.7	-25%	-39%
Antecipation Mortages	19.6	22.1	28.7	-11%	-32%
Advance on Receivables	116.0	124.6	26.4	-7%	340%
Derivatives	-35.6	-32.5	-25.8	10%	38%
Gross Indetbetedness	819.2	861.4	707.2	-5%	16%
(-) Cash available and financial investments	281.1	327.8	180.8	-14%	56%
Net Indebtedness	538.1	533.6	526.4	1%	2%
Adjusted EBITDA	100.0	124.2	130.3	-19%	-23%
Net Indebtedness/Adjusted EBITDA	5.38x	4.30x	4.04x		
Adjusted EBITDA/Financial Expenses Net	1.36x	1.85x	2.92x		

Consequently, the general indices of indebtedness of the Company in 2012, have changed compared to 2011, as well as the return on capital, which stood at 8.8% (net income from continuing operations on net assets) against 22.4% recorded in 2011.

5. Equity

The Company's consolidated equity in 2012 totaled R$ 201.8 million representing book value per share of R$ 1.43 (R$ 2.30 in 2011) of capital, comprising 141,412,617 issued shares.

6. Value added

The Company generated consolidated value added (wealth generated by the Company and its subsidiaries) of R$ 366.2 million in 2012, down 20.1% compared to 2011 (R$ 458.2 million), distributed as follows:

Em milhões de R$

	2012	2011	Variação
Employees	165.8	176.8	-6.2%
Government	161.6	108.4	49.0%
Financing Agents	156.0	135.7	15.0%
Shareholders	16.7	16.8	-0.5%
Reinvestments	-133.9	20.5	-751.6%
Total	**366.2**	**458.2**	**-20.1%**

7. Consolidated Investments

Consolidated investments made in 2012 totaled R$ 90.2 million (R$ 47.4 million in 2011), 69% of which allocated to Brazil and 31% to the American subsidiary (TIMI). Distribution of these funds was made on the basis of 56.3% to machinery, equipment, premises, expansion and production processes used by the Company and its subsidiaries; 31.5% to acquisitions; and 11.5% to research and development and 0.7% to information technology. Depreciation and amortization totaled R$31.2 million in 2012 (R$27.6 million in 2011).

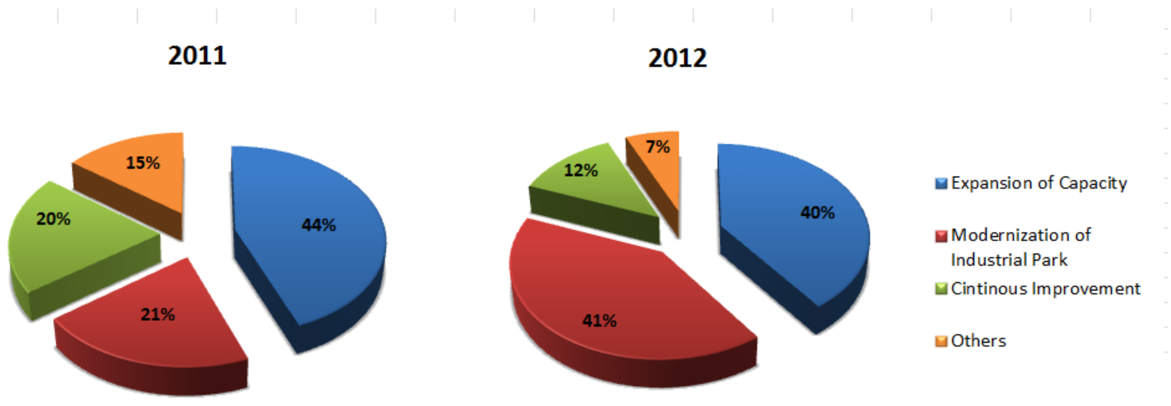
The capital budget that had been approved for 2012 amounted to R$78.6 million. The positive difference of R$ 11.5 million between budget and actual amounts for 2012 is due to the carry-over from 2011 of amounts paid in 2012 and the excellent opportunity for buying a property adjacent to our plant in Hialeah, Greater Miami (Florida), which will allow future expansions and the acquisition of machinery and equipment for transfer of Heritage to the same site of Taurus and transfer of Steelinject from Caxias do Sul (RS) to the plant of Polimetal in São Leopoldo (RS).

See below consolidated capital budget in 2012 by company:

Description	Sources of Funds	Investments		
		BRL thousands	**USD thousands**	**Partic. %**
Forjas Taurus - Unit of Porto Alegre (RS)				
Research and development of products and processes	Debt	6.263	3.065	6,94%
Modernization and expansion of production capacity	Debt	4.125	2.019	4,57%
Licensing, improvements and deployment of new ERP modules	Debt	487	238	0,54%
	Subtotal	10.875	5.322	12,05%
Forjas Taurus - Unit of São Leopoldo (RS) - Long Guns - Branch 5				
Research and development of products and processes	Debt	2.996	1.466	3,32%
Improving productivity of manufacturing processes	Debt	389	190	0,43%
		3.385	1.656	3,75%
	Total	14.260	6.978	15,81%
Taurus Blindagens Ltda. - Unit of Mandirituba (PR) and Simões Filho (BA)				
Research and development of new products	Debt	358	175	0,40%
Research and development of production processes	Debt	383	187	0,42%
Modernization and / or automation	80% Finame	2.360	1.155	2,62%
Industrial equipment retrofiting	Debt	166	81	0,18%
Software and equipments improvement	Debt	135	66	0,15%
Expansion of Bahia's unit/Des. New Cross (cap. budget of 2011)		3.399	1.663	3,77%
	Total	6.801	3.328	7,54%
Polimetal Metalurgia e Plásticos Ltda. - São Leopoldo (RS)				
Steelinject Injeção de Aços Ltda. acquisition	Debt	10.964	5.365	12,15%
Acquisition of machinery and equipment		15.185	7.431	16,83%
Modernization and expansion of production capacity	Debt	15.119	7.399	16,76%
Licensing, improvements and deployment of new ERP modules	Debt	66	32	0,07%
	Total	41.334	20.227	45,82%
Steelinject Injeção de Aços Ltda. - Caxias do Sul (RS)				
Modernization and expansion of production capacity	Debt	198	97	0,22%
Total Investments (CAPEX) of the Consolidated Forjas Taurus S.A. in Brazil		62.593	30.630	69,38%
Taurus Holdings, Inc. and Subsidiaries - Miami - Florida (EUA)				
Inorganic Invesvestments (acquisitions)	Debt	17.417	8.523	19,31%
Organic Investments		10.202	4.992	11,31%
		27.619	13.516	30,62%
Total Global Investments (CAPEX) of the Forjas Taurus S.A. (Consolidated)		90.212	44.146	100,00%
Dólar		R$/USD	2,04	

Realizado 2012

In analyzing investments in property, plant and equipment in 2012 (without considering the funds paid in acquisitions), the distribution may be seen in the graph below:



8. Allocation of Net Income for the Year

Due to the restatement of the financial statements for 2012, management will propose approval in the next Ordinary Shareholders' Meeting to be held on April 30, 2014 about paid dividends related to 2012, in the net amount of R$16.1 million.

Distributed dividends to be ratified in the next Ordinary Shareholders' Meeting:

Date of Board Meeting	Dividends/Interests on net equity	Dividend per share	Date of Payment
Aug 16, 2012	BRL 9.028 millions	BRL 0.07	Nov 21, 2012
Nov 19, 2012	BRL 4.16 millions	BRL 0.03	May 26, 2013
Mar 25, 2013	BRL 3.49 millions	BRL 0.03	May 26, 2013
The year of 2012	BRL 16.7 millions	BRL 0.12	Approved on Annual Shareholders Meeting of Apr 26, 2013

Thus, total gross remuneration of shareholders related to 2012 amounted to R$ 16.7 million, which net of taxes totals R$ 16.1 million between dividends and interest on shareholders equity.

9. Capital Market and Corporate Governance

Forjas Taurus S.A. is a Brazilian company that has been listed on BM&FBOVESPA for more than 30 years and that in the last two years has gone through a process for improving its corporate governance, as part of the corporate reorganization occurred in July 2011, conducted by the former controller Luís Fernando Costa Estima (current reference shareholder) with the support from the main shareholders.

In December 2012, the organizational restructuring was concluded, with extinction of two vice CEO positions and the creation of the Vice CEO and International Relations and Strategic

Projects Officer position, in addition to the substitution of certain key executive officer and senior management positions.

We highlight below the Investor Relations program and the commitments and targets assumed together with Company management in 2012, both in qualitative and quantitative terms:

- Visit to the main investors, brokers and investment banks (sellers / sell side analysts and managers / buy side analysts) in the Brazilian and foreign market;
- Several visits to the plant by investors/fund managers/analysts;
- Conduction of 3 collective meetings in the year;
- Expansion and diversification of the shareholders base, significantly changing the profile of institutional shareholders and new shareholders;
- Significant appreciation of Taurus shares;
- The Company's market value doubled owing to pricing reflecting the Company's fundamentals and higher knowledge thereof by the market;
- Taurus ranked among the 6 finalists for the IBGC Award for "**LISTED COMPANY WITH HIGHER CORPORATE GOVERNANCE EVOLUTION**" among 372 listed companies in Brazil analyzed by the technical commission;
- Taurus ranked 1st in terms of Corporate Governance in Época Negócios Magazine in the Mechanics and Metallurgy segment; and 3rd in terms of Future Vision and 5th in terms of Social and Environmental Responsibility.

At Dec/31/12 the Company had 141,412,617 issued shares, being ex-treasury, totaling 128,976,510 outstanding shares, highlighting that dividends per share are calculated deducting treasury shares since they are not entitled to dividends.

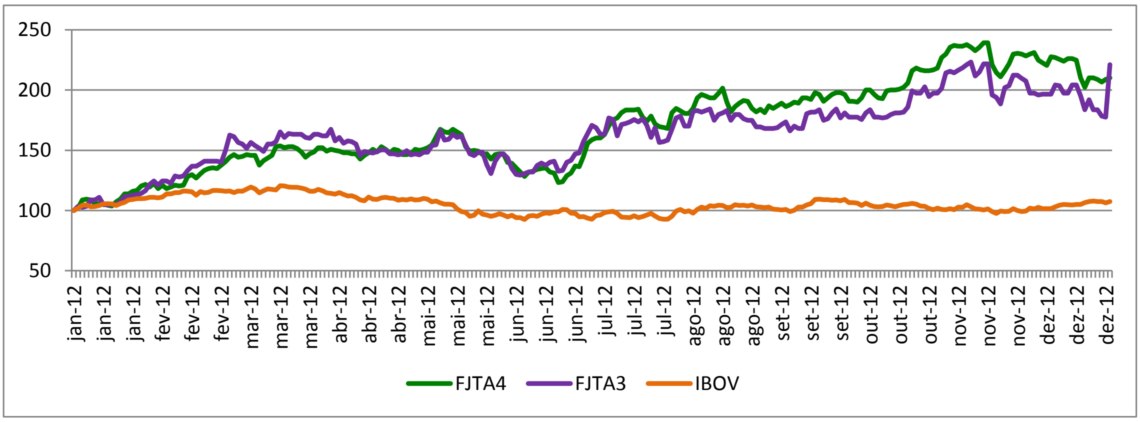
Performance of Shares in 2012

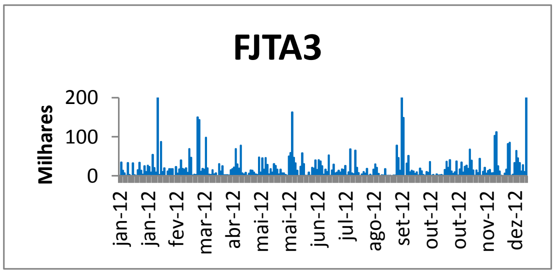
	Dec/12	Dec/11	Var.	Média Dez/12	Média Out/11	Var.
Share FJTA3 - 47,137,539 shares						
Stock Price - BRL share	3.25	1.49	118%	2.87	1.58	81%
Trades - Amount*	15,022	30,943	-51%	15,022	35,510	-86%
Trades - Volum BRL*	44,107	45,711	-4%	44,107	61,011	-76%
Share FJTA4 - 94,275,078 shares						
Stock Price - BRL share	2.90	1.42	104%	3.00	1.55	91%
Trades - Amount*	268,711	175,186	53%	268,711	430,065	-54%
Trades - Volum BRL*	785,487	254,924	208%	785,487	728,256	-20%
Market Value FTSA - BRL thousands						
141,412,617 shares	426,595	204,106	109%	417,979	220,085	87%
Ibovespa						
	60,952	56,754	7%	60,952	54,630	7%

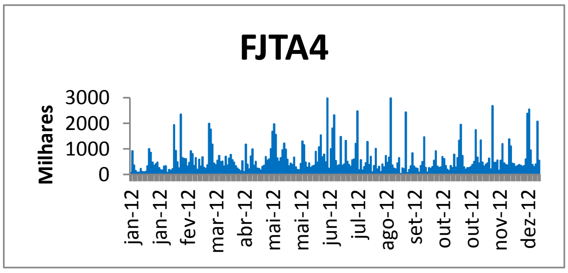
* Daily avarage of volume traded during the analised periods

Source: BM&FBovespa

At Dec/31/12, capital comprised 47,137,539 common shares, representing 33.3% of total capital and 94,275,078 preferred shares representing the remaining 66.7%. There are 2,827,206 common shares in treasury and 9,608,901 preferred shares, which may be cancelled, disposed of or used in a Stock Options Plan at any time by operation of Board of Director's resolution.







10. Relationship with Independent Auditors

In order to meet the requirements of CVM Rule 381/03, the Company informs hereby that the audit firm KPMG Auditores Independentes only rendered independent audit services in 2011, and has not rendered any other services to the Company and/or its subsidiaries.

Abiding by CVM Rule No. 509/11, the Company performed the mandatory independent auditor rotation and, as from January 1, 2012, Ernst & Young Terco Auditores Independentes started to audit Forjas Taurus, which only rendered independent audit services in 2012, and has not rendered any other services to the Company and/or its subsidiaries, except for the necessary and additional procedures related to the restatement of the financial statements for 2012 for purposes of the voluntary restatement.

11. Executive Board Representation

The Executive Board, abiding by article 25, paragraph 1, items V and VI of CVM Rule No. 480/2009, represents hereby to have revised, discussed and approved the restatement of the financial statements of Forjas Taurus S.A., with the opinions expressed in the Independent

Auditor's Report on the referred to financial statements for the years ended December 31, 2012 and 2011, which were re-filed with the Brazilian Securities and Exchange Commission ("CVM") and disclosed to the market on the date hereof.

12. Prospects

Due to the restatement of the balance sheet for 2012 and 2013 and subsequent events for 2012, the estimates were reviewed.

Based on the targets for 2012, their results and continuity, the Company's strategy for 2013 had the following three main directives:

(1) Focus on quality of products and services and reduction of costs from non-compliances in production and stabilization of production levels in the transition and implementation of the Lean Manufacturing concept;

(2) Emphasis on optimization of working capital; and

(3) Continuity of industrial consolidation.

Estimates (Guidance*)*

Estimates (Guidance)

Company had provided growth projections for 2012 based on perspectives to the two main business segments of Defense & Security and Metallurgy & Plastics as by the original presentation of 2012.

According on the 2Q12, 3Q12 and 4Q12 restatements, we are comparing the original projected and original performed and the restated and performed to market knowledge:

In BRL Millions	Guidance 2012	Realized 2012 (Original)	Realized 2012 (Reviewed)	Variation Guidance/Realized
Net Revenue	> R$ 700.0	R$ 701.0	R$ 701.0	Nulo
Adjusted EBITDA	> R$ 150.0	R$ 152.2	R$ 130.3	-13%
CAPEX	R$ 78.6	R$ 90.2	R$ 90.2	14%

The difference of R$ 11.5 million higher between budgeted and actual 2012 was explained by the carry-over of 2011 paid in 2012 and the excellent opportunity to acquire a contiguous property to our factory in Hialeah, Greater Miami (Florida), which allowed the purchase of machinery and equipment for the migration of Heritage to the same site of Taurus and the migration of Steelinject of Caxias do Sul (RS) for Polimetal factory located in São Leopoldo (RS).

Porto Alegre, March 28, 2014.

BOARD OF DIRECTORS

Luis Fernando Costa Estima

Chairman

Danilo Angst

Vice-Chairman

Carlos Augusto Leite Junqueira de Siqueira

Fernando José Soares Estima

Manuel Jeremias Leite Caldas

Marcos Tadeu de Siqueira

Ruy Lopes Filho

Board Members

EXECUTIVE BOARD

André Ricardo Balbi Cerviño

CEO

Eduardo Ermida Moretti

Sales and Marketing Vice CEO

Eduardo Feldmann Costa

Administrative and Financial Vice CEO

Doris Beatriz França Wilhelm

Investor Relations Officer