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Company information / Composition of capital

Number of shares (Units)	Current quarter 09/30/2013
Paid-in capital	
Common	47,137,539
Preferred	94,275,078
Total	141,412,617
Treasury stock	
Common	2,827,206
Preferred	9,608,901
Total	12,436,107

Company information / Cash dividends

Event	Approval	Earning	First payment	Type of share	Class of share	Earnings per share (Reais / share)
Board of Directors’ Meeting	10/17/2011	Interest on equity	04/02/2012	Common		0.10000
Board of Directors’ Meeting	10/17/2011	Interest on equity	04/02/2012	Preferred	Preferred Class A	0.10000

Individual financial statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
1	Total assets	871,219	830,323
1.01	Current assets	340,634	347,943
1.01.01	Cash and cash equivalents	65,684	101,560
1.01.01.01	Cash and banks	2,972	4,680
1.01.01.02	Short-term investments	62,712	96,880
1.01.03	Accounts receivable	93,679	57,803
1.01.03.01	Customers	93,679	57,803
1.01.04	Inventories	94,369	103,951
1.01.06	Taxes recoverable	29,155	29,567
1.01.06.01	Current taxes recoverable	29,155	29,567
1.01.07	Prepaid expenses	649	2,368
1.01.08	Other current assets	57,098	52,694
1.01.08.03	Other	57,098	52,694
1.01.08.03.01	Financial instruments	38,207	32,925
1.01.08.03.03	Other receivables	18,891	19,769
1.02	Noncurrent assets	530,585	482,380
1.02.01	Long-term receivables	143,012	118,655
1.02.01.08	Receivables from related parties	139,505	114,580
1.02.01.08.04	Receivables from other related parties	139,505	114,580
1.02.01.09	Other noncurrent assets	3,507	4,075
1.02.01.09.03	Taxes recoverable	1,006	1,645
1.02.01.09.04	Other	2,501	2,430
1.02.02	Investments	322,867	296,559
1.02.02.01	Equity interests	322,867	296,559
1.02.02.01.02	Investments in subsidiaries	322,877	296,369
1.02.02.01.04	Other investments	190	190
1.02.03	Property, plant and equipment	60,237	62,334
1.02.03.01	Property, plant and equipment in use	53,159	54,980
1.02.03.03	Construction in progress	7,078	7,354
1.02.04	Intangible assets	4,469	4,832
1.02.04.01	Intangible assets	4,469	4,832

Individual financial statements / Balance sheet – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
2	Total liabilities	871,219	830,323
2.01	Current liabilities	501,027	501,569
2.01.01	Social and labor liabilities	20,586	16,506
2.01.01.01	Social security obligations	3,123	3,200
2.01.01.02	Labor obligations	17,463	13,306
2.01.02	Trade accounts payable	55,024	40,742
2.01.02.01	Domestic suppliers	52,543	38,787
2.01.02.02	Foreign suppliers	2,481	1,955
2.01.03	Tax liabilities	4,482	7,065
2.01.03.01	Federal tax obligations	2,953	2,202
2.01.03.01.01	Income and social contribution tax payable	2,953	2,202
2.01.03.02	State tax obligations	1,523	4,856
2.01.03.03	Municipal tax obligations	6	7
2.01.04	Loans and financing	397,751	388,811
2.01.04.01	Loans and financing	320,634	294,113
2.01.04.01.01	In local currency	146,873	114,281
2.01.04.01.02	In foreign currency	173,761	179,832
2.01.04.02	Debentures	77,117	94,698
2.01.05	Other payables	19,715	44,976
2.01.05.02	Other	19,715	44,976
2.01.05.02.01	Dividends and interest on equity payable	7	7,040
2.01.05.02.05	Foreign exchange payable	0	5,128
2.01.05.02.06	Derivative financial instruments	5,175	6,576
2.01.05.02.07	Other payables	14,533	26,232
2.01.06	Provisions	3,469	3,469
2.01.06.01	Tax, social security, labor and civil provisions	3,469	3,469
2.01.06.01.02	Social security and labor provisions	3,469	3,469
2.02	Non current liabilities	163,297	126,974
2.02.01	Loans and financing	119,306	88,970
2.02.01.01	Loans and financing	119,306	88,970
2.02.01.01.01	In local currency	66,622	58,153
2.02.01.01.02	In foreign currency	52,684	30,817
2.02.02	Other payables	38,830	35,268
2.02.02.02	Other	38,830	35,268
2.02.02.02.03	Taxes payable	1,499	0
2.02.02.02.04	Capital deficiency	32,028	29,456
2.02.02.02.05	Other payables	5,303	5,812
2.02.03	Deferred taxes	4,773	2,348
2.02.03.01	Deferred income and social contribution taxes	4,773	2,348
2.02.04	Provisions	388	388
2.02.04.01	Tax, social security, labor and civil provisions	388	388
2.02.04.01.01	Tax provisions	388	388
2.03	Equity	206,895	201,780
2.03.01	Realized capital	257,797	257,797
2.03.02	Capital reserves	-73,891	-73,891

Individual financial statements / Balance sheet – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
2.03.02.05	Treasury stock	-32,895	-32,895
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.04	Income reserves	0	321
2.03.04.08	Proposed additional dividends	0	321
2.03.04.05	Accumulated profit/losses	-29,563	- 20,604
2.03.06	Equity valuation adjustments	37,621	37,773
2.03.07	Cumulative translation adjustments	14,931	384

Individual financial statements / Income statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2013 to 09/30/2013	YTD 01/01/2013 to 09/30/2013	Same prior-year period 07/01/2012 to 09/30/2012	Prior-year accrued 01/01/2012 to 09/30/2012
3.01	Revenue from sale of products and/or services	109,993	286,525	107,056	292,330
3.02	Cost of goods sold and/or services rendered	-83,894	-228,823	-79,729	-221,738
3.03	Gross profit	26,099	57,702	27,327	70,592
3.04	Operating income (expenses)	-11,354	-20,671	-3,606	3,784
3.04.01	Selling expenses	-7,155	-21,265	-7,460	-23,090
3.04.02	General and administrative expenses	-7,606	-24,027	-9,749	-25,335
3.04.04	Other operating income	224	1,988	130	736
3.04.05	Other operating expenses	-218	-2,376	-1,587	-4,111
3.04.06	Equity pickup	3,401	25,009	15,060	55,584
3.05	Income before financial income (expenses) and taxes	14,745	37,031	23,721	74,376
3.06	Financial income (expenses)	-18,142	-45,181	-9,909	-28,774
3.06.01	Financial income	32,922	69,589	4,909	66,764
3.06.02	Financial expenses	-51,064	-114,770	-14,818	-95,538
3.07	Income before income taxes	-3,397	-8,150	13,812	45,602
3.08	Income and social contribution taxes	4,521	-1,927	-2,454	-4,829
3.08.02	Deferred	4,521	-1,927	-2,454	-4,829
3.09	Net income (loss) from continuing operations	1,124	-10,077	11,358	40,773
3.10	Loss from discontinued operations	0	0	-2,775	-134,991
3.10.01	Net income/ loss from discontinued operations	0	0	-2,775	-134,991
3.11	Net income (loss) for the period	1,124	-10,077	8,583	-94,218
3.99	Earnings per share – (reais/share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.00795	-0.07126	0.06069	-0.66626
3.99.01.02	PN	0.00795	-0.07126	0.06069	-0.66626
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.00795	-0.07126	0.06069	-0.66626
3.99.02.02	PN	0.00795	-0.07126	0.06069	-0.66626

Individual financial statements / Statement of comprehensive income

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2013 to 09/30/2013	YTD 01/01/2013 to 09/30/2013	Same prior-year period 07/01/2012 to 09/30/2012	Prior-year accrued - 01/01/2012 to 09/30/2012
4.01	Net income for the period	1,124	-10,077	8,583	-94,218
4.02	Other comprehensive income	958	15,513	1,237	8,032
4.02.01	Translation adjustments for the period	958	14,547	624	10,677
4.02.03	Adjustments of financial instruments	0	966	613	-2,645
4.03	Comprehensive income (loss) for the period	2,082	5,436	9,820	-86,186

Individual financial statements / Cash flow statement – Indirect method

(In thousands of reais)

Account code	Account description	YTD 01/01/2013 to 09/30/2013	Prior-year accrued 01/01/2012 to 09/30/2012
6.01	Net cash from operating activities	6,350	17,717
6.01.01	Cash from operations	10,133	1,898
6.01.01.01	Net income for the year before income and social contribution taxes	-8,150	-89,389
6.01.01.02	Depreciation and amortization	8,923	8,842
6.01.01.03	Cost of permanent assets written off	637	6,347
6.01.01.05	Equity pickup	-25,009	-55,584
6.01.01.06	Equity pickup from discontinued operations	0	134,991
6.01.01.07	Provision for derivative financial instruments	-10,154	0
6.01.01.09	Change in investment in subsidiaries	64	269
6.01.01.10	Allowance for doubtful accounts	16	43
6.01.01.11	Provision for interest on loans and financing	42,302	20,508
6.01.01.12	Swap over financial operations	0	-24,129
6.01.01.13	Provision for contingencies	1,504	0
6.01.02	Changes in assets and liabilities	-20,783	15,817
6.01.02.01	Decrease (increase) in customers	-35,892	43,110
6.01.02.02	(Increase) in inventories	9,582	-12,707
6.01.02.03	Decrease (increase) in other accounts receivable	3,008	-26,882
6.01.02.04	Increase in suppliers	13,772	20,537
6.01.02.05	(Decrease) in accounts payable and provisions	-11,253	-8,241
6.01.03	Other	17,000	2
6.01.03.01	Profits and dividends received from subsidiaries	17,000	2
6.02	Net cash used in investing activities	-32,722	-59,667
6.02.01	Receivables from related companies	-24,925	-40,715
6.02.02	Other long-term receivables	568	-6,927
6.02.03	In investments	-1,265	-1,414
6.02.04	In property, plant and equipment	-6,612	-9,961
6.02.05	In intangible assets	-488	-650
6.03	Net cash from financing activities	-9,504	57,540
6.03.01	Payment of interest on equity and dividends	-7,351	-12.104
6.03.02	Loans raised	166,179	210,827
6.03.03	Loans repayment	-142,228	-122,784
6.03.04	Payment of interest on loans	-26,104	-18,399
6.05	Increase (decrease) in cash and cash equivalents	-35,876	15,590
6.05.01	Opening balance of cash and cash equivalents	101,560	71,320
6.05.02	Closing balance of cash and cash equivalents	65,684	86,910

Individual financial statements / Statements of changes in equity (SCE) - 01/01/2013 to 09/30/2013

(In thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, options granted and treasury stock	Income reserve	Retained earnings/ accumulated losses	Other comprehensive income/losses	Equity
5.01	Opening balances	257,797	-73.,891	321	-20,604	38,157	201,780
5.03	Adjusted opening balances	257,797	-73,891	321	-20,604	38,157	201,780
5.04	Capital transactions with shareholders	0	0	-321	0	0	-321
5.04.06	Dividends	0	0	-321	0	0	-321
5.05	Total comprehensive income (losses)	0	0	0	-8,959	14,395	5,436
5.05.01	Net income (loss) for the period	0	0	0	-10,077	0	-10,077
5.05.02	Other comprehensive income	0	0	0	1,118	14,395	15,513
5.05.02.01	Adjustments to financial instruments	0	0	0	0	966	966
5.05.02.04	Translation adjustments for the period	0	0	0	0	14,547	14,547
5.05.02.06	Realization of equity valuation adjustments	0	0	0	1,118	-1,118	0
5.07	Closing balances	257,797	-73,891	0	-29,563	52,552	206,895

Individual financial statements / Statement of changes in equity / SCE - 01/01/2012 to 09/30/2012

(In thousands of reais)

Account code	Account description	Paid-up capital	Capital reserves, options granted and treasury stock	Income reserve	Retained earnings / accumulated losses	Other comprehensive income/losses	Equity
5.01	Opening balances	257,797	-73,891	107,765	0	33,664	325,335
5.03	Adjusted opening balances	257,797	-73,891	107,765	0	33,664	325,335
5.04	Capital transactions with shareholders	0	0	-469	-9,028	0	-9,497
5.04.06	Dividends	0	0	0	-9,028	0	-9,028
5.04.08	Non-controlling shareholders	0	0	-469	0	0	-469
5.05	Total comprehensive income	0	0	0	-88,988	2,802	-86,186
5.05.01	Net income for the period	0	0	0	-94,218	0	-94,218
5.05.02	Other comprehensive income	0	0	0	5,230	2,802	8,032
5.05.02.01	Adjustments to financial instruments	0	0	0	0	-2,645	-2,645
5.05.02.04	Translation adjustments for the period	0	0	0	0	10,677	10,677
5.05.02.06	Realization of equity valuation adjustments	0	0	0	5,230	-5,230	0
5.06	Internal changes in equity	0	0	-98,016	98,016	0	0
5.06.01	Setting up of reserves	0	0	-98,016	98,016	0	0
5.07	Closing balances	257,797	-73,891	9,280	0	36,466	229,652

Individual financial statements / Statement of value added

(In thousands of reais)

Account code	Account description	YTD 01/01/2013 to 09/30/2013	Prior-year accrued - 01/01/2012 to 09/30/2012
7.01	Revenues	329,612	340,264
7.01.01	Sales of goods, products and services	327,640	339,571
7.01.02	Other revenues	1,988	736
7.01.04	Set up/reversal of allowance for doubtful accounts	-16	-43
7.02	Inputs acquired from third parties	-187,698	-197,488
7.02.01	Cost of products, goods and services sold	-105,373	-115,472
7.02.02	Materials, energy, third-party services and others	-82,325	-82,016
7.03	Gross value added	141,914	142,776
7.04	Retentions	-8,923	-8,842
7.04.01	Depreciation, amortization and depletion	-8,923	-8,842
7.05	Net value added produced by the entity	132,991	133,934
7.06	Value added received in transfer	94,598	-12,643
7.06.01	Equity pickup	25,009	55,584
7.06.02	Financial income	69,589	66,764
7.06.03	Other	0	-134,991
7.07	Total value added to be distributed	227,589	121,291
7.08	Distribution of value added	227,589	121,291
7.08.01	Personnel	72,824	75,732
7.08.01.01	Direct compensation	59,417	62,571
7.08.01.02	Benefits	8,897	6,953
7.08.01.03	Unemployment compensation fund (FGTS)	4,510	6,208
7.08.02	Taxes, charges and contributions	39,790	8,276
7.08.02.01	Federal	33,016	7,541
7.08.02.02	State	6,634	606
7.08.02.03	Municipal	140	129
7.08.03	Remuneration of third-party capital	125,052	131,501
7.08.03.01	Interest	114,770	95,522
7.08.03.02	Rents	4,602	4,440
7.08.03.03	Other	5,680	31,539
7.08.04	Equity remuneration	-10,077	-94,218
7.08.04.01	Interest on equity	0	9,028
7.08.04.03	Retained earnings (accumulated losses) for the period	-10,077	-103,246

Consolidated financial statements / Balance sheet - Assets

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
1	Total assets	1,261,691	1,114,304
1.01	Current assets	853,660	702,275
51.01.01	Cash and cash equivalents	327,806	180,781
1.01.01.01	Cash and banks	49,289	28,944
1.01.01.02	Short-term investments	278,517	151,837
1.01.03	Accounts receivable	206,189	148,847
1.01.03.01	Customers	206,189	148,847
1.01.04	Inventories	200,003	261,527
1.01.06	Taxes recoverable	39,360	39,428
1.01.06.01	Current taxes recoverable	39,360	39,428
1.01.07	Prepaid expenses	4,159	9,086
1.01.08	Other current assets	76,143	62,606
1.01.08.03	Other	76,143	62,606
1.01.08.03.01	Derivative financial instruments	38,388	33,513
1.01.08.03.02	Other accounts receivable	37,755	29,093
1.02	Noncurrent assets	408,031	412,029
1.02.01	Long-term receivables	48,664	56,470
1.02.01.06	Deferred taxes	40,396	44,049
1.02.01.06.01	Deferred income and social contribution taxes	40,396	44,049
1.02.01.09	Other noncurrent assets	8,268	12,421
1.02.01.09.03	Taxes recoverable	3,186	4,925
1.02.01.09.04	Other	5,082	7,496
1.02.02	Investments	15,973	15,893
1.02.02.01	Investments	15,973	15,893
1.02.02.01.01	Investments in affiliates	15,623	15,543
1.02.02.01.04	Other investments	350	350
1.02.03	Property, plant and equipment	277,177	278,485
1.02.03.01	Property, plant and equipment in use	263,127	253,932
1.02.03.03	Construction in progress	14,050	24,553
1.02.04	Intangible assets	66,217	61,181
1.02.04.01	Intangible assets	66,217	61,181

Consolidated financial statements / Balance sheet – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
2	Total liabilities	1,261,691	1,114,304
2.01	Current liabilities	725,278	638,513
2.01.01	Social and labor liabilities	35,215	27,263
2.01.01.01	Social security obligations	7,125	6,513
2.01.01.02	Labor obligations	28,090	20,750
2.01.02	Trade accounts payable	22,495	34,958
2.01.02.01	Domestic suppliers	13,268	22,349
2.01.02.02	Foreign suppliers	9,227	12,609
2.01.03	Tax liabilities	21,175	24,631
2.01.03.01	Federal tax obligations	16,001	15,482
2.01.03.01.01	Income and social contribution tax payable	12,586	12,088
2.01.03.01.02	Other taxes	3,415	3,394
2.01.03.02	State tax obligations	5,158	9,119
2.01.03.03	Municipal tax obligations	16	30
2.01.04	Loans and financing	444,441	417,253
2.01.04.01	Loans and financing	367,324	322,555
2.01.04.01.01	In local currency	185,976	138,787
2.01.04.01.02	In foreign currency	181,348	183,768
2.01.04.02	Debentures	77,117	94,698
2.01.05	Other payables	192,805	129,052
2.01.05.02	Other	192,805	129,05
22.01.05.02.01	Dividends and interest on equity payable	7	7,040
2.01.05.02.04	Derivative financial instruments	5,877	7,750
2.01.05.02.05	Foreign exchange payable	0	5,128
2.01.05.02.06	Advance on real estate credits	22,083	28,711
2.01.05.02.07	Other accounts payable	0	10,100
2.01.05.02.08	Advance on receivables	124,640	26,375
2.01.05.02.09	Other payables	40,198	43,948
2.01.06	Provisions	9,147	5,356
2.01.06.01	Tax, social security, labor and civil provisions	6,887	4,507
2.01.06.01.02	Social security and labor provisions	6,887	4,507
2.01.06.02	Other provisions	2,260	849
2.01.06.02.01	Provision for guarantees	2,260	849
2.02	Noncurrent liabilities	329,518	274,011
2.02.01	Loans and financing	302,764	255,485
2.02.01.01	Loans and financing	302,764	255,485
2.02.01.01.01	In local currency	151,139	133,826
2.02.01.01.02	In foreign currency	151,625	121,659
2.02.02	Other payables	10,087	10,098
2.02.02.02	Other	10,087	10,098
2.02.02.02.04	Taxes payable	4,774	4,276
2.02.02.02.05	Other payables	5,313	5,822
2.02.03	Deferred taxes	14,029	5,777
2.02.03.01	Deferred income and social contribution taxes	14,029	5,777

Consolidated financial statements / Balance sheet – Liabilities and equity

(In thousands of reais)

Account code	Account description	Current quarter 09/30/2013	Prior year 12/31/2012
2.02.04	Provisions	2,638	2,651
2.02.04.01	Tax, social security, labor and civil provisions	2,638	2,651
2.02.04.01.01	Tax provisions	2,469	2,469
2.02.04.01.02	Social security and labor provisions	169	182
2.03	Consolidated equity	206,895	201,780
2.03.01	Realized capital	257,797	257,797
2.03.02	Capital reserves	-73,891	-73,891
2.03.02.05	Treasury stock	-32,895	-32,895
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.04	Income reserves	0	321
2.03.04.06	Special reserve for undistributed dividends	0	321
2.03.05	Accumulated profits/losses	-29,563	-20,604
2.03.06	Equity valuation adjustments	37,621	37,773
2.03.07	Cumulative translation adjustments	14,931	384

Consolidated financial statements / Income statements

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2013 to 09/30/2013	YTD 01/01/2013 to 09/30/2013	Same prior-year period 07/01/2012 to 09/30/2012	Prior-year accrued 01/01/2012 to 09/30/2012
3.01	Revenue from sale of products and/or services	218,675	651,254	151,053	504,810
3.02	Cost of goods sold and/or services rendered	-150,900	-445,028	-81,296	-295,036
3.03	Gross profit	67,775	206,226	69,757	209,774
3.04	Operating income (expenses)	-44,766	-137,875	-39,119	-111,259
3.04.01	Selling expenses	-24,656	-76,631	-20,767	-63,794
3.04.02	General and administrative expenses	-17,742	-54,820	-16,812	-44,694
3.04.04	Other operating income	1,484	7,558	1,407	3,825
3.04.05	Other operating expenses	-3,859	-14,290	-3,145	-7,507
3.04.06	Equity pickup	7	80	198	911
3.05	Income before financial income (expenses)	23,009	68,351	30,638	98,515
3.06	Financial income (expenses)	-21,387	-53,419	-10,833	-30,726
3.06.01	Financial income	37,402	81,444	7,161	74,226
3.06.02	Financial expenses	-58,789	-134,863	-17,994	-104,952
3.07	Income before income taxes	1,622	14,932	19,805	67,789
3.08	Income and social contribution taxes	-498	-25,009	-8,447	-27,016
3.08.01	Current	-5,166	-19,977	-5,948	-18,677
3.08.02	Deferred	4,668	-5,032	-2,499	-8,339
3.09	Net income (loss) from continuing operations	1,124	-10,077	11,358	40,773
3.10	Loss from discontinued operations	0	0	-2,775	-134,991
3.10.01	Loss from discontinued operations	0	0	-2,775	-134,991
3.11	Consolidated net income (loss) for the period	1,124	-10,077	8,583	-94,218
3.11.01	Attributed to shareholders of parent company	1,124	-10,077	8,583	-94,218
3.99	Earnings per share – (Reais/Share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.00795	-0.07126	0.06069	-0.66626
3.99.01.02	PN	0.00795	-0.07126	0.06069	-0.66626
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.00795	-0.07126	0.06069	-0.66626

Consolidated financial statements / Income statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2013 to 09/30/2013	YTD 01/01/2013 to 09/30/2013	Same prior-year period 07/01/2012 to 09/30/2012	Prior-year accrued 01/01/2012 to 09/30/2012
3.99.02.02	PN	0.00795	-0.07126	0.06069	-0.66626

Consolidated financial statements / Statement of comprehensive income

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2013 to 09/30/2013	YTD 01/01/2013 to 09/30/2013	Same prior-year period 07/01/2012 to 09/30/2012	Prior-year accrued 01/01/2012 to 09/30/2012
4.01	Consolidated net income (loss) for the period	1,124	-10,077	8,583	-94,218
4.02	Other comprehensive income	958	15,513	1,237	8,032
4.02.01	Translation adjustments for the period	958	14,547	624	10,677
4.02.03	Adjustments of financial instruments	0	966	613	-2,645
4.03	Consolidated comprehensive income (losses) for the period	2,082	5,436	9,820	-86,186
4.03.01	Attributed to shareholders of parent company	2,082	5,436	9,820	-86,186

Consolidated financial statements / Cash flow statement – Indirect method

(In thousands of reais)

Account code	Account description	YTD 01/01/2013 to 09/30/2013	Prior-year accrued 01/01/2012 to 09/30/2012
6.01	Net cash from operating activities	160,550	12,395
6.01.01	Cash from operations	99,156	102,620
6.01.01.01	Income before income and social contribution taxes	14,932	-67,202
6.01.01.02	Depreciation and amortization	26,195	23,242
6.01.01.03	Allowance for doubtful accounts	0	8,594
6.01.01.05	Equity pickup	-80	-911
6.01.01.07	Provision for interest on loans and financing	58,354	29,216
6.01.01.08	Provision for derivative financial instruments	-9,335	-24,129
6.01.01.09	Non-controlling shareholders	0	100
6.01.01.12	Cost of permanent assets written off	2,215	9,292
6.01.01.13	Provision for interest on real estate credit	0	3,522
6.01.01.14	Provision for contingencies	2,367	0
6.01.01.15	Disposal of assets held for sale	0	57,830
6.01.01.16	Additional provision for losses	0	58,681
6.01.01.17	Provision for inventory losses	0	4,385
6.01.01.20	Other provisions	4,508	0
6.01.02	Changes in assets and liabilities	78,941	-75,316
6.01.02.01	Decrease (increase) in customers	-57,342	-8,932
6.01.02.02	Decrease (increase) in inventories	58,427	-29,712
6.01.02.03	Decrease (increase) in other accounts receivable	4,527	-18,162
6.01.02.04	Increase (decrease) in suppliers	-12,973	-5,119
6.01.02.05	Increase (decrease) in accounts payable and provisions	86,302	-13,391
6.01.03	Other	-17,547	-14,909
6.01.03.01	Profits and dividends received from subsidiaries	262	591
6.01.03.02	Payment of income and social contribution taxes	-17,809	-15,500
6.02	Net cash used in investing activities	-16,529	-68,422
6.02.01	Receivables from related companies	0	219
6.02.02	Other receivables	4,153	-5,610
6.02.03	In investments	0	-60
6.02.04	In property, plant and equipment	-19,393	-39,765
6.02.05	In intangible assets	-1,289	-23,206
6.03	Net cash from financing activities	3,004	81,072
6.03.01	Payment of interest on equity and dividends	-7,354	-12,104
6.03.02	Loans raised	211,690	304,588
6.03.03	Loan repayment	-161,190	-176,254
6.03.04	Payment of interest on loans	-30,862	-29,684
6.03.09	Real estate credits	-6,624	-5,255
6.03.11	Interest paid on real estate credit	-2,657	0
6.03.12	Other	1	-219
6.05	Increase (decrease) in cash and cash equivalents	147,025	25,045
6.05.01	Opening balance of cash and cash equivalents	180,781	162,226
6.05.02	Closing balance of cash and cash equivalents	327,806	187,271

Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2013 to 09/30/2013

(In thousands of reais)

Account code	Account description	Paid-up capital	Capital reserve, options granted and treasury stock	Income reserve	Retained earnings/ accumulated losses	Other comprehensive income (losses)	Equity	Non-controlling interest	Consolidated equity
5.01	Opening balances	257,797	-73,891	321	-20,604	38,157	201,780	0	201,780,
5.03	Adjusted opening balances	257,797	-73,891	321	-20,604	38,157	201,780	0	201,780
5.04	Capital transactions with shareholders	0	0	-321	0	0	-321	0	-321
5.04.06	Dividends	0	0	-321	0	0	-321	0	-321
5.05	Total comprehensive income	0	0	0	-8,959	14,395	5,436	0	5,436
5.05.01	Net income for the period	0	0	0	-10,077	0	-10,077	0	-10,077
5.05.02	Other comprehensive income	0	0	0	1.118	14,395	15,513	0	15,513
5.05.02.01	Adjustments to financial instruments	0	0	0	0	966	966	0	966
5.05.02.04	Translation adjustments for the period	0	0	0	0	14,547	14,547	0	14,547
5.05.02.06	Realization of equity valuation adjustments	0	0	0	1.118	-1,118	0	0	0
5.07	Closing balances	257,797	-73,891	0	-29,563	52,552	206,895	0	206,895

Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2012 to 09/30/2012

(In thousands of reais)

Account code	Account description	Paid-up capital	Capital reserve, options granted treasury stock	Income reserve	Retained earnings/ accumulated losses	Other comprehensive income (losses)	Equity	Non-controlling interest	Consolidated equity
5.01	Opening balances	257,797	-73,891	107,765	0	33,664	325,335	-100	325,235
5.03	Adjusted opening balances	257,797	-73,891	107,765	0	33,664	325,335	-100	325,235
5.04	Capital transactions with shareholders	0	0	-469	-9,028	0	-9,497	100	-9,397
5.04.06	Dividends	0	0	0	-9,028	0	-9,028	0	-9,028
5.04.08	Non-controlling shareholders	0	0	-469	0	0	-469	100	-369
5.05	Total comprehensive income	0	0	0	-88,988	2,802	-86,186	0	-86,186
5.05.01	Net income for the period	0	0	0	-94,218	0	-94,218	0	-94,218
5.05.02	Other comprehensive income	0	0	0	5,230	2,802	8,032	0	8,032
5.05.02.01	Adjustments to financial instruments	0	0	0	0	-2,645	-2,645	0	-2,645
5.05.02.04	Translation adjustments for the period	0	0	0	0	10,677	10,677	0	10,677
5.05.02.06	Realization of equity valuation adjustments	0	0	0	5,230	-5,230	0	0	0
5.06	Internal changes in equity	0	0	-98,016	98,016	0	0	0	0
5.06.01	Setting up of reserves	0	0	-98,016	98,016	0	0	0	0
5.07	Closing balances	257,797	-73,891	9,280	0	36,466	229,652	0	229,652

Consolidated financial statements / Statement of value added

(In thousands of reais)

Account code	Account description	YTD 01/01/2013 to 09/30/2013	Prior-year accrued 01/01/2012 to 09/30/2012
7.01	Revenues	770,478	621,305
7.01.01	Sales of goods, products and services	762,920	626,073
7.01.02	Other revenues	7,558	3,826
7.01.04	Set up/reversal of allowance for doubtful accounts	0	-8,594
7.02	Inputs acquired from third parties	-413,980	-229,918
7.02.01	Cost of products, goods and services sold	-265,931	-123,500
7.02.02	Materials, energy, third-party services and others	-148,049	-106,418
7.03	Gross value added	356,498	391,387
7.04	Retentions	-26,195	-23,242
7.04.01	Depreciation, amortization and depletion	-26,195	-23,242
7.05	Net value added produced by the entity	330,303	368,145
7.06	Value added received in transfer	81,524	-59,854
7.06.01	Equity pickup	80	911
7.06.02	Financial income	81,444	74,226
7.06.03	Other	0	-134,991
7.06.03.01	Income (loss) from discontinued operation	0	-134,991
7.07	Total value added to be distributed	411,827	308,291
7.08	Distribution of value added	411,827	308,291
7.08.01	Personnel	150,180	148,826
7.08.01.01	Direct compensation	127,479	123,993
7.08.01.02	Benefits	15,810	13,949
7.08.01.03	Unemployment compensation fund (FGTS)	6,891	10,884
7.08.02	Taxes, charges and contributions	118,787	107,008
7.08.02.01	Federal	108,673	90,966
7.08.02.02	State	9,922	15,835
7.08.02.03	Municipal	192	207
7.08.03	Remuneration of third-party capital	152,937	146,675
7.08.03.01	Interest	134,862	104,952
7.08.03.02	Rents	8,838	7,975
7.08.03.03	Other	9,237	33,748
7.08.04	Equity remuneration	-10,077	-94,218
7.08.04.01	Interest on equity	0	9,028
7.08.04.03	Retained earnings (accumulated losses) for the period	-10,077	-103,246

1. Operations

Forjas Taurus S.A. ("Company") is a Brazilian stock corporation, with its registered office in Porto Alegre (RS), and its activities include the manufacture and sale of revolvers, military and civilian pistols, ammunition and investing in other companies. The subsidiary companies produce and sell civilian pistols, glasses, metal parts to order, bullet proof jackets, motorbike helmets, injected plastic products, tools for civil construction, mechanical, gardening and similar products, the purchase, sale and rental of own and third party real estate.

At September 30, 2013, the Company and its subsidiaries operated with six industrial plants, three of which are located in the state of Rio Grande do Sul, one in the state of Paraná, one in the state of Bahia and one located in the United States of America.

Sales made by the Company and its subsidiaries are directed mainly to private customers in the foreign market, particularly those located in North America, and also public bodies in the domestic market, mainly the state, civil and military police. Sales made by the Company and its subsidiaries are not subject to restrictions and there is no significant concentration that implies dependence on government bodies or any other single client. Given the specific characteristics of the weapons and ammunitions market, the Company and its subsidiaries are supervised and follow the rules issued by the national and foreign security bodies for part of their operations.

The Company's shares, ON (FJTA3) and PN (FJTA4), have been listed on Bovespa since March 1982.

2. Basis for consolidation

		Equity interest*	
	Country	**09-30-2013**	**12-31-2012**
Taurus Blindagens Ltda.	Brazil	**100.00%**	100.00%
Taurus Blindagens Nordeste Ltda.	Brazil	**100.00%**	100.00%
Taurus Holdings, Inc.	United States	**100.00%**	100.00%
Taurus Security Ltda.	Brazil	**100.00%**	100.00%
Taurus Máquinas-Ferramenta Ltda.	Brazil	**100.00%**	100.00%
Taurus Investimentos Imobiliários Ltda.	Brazil	**100.00%**	100.00%
Taurus Helmets Indústria Plástica Ltda.	Brazil	**100.00%**	100.00%
Polimetal Metalurgia e Plásticos Ltda.	Brazil	**100.00%**	100.00%
Steelinject – Injeção de Aços Ltda.**	Brazil	**-**	100.00%

(*) The investments reported represent the percentage interest held by the investing Company directly or indirectly in the capital of the subsidiary companies.
(**) Merged into Polimetal on July 31, 2013.

3. Basis of preparation

a) Statement of compliance (with International Financial Reporting Standards - IFRS and CPC rules)

These financial statements include the consolidated financial statements 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) and the individual financial statements of the Company prepared in accordance with BR GAAP.

The Company's individual financial statements were prepared in accordance with BR GAAP and, in the case of the Company, these practices differ from IFRS applicable to separate financial statements, since the investments held in subsidiaries and associated companies are valued using the equity method in BR GAAP, whilst for purposes of IFRS they are valued at cost or fair value.

b) Basis for measurement

The individual and consolidated financial statements were prepared on a historical cost basis, except for the following material items recognized in the balance sheets: derivative financial instruments stated at fair value and financial instruments stated at fair value through profit or loss.

c) Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian Reais, which is the functional currency of the Company and its subsidiaries located in Brazil. The functional currency of the subsidiary Taurus Holdings, Inc., located in the United States, is the US dollar.

d) Use of estimates and judgments

Preparation of individual and consolidated financial statements in accordance with IFRS and Brazilian FASB (CPC) pronouncements requires Management to make judgments, estimates and assumptions that affect the application of accounting practices and the amounts reported for assets, liabilities, income and expenses. The actual results could differ from these estimates.

Estimates and assumptions

Estimates and assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information on key judgments referring to the accounting policies adopted that affect the amounts recognized in the individual and consolidated financial statements and information on uncertainties, assumptions and estimates has been included in the following notes: 13 – Deferred tax assets and liabilities, 20 – Contingencies and 21 – Financial instruments.

3. Basis for preparation (Continued)

e) Restatement of financial statements

On June 21, 2012 Forjas Taurus S/A completed the sale of the operations of Taurus Máquinas-Ferramenta Ltda. (“TMFL”) to Renill Participações Ltda. (“RPL”) in the amount of R$115,350 as per the Share Purchase and Sale Agreement and Other Covenants (“Agreement”) signed between the parties.

As mentioned in Note 8, the parties renegotiated the selling price and payment terms, adjusting the total amount of the Agreement for sale of TMFL operations to R$57,520.

The accounting effect of the renegotiation resulted in a reduction in the selling value from R$115,350 to R$57,520, corresponding to a loss of R$57,830.

The Company revisited all agreements and correspondence related to the sale and concluded, in line with the position expressed by the external auditors, that the events that led to the reduction of the original selling value were already present on June 20, 2012 and, as such, the loss should have been recognized on such date.
Given this, the Company decided, voluntarily, to retroactively adjust all effects in the financial statements, as set out in CPC 23 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors (equivalent to IAS 8), as follows:

						Consolidated
						At September 30, 2013
		Assets	Liabilities and equity			
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity	Net income for the year
Balance originally disclosed	**870,365**	**473,460**	**724,867**	**327,148**	**291,810**	**(84,282)**
Write-off of accounts receivable (a)	-	-	-	-	-	57,830
Supplementary provision for losses (b)	4,307	(51,178)	80	-	(55,565)	5,179
Provision for inventory losses (c)	(12,398)	-	-	-	(12,398)	(2,832)
Allowance for doubtful accounts (c)	-	-	-	-	-	8,320
Provision for tax and civil risks (c)	-	-	455	2,370	(2,825)	6,852
Provision for impairment of PP&E (c)	-	(13,522)	-	-	(13,522)	-
Provision for tax and civil contingencies (c)	-	-	(124)	-	124	124
Deferred taxes	-	(729)	-	-	(729)	(1,268)
Restated balance	**853,660**	**408,031**	**725,278**	**329,518**	**206,895**	**(10,077)**

						Company
						At September 30, 2013
		Assets	Liabilities and equity			Net income (loss) for the year
	Current assets	Noncurrent assets	rrent liabilities	Noncurrent liabilities	Equity	
Balance originally disclosed	**352,540**	**581,467**	**500,727**	**141,470**	**291,810**	**(84,282)**
Equity pickup	-	(53,029)	-	-	(53,029)	72,616
Provision for capital deficiency	-	-	-	19,118	(19,118)	10,089
Provision for tax and civil risks (c)	-	-	424	2,709	(3,133)	713
Provision for inventory losses (c)	(9,759)	-	-	-	(9,759)	(9,337)
Adjustments – transactions with subsidiaries	(2,147)	2,147	(124)	-	124	124
Restated balance	**340,634**	**530,585**	**501,027**	**163,297**	**206,895**	**(10,077)**

3. **Basis for preparation** (Continued)

e) Restatement of financial statements (Continued)

(a) Reversal of the write-off of accounts receivable generated by the sale of the machinery operations, as a result of renegotiation, resulting in a reduction of the selling value, as mentioned in Note 8.

(b) In addition to write-off of accounts receivable generated by the sale of the machinery operations, as mentioned in item (a) above, management recorded a supplementary provision for losses regarding the balance 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 CPC 24, which addresses subsequent events occurring between the financial statements date and the date of approval for restatements, such allowance was also recognized as of June 30, 2012.

(c) Because of the adjustments for restatement purposes, management undertook a new approval process for its financial statements. As part of this process and in accordance with CPC 24, the impacts of subsequent events occurring between the financial statements date and approval for their restatement were also considered. These events evidence conditions existing at the time the statements were adjusted for restatement purposes.

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

Authorization to complete the preparation and restatement of interim financial statements occurred at the board meeting of March 24, 2014.

4. Significant accounting practices

The calculation policies and method adopted in this quarterly information are the same as those adopted for preparation of the financial statements for the year ended December 31, 2012, described in Note 4 therein.

5. Determination of fair value

Several of the Company's policies and disclosures require that fair values be measured, for both financial and non-financial assets and liabilities. The fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, additional information on the assumptions adopted for measuring the fair values is disclosed in the specific note to that asset or liability.

(i) *Trade accounts receivable and other receivables*

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

(ii) *Derivatives*

The fair value of future foreign exchange contracts is based on the listed market price, when available. If a listed market price is not available, the fair value is estimated discounting the difference between the contractual forward price and the current forward price for the remaining period of the contract using a risk free interest rate (based on public securities). The fair value of interest rate swap contracts is based on brokers' quotations. These quotations are tested for reasonableness by means of discounted estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument calculated at the measurement date. The fair values reflect the credit risk of the instrument and include adjustments to consider the credit risk of the Company and counterparties when appropriate.

(iii) *Non-derivative financial liabilities*

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using the market interest rate determined at the reporting date of the financial statements. For liability components of convertible debt instruments, the market interest rate is determined by reference to similar liabilities that do not have conversion options. For finance leases, the interest rate is determined by reference to similar leasing contracts.

6. Financial risk management

The Company is exposed to the following risks from the use of financial instruments: credit risk, liquidity risk, market risk and operational risk.

This note presents information on the Company's exposure to each of the aforementioned risks, the objectives of the Company, its policies and processes for measuring and managing risk, and management of the Company's capital. Additional quantitative disclosures, including sensitivity analyses, are disclosed in Note 21.

(i) Risk management structure

The risk management policies are established to identify and analyze the risks faced by the Company, to define appropriate risk limits and controls and to monitor risks and adherence to limits. The risk management systems and policies are revised frequently to reflect any changes in market conditions and the Company's activities. The Company, based on its rules, training procedures and management, aims to develop a disciplined and constructive control environment, where all of the employees understand their roles and obligations.

Management accompanies compliance with the Company's risk management procedures and policies and revises the adequacy of the risk management structure in relation to the risks faced by the Company.

6. **Financial risk management** (Continued)

(ii) Credit risk

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

(iii) Trade accounts receivable and other receivables

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

The Company established a credit policy where the credit worthiness of every new client is analyzed individually before the Company's standard payment and delivery terms and conditions are offered. This analysis includes external evaluations, when available, and in some cases references from banking institutions. Purchase limits are established for each client, which represent the maximum amount available without prior approval being required, with these limits revised quarterly. Clients that fail to comply with the credit limit established can only operate with the Company based on advance payments. For public bodies Company management individually evaluates the ability to pay and the bid requirements for making the sales. The Company does not have customers that individually represent more than 5% of sales.

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

6. **Financial risk management** (Continued)

(iii) Trade accounts receivable and other receivables (Continued)

The Company establishes a provision for impairment losses which represents its estimate of losses incurred from trade accounts receivable, other receivables and investments.

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will face difficulties in fulfilling its obligations associated with its financial liabilities which are liquidated with cash payments or with other financial assets. The Company's approach for liquidity management is to guarantee, as far as possible, that it always has sufficient liquidity to fulfill its obligations that fall due, under normal and stress conditions, without causing unacceptable losses or risks that would adversely affect the Company's reputation.

Typically, the Company ensures that it has sufficient cash to meet its expected operating expenses for approximately 60 days, including fulfilling financial obligations; this does not include the potential impact from extreme circumstances that cannot be reasonably forecast, such as natural disasters. In addition, the Company has approved credit lines, but not yet contracted, from the largest banks that operate in Brazil, for approximately R$ 750 million, at market rates and terms.

Subsidiary Taurus Holdings, Inc. has a credit line of USD 75 million and, at September 30, 2013, it had used USD 36.7 million.

6. **Financial risk management** (Continued)

(v) Market risk

Market risk is the risk that variation in market prices, such as foreign exchange rates and interest rates, will affect the Company's results. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, and at the same time optimize return.

The Company uses derivative financial instruments and also fulfills its financial obligations to manage market risks. All of these operations are undertaken within the guidelines established by Management.

(vi) Foreign currency risk

The Company is subject to foreign currency risk from sales, purchases and loans denominated in a currency different from the respective functional currencies of the Company's entities, which in the majority of cases is the Real (R$), but also the US dollar (USD). The main currency in which these transactions are denominated is the Real (R$).

In general, the Company aims to protect its expected exposure to foreign currencies in relation to sales forecast for the next six months. The Company uses future market contracts to obtain protection against exchange risk, the majority of which mature in less than one year from the date of the financial statements. When necessary, the future market contracts are renewed when they mature.

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

6. **Financial risk management** (Continued)

(vii) Interest rate risk

The Company adopts a policy to guarantee that approximately 30% of its exposure to changes in interest rates for loans is based on a fixed rate.

(viii) Operational risk

Operational risk is the risk of direct or indirect losses arising from a variety of causes related to proceedings, personnel, technology and infrastructure and external factors, except credit, market and liquidity risks, as those due to legal and regulatory requirements and generally accepted standards for business conduct. Operational risks arise from all of the Company's operations.

The Company's objective is to administer operational risk to avoid financial losses occurring and damage to its reputation, and to ensure efficient costs and to avoid control procedures that restrict initiative and creativity.

Top management is assigned the responsibility to develop and implement controls to deal with operational risks within each business unit. This responsibility is supported by the Company's general standards developed to administer operational risks in the following areas: Requirements for adequate segregation of duties, including independent authorization of operations; requirements to reconcile and monitor operations; Compliance with regulatory and legal requirements; Documentation of controls and procedures; Requirements for the periodic evaluation of operational risks faced and adequate controls and procedures to deal with the risks identified; Requirements to report operating losses and the corrective actions proposed; development of contingency plans; professional training and development; ethical and commercial standards; mitigating risks, including insurance when effective.

Compliance with the Company's rules is supported by a program involving the periodic analyses of the responsibilities of internal audit. The results of the internal audit analyses are discussed with management from the related business unit, and a summary is sent to the Company's top management.

6. **Financial risk management** (Continued)

(ix) Capital management

Management's policy is to maintain a solid capital base to maintain investor, creditor and market confidence and ensure the future development of the business. Management monitors the returns on capital, which the Company defines as results from operating activities divided by total equity, excluding non-redeemable preferred shares and non-controlling interests. Management also monitors the level of dividends for the common and preferred shareholders.

The Company's consolidated liabilities in relation to adjusted capital at the end of the period are presented below:

	09-30-2013 (restated)	12-31-2012 (restated)
Total liabilities	**1,054,796**	912,524
Less: Cash and cash equivalents	**(327,806)**	(180,781)
Net debt (A)	**726,990**	731,473
Total equity (B)	**206,895**	201,780
Net debt to equity ratio at September 30, 2013 and December 31, 2012 (A/B)	**3.51**	3.69

There were no changes in the Company's approach to managing capital during the period. Neither the Company nor its subsidiaries or associated companies are subject to capital requirements imposed externally. The entity manages its capital requirements in an aggregated manner.

7. Operating segments

The Company has four reportable segments, as described below, which are its strategic business units. The strategic business units offer different products and services and are administered separately, since they require different technologies and marketing strategies. For each one of the strategic business units, management analyzes the internal reports at least every quarter. The following summary describes the operations of each one of the Company's reportable segments:

7. Operating segments (Continued)

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

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

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

Others – the result of the forging segment (Polimetal Metalurgia e Plásticos Ltda.); bulletproof jackets and plastic products (Taurus Blindagens Ltda.). These also include other operations such as the manufacture and sale of glasses, anti-riot shields and providing services. None of these operating segments reached any of the quantitative limits for determining reportable segments at September 30, 2013 and 2012.

Information on the results of each reportable segment is included below. Performance is evaluated based on the profit of the segment before income tax and social contribution, as included in the internal management reports which are analyzed by Company management. The segment’s profit is used to evaluate performance, since Management understands that this information is more relevant in evaluating the results of certain segments in relation to other entities that operate in these industries. The pricing of transactions between segments is determined based on market terms.

7. Operating segments (Continued)

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

	Weapons		Helmets		Machinery (discontinued)		Other		Total	
	09-30-2013	**09-30-2012 (restated)**	**09-30-2013**	**09-30-2012**	**09-30-2013 (restated)**	**09-30-2012**	**09-30-2013**	**09-30-2012**	**09-30-2013**	**09-30-2012 (restated)**
External income	**503,278**	365,483	**97,260**	94,899	**3,874**	9,407	**46,842**	44,428	**651,254**	514,217
Inter-segment income	**-**	-	**204**	3,021	**-**	-	**3,630**	85,345	**3,834**	88,366
Cost of sales	**(338,335)**	(217,793)	**(60,438)**	(54,833)	**(3,637)**	(7,687)	**(42,618)**	(22,410)	**(445,028)**	(302,723)
Gross profit (loss)	**164,943**	147,690	**37,026**	43,087	**(7,392)**	1,720	**7,854**	107,363	**210,060**	299,860
Selling expenses	**(51,875)**	(44,726)	**(13,836)**	(13,573)	**(7,473)**	(8,985)	**(3,370)**	(2,915)	**(76,554)**	(70,199)
General and administrative expenses	**(43,682)**	(40,415)	**(2,434)**	(1,965)	**(2,840)**	(2,385)	**(736)**	(1,592)	**(49,692)**	(46,357)
Depreciation and amortization	**(3,917)**	(3,543)	**(140)**	(165)	**-**	-	**(1,148)**	(1,112)	**(5,204)**	(4,820)
Other operating income (expenses), net	**309**	(2,386)	**2,824**	1,147	**(7,316)**	122,253	**(2,321)**	(925)	**(46,504)**	(124,417)
Equity pickup	**-**	-	**-**	-	**-**	-	**80**	911	**80**	911
	(99,165)	(91,070)	**(13,586)**	(14,556)	**(17,629)**	(133,623)	**(7,495)**	(5,633)	**(137,875)**	(244,882)
Operating profit (loss)	**65,778**	56,620	**23,440**	28,531	**(17,392)**	(131,903)	**359**	101,730	**72,184**	54,978
Financial income	**69,594**	66,768	**5,106**	4,694	**3,618**	1,763	**3,126**	2,764	**81,444**	75,989
Financial expenses	**(116,228)**	(97,626)	**(5,862)**	(2,050)	**(3,784)**	(5,638)	**(8,988)**	(5,276)	**(134,863)**	(110,590)
Financial income (expenses), net	**(46,634)**	(30,858)	**(756)**	2,644	**(166)**	(3,875)	**(5,863)**	(2,512)	**(53,419)**	(34,601)
Profit (loss) per reportable segment before income and social contribution taxes	**19,144**	25,762	**22,684**	31,175	**(17,558)**	(135,778)	**(5,504)**	13,873	**18,766**	20,377
Elimination of inter-segment income	**-**	-	**(204)**	(3,021)	**-**	-	**(3,630)**	(85,345)	**(3,834)**	(88,366)
Income before income and social contribution taxes	**19,144**	25,762	**22,480**	28,154	**(17,558)**	(135,778)	**(9,134)**	99,218	**14,932**	(67,989)
Income and social contribution taxes	**(19,496)**	(13,066)	**(4,338)**	(7,465)	**(432)**	787	**(743)**	(6,485)	**(25,009)**	(26,229)
Net income for the period	**(352)**	12,696	**18,142**	20,689	**(17,990)**	(134,991)	**(9,877)**	7,388	**(10,077)**	(94,218)
Assets of reportable segments	**802,955**	730,135	**177,627**	189,828	**13,898**	43,687	**267,211**	184,088	**1,261,691**	1,147,738
Liabilities of reportable segments	**854,916**	715,844	**77,311**	67,794	**49,905**	78,441	**72,664**	56,007	**1,054,796**	918,086

7. **Operating segments** (Continued)

Reconciliation of income and profit from reportable segments

	09-30-2013	09-30-2012
Revenue		
Total income from reportable segments	**651,254**	514,217
Elimination of discontinued operations	**-**	(9,407)
Consolidated income	**651,254**	504,810
Profit (loss) before taxes		
Total profit (loss) from reportable segments	**14,931**	(67,989)
Elimination of discontinued operations	**-**	135,778
Consolidated profit (loss) before income and social contribution taxes	**14,931**	67,789

Geographic segments

For purposes of presenting information for geographic segments, segment income is based on the geographic location of client.

		Weapons
	09-30-2013	09-30-2012
Domestic Market		
Southeast	**19,800**	24,648
South	**8,939**	14,446
Northeast	**16,831**	13,753
North	**3,674**	5,815
Mid-West	**8,317**	6,510
	57,561	65,172
Foreign market		
United States	**415,712**	270,563
South Africa	**1,751**	1,485
Bangladesh	**2,633**	1,744
Chile	**560**	10,057
Singapore	**1,163**	517
Colombia	**3,687**	-
Philippines	**4,035**	3,111
Haiti	**2,980**	-
Pakistan	**1,373**	2,338
Peru	**917**	1,265
Dominican Republic	**1,932**	1,714
Other countries	**8,974**	7,517
	445,717	300,311
	503,278	365,483

7. Operating segments (Continued)

Geographic segments (Continued)

	Helmets	
	09-30-2013	**09-30-2012**
Domestic market		
Southeast	**23,440**	25,326
South	**4,659**	6,719
Northeast	**30,434**	33,118
North	**22,229**	16,559
Mid-West	**16,128**	12,663
	96,890	94,385
Foreign market		
Paraguay	**342**	458
Bolivia	**28**	-
Uruguay	**-**	56
	370	514
	97,260	94,899

	Machinery*	
	09-30-2013	**09-30-2012**
Domestic market		
Southeast	**2,235**	8,177
South	**1,639**	1,219
	3,874	9,396
Foreign market		
United States	**-**	11
	-	11
	3,874	9,407

* Classified as discontinued activity until June 2012.

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

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

There are no significant non-cash items, excepting depreciation and amortization, to be reported in the information per segment.

8. Assets and liabilities held for sale and discontinued operations

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.

Renegotiation

On August 12, 2013, Renill Participações Ltda.("RPL") requested renegotiation of the conditions of the Agreement for Purchase and Sale of Units of Interest and Other Covenants, referring to the sale of the subsidiary SM Metalurgia Ltda. ("SML").

8. **Assets and liabilities held for sale and discontinued operations** (Continued)

Sale of TMFL – Taurus Máquinas-Ferramenta Ltda.

Renegotiation (Continued)

On September 12, 2013, the Company disclosed a material news release stating that it concluded the review of the Agreement conditions for sale of the subsidiary SML, executing an amendment thereto after analyzing the original terms.

The Parties renegotiated the selling price and payment conditions, adjusting the total Agreement amount to R$57,520, payable as follows:

(a) 1st installment of R$1,960, restated based on the TJLP plus interest of 1.8% p.a., payable by RPL, through SML, with supply of parts in the provision of guarantee services related to machinery manufactured by TMFL, as well as supply of parts and components for all Taurus Group companies;

(b) 2 installments of R$2,055 each, restated based on the TJLP plus interest of 1.8% p.a., the first of which maturing on 06/30/2014 and the second on 12/30/2014; and

(c) the remaining balance, payable in 14 half-yearly installments of R$3,675 each, maturing as from 06/30/2015, restated based on the TJLP plus interest of 1.8% p.a.

The monetary restatement based on the TJLP plus interest of 1.8% p.a. is applicable as from the date of the Agreement for Purchase and Sale of Units of Interest and Other Covenants, executed in June 2012.

Accounting effects of the renegotiation of SML's Agreement for Purchase and Sale of Units of Interest and Other Covenants

(i) The accounting effect of the renegotiation was in a reduction in the selling price from R$115,350 to R$57,520, corresponding to a loss of R$57,830. Although the renegotiation was formalized in 2013, the Company revisited all agreements and correspondence relating to the sale and concluded that the event that led to the reduction of the original selling price was already present in June, date of origin of the operation, and, as such, a loss was recognized on such date, giving rise to this financial statements restatement.

(ii) The Company recorded a supplementary provision for losses as of September 30, 2013 of R$62.802 considering that: i) In its understanding, the credit conditions have been impaired; ii) the operation guarantees have not been fully formalized; iii) the buyer is a limited liability company and there is no updated information to assess its current financial conditions. The Company decided to record such provision in June 2012, as commented in Note 3.e.

8. Assets and liabilities held for sale and discontinued operations (Continued)

Sale of TMFL – Taurus Máquinas-Ferramenta Ltda.(Continued)

Accounting effects of the renegotiation of SML's Agreement for Purchase and Sale of Units of Interest and Other Covenants (Continued)

At September 30, 2013, the balance receivable for sale of the operations of Taurus Máquinas-Ferramenta Ltda. was recorded as follows:

	09-30-2013 (restated)
Selling price	**115,350**
Contractual monetary restatement	**5,282**
Price adjustment	**(57,830)**
Receivable amounts	**62,802**
Supplementary provision for losses	**(62,802)**
Total	**-**

* *Classified as other accounts receivables.*

9. Cash and cash equivalents

	Consolidated		Company	
	09-30-2013	**12-31-2012**	**09-30-2013**	**12-31-2012**
Cash balance	**115**	2,070	**54**	2,013
Demand deposits	**49,174**	26,874	**2,918**	2,667
Short-term investments	**278,517**	151,837	**62,712**	96,880
Cash and cash equivalents	**327,806**	180,781	**65,684**	101,560

Short-term investments are remunerated at rates that vary between 98% and 103% of CDI at September 30, 2013 and December 31, 2012 and are made with top line banks.

10. Trade accounts receivable

	Consolidated		Company	
	09-30-2013 (restated)	**12-31-2012 (restated)**	**09-30-2013 (restated)**	**12-31-2012 (restated)**
Customers – domestic	**80,452**	80,844	**26,479**	27,695
Customers – domestic related parties (Note 22)	**-**	-	**2,167**	3,216
Customers - foreign	**142,795**	87,396	**15,614**	16,255
Customers – foreign related parties (Note 22)	**-**	-	**52,165**	13,379
	223,247	168,240	**96,425**	60,545
Allowance for doubtful accounts-domestic	**(11,124)**	(14,794)	**(2,740)**	(2,736)
Allowance for doubtful accounts-foreign	**(5,934)**	(4,599)	**(6)**	(6)
	(17,058)	(19,393)	**(2,746)**	(2,742)
Total	**206,189**	148,847	**93,679**	57,803

The Company's exposure to credit and currency risks and impairment losses related to trade accounts receivable and other receivables, is disclosed in Note 21.

Changes in the allowance for doubtful accounts:

	Consolidated	Company
Balance at December 31, 2012	(19,393)	(2,742)
Additions	-	(16)
Realization of allowance for doubtful accounts	2,795	12
Exchange variation	(460)	-
Balance at September 30, 2013	**(17,058)**	**(2,746)**

11. Inventories

	Consolidated		Company	
	09-30-2013 (restated)	**12-31-2012 (restated)**	**09-30-2013 (restated)**	**12-31-2012 (restated)**
Finished products	**85,514**	156,197	**24,258**	51,108
Work in process	**59,596**	56,054	**44,943**	31,424
Raw materials	**44,845**	48,257	**19,887**	14,503
Ancillary and maintenance materials	**10,048**	9,793	**5,281**	7,338
Provision for inventory losses	**-**	(8,774)	**-**	(422)
	200,003	**261,527**	**94,369**	**103,951**

12. Taxes recoverable

	Consolidated		Company	
	9-30-2013	**12-31-2012**	**09-30-2013**	**12-31-2012**
ICMS	**8,503**	7,904	**1,460**	2,068
IPI	**1,722**	7,748	**287**	6,273
PIS	**4,499**	3,359	**4,057**	2,719
COFINS	**22,097**	15,621	**19,705**	12,683
Income and social contribution taxes	**5,725**	9,721	**4,652**	7,469
Total	**42,546**	44,353	**30,161**	31,212
Current	**39,360**	39,428	**29,155**	29,567
Noncurrent	**3,186**	4,925	**1,006**	1,645

State VAT – ICMS

The balance consists of credits calculated from trade operations and purchases of fixed asset items generated at the Company's and its subsidiaries' production and commercial units.

PIS and COFINS

The balance consists of credits originated in non-cumulative PIS and COFINS levy, calculated mainly on the purchases of fixed asset items, which are offset in successive monthly installments, in accordance with legislation. The balance also comprises PIS and COFINS credits arising from the Reintegra Tax Incentive – Law No. 12546/2011. Credits from the favorable decision to the companies, referring to the legal proceeding filed in 2005 claiming the unenforceability of PIS and COFINS taxes under Law No. 9718/98 and subsequent amendments are also recognized.

Federal VAT - IPI

The balance refers mainly to amounts originating in trade operations.

Income and social contribution taxes

These refer to withholding tax on short-term investments and prepayments of income and social contribution taxes realizable through offset against federal taxes and contributions payable.

13. Deferred tax assets and liabilities

The recorded recoverable amount refers to deferred income tax asset and liability that the entity has the right to offset and intends to do on a net basis.

Deferred tax assets and liabilities were calculated as follows:

	Consolidated	
	09-302013	**12-31-2012 (restated)**
On temporary asset differences and income and social contribution tax losses		
Provision for sales commissions	**767**	1,061
Present value adjustment	**235**	311
Provision for labor claims	**940**	874
Provision for losses on insurance claims	**782**	782
Allowance for doubtful accounts	**2,766**	2,152
Provision for product warranty	**80**	361
Derivative financial instruments	**1,960**	2,965
Income and social contribution tax losses	**42,665**	42,735
Inventories – unrealized profits	**5,263**	8,816
Other items	**1,812**	137
	57,270	60,194
On temporary liability differences		
Equity valuation adjustment	**(3,791)**	(2,918)
On PPA allocation	**(5,919)**	-
Depreciation base difference	**(7,065)**	(6,757)
Financial charges	**(1,085)**	(915)
Derivative financial instruments	**(13,043)**	(11,332)
	(30,903)	(21,922)
Total asset (liability) balance, net	**26,367**	38,272
Classified in noncurrent assets	**40,396**	44,049
Classified in noncurrent liabilities	**(14,029)**	(5,777)

	Company	
	09-30-2013	**12-31-2012**
On temporary asset differences and income and social contribution tax losses		
Provision for sales commissions	**677**	790
Present value adjustment	**1,086**	804
Provision for labor claims	**603**	603
Provision for losses on insurance claims	**782**	782
Allowance for doubtful accounts	**459**	459
Derivative financial instruments	**1,759**	2,544
Income and social contribution tax losses	**7,000**	7,000
Other items	**138**	137
	12,504	13,119
On temporary liability differences		
Equity valuation adjustment	**(1,525)**	(1,743)
Depreciation base difference	**(1,680)**	(1,640)
Financial charges	**(1,072)**	(890)
Derivative financial instruments	**(13,000)**	(11,194)
	(17,277)	(15,467)
Total liabilities, net	**(4,773)**	(2,348)
Classified in noncurrent liabilities	**(4,773)**	(2,348)

Changes in deferred taxes:

	Consolidated	**Company**
Opening balance of deferred taxes	38,272	(2,348)
Posted to P&L (Note 26)	(5,032)	(1,927)
Reversal posted to equity	(498)	(498)
Effect from exchange variation	(1,009)	-
PPA allocation (Note 29)	(5,366)	-
Closing balance of deferred taxes	26,367	(4,773)

13. Deferred tax assets and liabilities (Continued)

As part of the corporate restructuring occurred on July 4, 2011, for using the market economic and strategic benefits for new segments, Company management considered existence of accumulated income and social contribution tax losses recorded by subsidiary Polimetal Metalurgia e Plásticos Ltda. for recording deferred tax asset. The recording was made when it became probable that there will be sufficient taxable income in the future to offset such losses. The evaluation of existence of future taxable income was based on the operating activity to be performed by the subsidiary in the new "Polimetal" segment, which started to account for a significant portion of the Group's operations.

The subsidiary posted income and social contribution tax losses in 2012. The studies of future results evidence that there will be future taxable income for use of such credits, consequently, the Company recorded deferred assets on said amounts.

The projections indicate that the balance of tax credits recorded in 2012 by Forjas Taurus S.A. and the subsidiary Polimetal Metalurgia e Plásticos Ltda. will be absorbed by taxable income estimated for the next 10 years, as set out below:

Year	Consolidated	Company
2014	7,004	4,079
2015	4,576	1,469
2016	3,301	1,452
From 2017 to 2022	27,784	-
Total	42,665	7,000

The amount of income and social contribution tax losses on which deferred taxes are not recorded totaled, R$276,091 - Consolidated (R$215,835 at December 31, 2012) and R$50,801 – Company (R$13,989 at December 31, 2012).

The main balances of income and social contribution taxes refer to subsidiary Taurus Máquinas-Ferramenta Ltda. The tax credits arising from income and social contribution tax losses not recognized by this subsidiary totaled R$ 74,460 (R$ 68,282 at December 31, 2012). Income and social contribution taxes on the balance of income and social contribution tax losses will be recognized as there is evidence that realization thereof is probable in the foreseeable future.

14. Advance on real estate credits

On August 11, 2008, subsidiary Taurus Investimentos Imobiliários Ltda. agreed several contracts with CIBRASEC – Companhia Brasileira de Securitização, aimed at promoting the securitization of real estate receivables, arising from hire contracts agreed for a period of 7 (seven) years with the Company and its subsidiaries, for the amount of approximately R$ 51,000, net of R$ 2,272 related to the commission for structuring the operation.

To represent the real estate credits arising from the aforementioned hire contracts, the Company issued Real Estate Credit Notes – CCI, and assigned them, onerously, to CIBRASEC – Companhia Brasileira de Securitização, which used them as the basis for issuing two series of Certificates of Real Estate Receivables – CRI. The terms and maturity dates for these certificates are fixed monthly, with the first falling due on September 15, 2008 and the last on July 15, 2015. At September 30, 2013, the total restated balance was R$ 22,082 and is fully classified in current liabilities. At December 31, 2012, the balance was R$ 28,711, fully classified under current liabilities.

15. Investments

	Taurus Blindagens Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings Inc.	Taurus Security Ltda. (1)	Taurus Investimentos Imobiliários Ltda. (1)	Polimetal Metalurgia e Plásticos Ltda.	Famastil Taurus Ferramentas S.A. (2)	Company (restated) 09-30-2013	Company (restated) 12-31-2012
Current assets	69,862	23,428	389,848	60	6,201	56,131	-		
Noncurrent assets	84,033	17,635	67,610	241	64,537	278,278	-		
Current liabilities	20,826	9,465	167,318	3	32,227	41,232	-		
Noncurrent liabilities	23,113	10,624	107,784	547	54,176	95,164	-		
Capital	80,209	9,400	680	100	39,917	210,000	-		
Equity	109,956	20,974	182,356	(249)	(15,665)	198,013	-		
Net revenue	60,466	19,201	415,712	-	8,320	83,958	-		
Net income for the period	7,668	3,769	25,845	-	(43,845)	(53,603)	-		
Number of shares/units of interest	648	1	302,505	100,000	30,752,186	209,999,999	-		
Direct ownership interest (%)	0.01%	0.1%	100%	100%	75.33%	100%	-		
Opening balances	1	17	132,564	-	-	161,572	2,215	**296,369**	321,852
Capital payment (4)	**-**	**-**	**-**	**-**	**1,265**	**-**	**-**	**1,265**	73,414
Equity pickup – continuing operations (3)	**-**	**4**	**30,892**	**-**	**(3,752)**	**(2,135)**	**-**	**25,009**	25,787
Equity pickup – discontinued operations (3)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(134,991)
Resultado de equivalência patrimonial exercício anterior	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(2)
Loss on investment	**-**	**-**	**-**	**-**	**145**	**-**	**-**	**145**	(450)
Exchange variation on investments	**-**	**-**	**14,547**	**-**	**-**	**-**	**-**	**14,547**	11,527
Dividends received	**-**	**-**	**-**	**-**	**-**	**(17,000)**	**-**	**(17,000)**	(29,975)
Reclassified to provision for loss on investments	**-**	**-**	**-**	**-**	**2,342**	**-**	**-**	**2,342**	29,207
Closing balances (3)	**1**	**21**	**178,003**	**-**	**-**	**142,437**	**2,215**	**322,677**	296,369

(1) Capital deficiency of the subsidiary Taurus Security Ltda. in the amount of R$ 249 and of subsidiary Taurus Investimentos Imobiliários Ltda. in the amount of R$2,342 is recorded in “Other accounts payable” in current liabilities.

(2) On December 20, 2011, the investment in subsidiary Famastil Taurus Ferramentas S.A. was transferred to subsidiary Polimetal Metalurgia e Plásticos Ltda. as part of the corporate restructuring occurred in 2011. The amount of R$ 2.215 in the column of investments refers to goodwill on the investment in Famastil Taurus Ferramentas S.A. which remains with Forjas Taurus S.A.

(3) For purposes of determining the investment amounts, equity and net income of each investee is adjusted by unrealized profits in transactions among the companies.

(4) Capital increase in subsidiary Taurus Investimentos Imobiliários Ltda. amounting to R$ 1,265 was made in cash.

15. Investments (Continued)

	Consolidated
	Famastil Taurus Ferramentas S.A.
Current assets	77,043
Noncurrent assets	32,763
Current liabilities	47,233
Noncurrent liabilities	24,263
Capital	20,000
Equity	38,310
Net revenue	69,442
Net income for the period	229
Number of shares/units of interest	7,000,000
Direct ownership interest (%)	35%
Opening balances (1)	15,543
Equity pickup	**80**
Closing balances (1)	**15,623**

(1) Includes goodwill paid on the acquisition of investment of R$2,215.

16. Property, plant and equipment

	Land, buildings and premises	Machinery and equipment	Casts and tooling	Furniture and computers	Vehicles	Construction in progress	Advances to suppliers	Total
								Consolidated
Cost or deemed cost								
Balance at December 31, 2012	108,297	184,560	44,194	23,499	3,964	25,753	7,288	397,555
Additions	330	2,842	83	397	92	16,847	(1,198)	19,393
Disposals	(3)	(627)	(96)	(102)	(354)	(249)	(109)	(1,540)
PPA Heritage allocation	-	350	-	-	-	-	-	350
Transfers of assets under construction	511	21,919	2,584	779	-	(25,793)	-	-
Effect from exchange variation	3,021	2,080	-	310	11	-	-	5,422
Balance at September 30, 2013	**112,156**	**211,124**	**46,765**	**24,883**	**3,713**	**16,558**	**5,981**	**421,180**
Depreciation								
Balance at December 31, 2012	11,281	70,442	22,700	12,677	1,970	-	-	119,070
Depreciation in the period	2,564	13,406	5,005	2,296	556	-	-	23,827
Disposals	-	(371)	(96)	(110)	(166)	-	-	(743)
Depreciation of allocated PPA Heritage	-	116	-	-	-	-	-	116
Effect from exchange variation	453	1,025	-	246	9	-	-	1,733
Balance at September 30, 2013	**14,298**	**84,618**	**27,609**	**15,109**	**2,369**	**-**	**-**	**144,003**
Book value								
At December 31, 2012	97,016	114,118	21,494	10,822	1,994	25,753	7,288	278,485
At September 30, 2013	**97,858**	**126,506**	**19,156**	**9,774**	**1,344**	**16,558**	**5,981**	**277,177**

16. Property, plant and equipment (Continued)

	Land, buildings and premises	Machinery and equipment	Casts and tooling	Furniture and computers	Vehicles	Construction in progress	Advances to suppliers	Total
								Company
Cost or deemed cost								
Balance at December 31, 2012	2,426	58,825	22,070	7,267	2,499	6,980	374	100,441
Additions	-	59	27	161	92	6,600	(327)	6,612
Disposals	-	(374)	-	(32)	(351)	-	-	(757)
Transfers of assets under construction	222	4,490	1,206	631	-	(6,549)	-	-
Balance at September 30, 2013	**2,648**	**63,000**	**23,303**	**8,027**	**2,240**	**7,031**	**47**	**106,296**
Depreciation								
Balance at December 31, 2012	459	22,313	10,468	3,749	1,118	-	-	38,107
Depreciation in the period	197	4,318	2,735	751	343	-	-	8,344
Disposals	-	(185)	-	(44)	(163)	-	-	(392)
Balance at September 30, 2013	**656**	**26,446**	**13,203**	**4,456**	**1,298**	**-**	**-**	**46,059**
Book value								
At December 31, 2012	1,967	36,512	11,602	3,518	1,381	6,980	374	62,334
At September 30, 2013	**1,992**	**36,554**	**10,100**	**3,571**	**942**	**7,031**	**47**	**60,237**

Construction in progress

The balance of assets under construction of R$7,031 – Company and R$ 27,222 – Consolidated at September 30, 2013 (R$ 6,980 and R$36,417 at December 31, 2012, respectively) refers to machinery and equipment still in the phase of being implemented and construction in progress. These assets are expected to become operational in 2013.

16. Property, plant and equipment (Continued)

Guarantee

Loans raised by the Company from financial institutions are guaranteed by its assets. Although a significant portion of fixed assets is used to guarantee loans and financings, historically the Company has settled its liabilities within the established contractual terms thus it was never necessary to enforce such guarantees. At September 30, 2013, guarantees provided by the Company amounted to R$51,432 (R$62,709 at December 31, 2012).

17. Intangible assets

							Consolidated
	Goodwill	Trademarks and patents	Development of Products	Systems implementation	Clients portfolio	Other intangible assets	Total
Cost							
Balance at December 31, 2012	48,682	3,981	11,697	2,946	-	737	68,043
Acquisitions	-	-	787	502	-	-	1,289
Write-offs	-	-	(1,146)	(272)	-	-	(1,418)
PPA Heritage allocation	(14,502)	6,046	-	-	8,106	-	(350)
Deferred tax on PPA Heritage allocation	5,366	-	-	-	-	-	5,366
Effect from exchange variation	(37)	996	109	-	1,273	-	2,341
Balance at September 30, 2013	**39,509**	**11,023**	**11,447**	**3,176**	**9,379**	**737**	**75,271**
Amortization							
Balance at December 31, 2012	-	91	4,984	1,700	-	87	6,862
Amortization for the period	-	71	458	321	-	65	915
Amortization of allocated PPA		-	-	-	1,337	-	1,337
Effect from exchange variation	-	-	-	-	(60)	-	(60)
Balance at September 30, 2013	**-**	**162**	**5,442**	**2,021**	**1,277**	**152**	**9,054**
Book value							
At December 31, 2012	48,682	3,890	6,713	1,246	-	650	61,181
At September 30, 2013	**39,509**	**10,861**	**6,005**	**1,155**	**8,102**	**585**	**66,217**

				Company
	Trademarks and patents	Development of Products	Systems implementation	Total
Cost				
Balance at December 31, 2012	238	9,010	814	10,062
Additions	-	-	488	488
Write-offs	-	-	(272)	(272)
Balance at September 30, 2013	**238**	**9,010**	**1,030**	**10,278**
Amortization				
Balance at December 31, 2012	-	4,984	246	5,230
Amortization for the period	-	458	121	579
Balance at September 30, 2013	**-**	**5,442**	**367**	**5,809**
Book value				
At December 31, 2012	238	4,026	568	4,832
At September 30, 2013	**238**	**3,568**	**663**	**4,469**

17. Intangible assets (Continued)

Goodwill is allocated to the Group's operational divisions, as follows:

Cash generating unit	09-30-2013	12-31-2012
Forjas Taurus S.A.	**21,194**	21,194
Taurus Holdings, Inc.	**9,776**	18,949
Taurus Blindagens Ltda.	**6,823**	6,823
Taurus Helmets Indústria Plástica Ltda.	**1,045**	1,045
Famastil Taurus Ferramentas S.A.	**544**	544
Polimetal Metalurgia e Plásticos Ltda.	**127**	127
Total	**39,509**	48,682

The impairment testing of the aforementioned CGUs is performed annually based on the fair value less selling expenses, which is estimated based on discounted cash flows. Management estimates quarterly if there are changes in assumptions that could indicate the need of setting up a provision for impairment. At September 30, 2013 no such indication was identified. The assumptions adopted by the Company are disclosed in the financial statements for the year ended December 31, 2012.

18. Loans and financing

	Consolidated		Company	
	09-30-2013	12-31-2012 (restated)	09-30-2013	12-31-2012 (restated)
Current liabilities				
Guaranteed bank loans				
Working capital	**136,411**	113,887	**136,411**	108,477
Discount of receivables	**2,054**	1,556	**-**	-
FINAME	**3,925**	6,091	**2,108**	3,497
FINEP	**10,334**	10,350	**2,303**	2,307
FNE	**1,457**	1,423	**-**	-
BNDES Revitaliza	**-**	578	**-**	-
BNDES Progeren	**25,745**	4,902	**-**	-
Working capital USD	**154,633**	165,573	**153,186**	164,286
Financing for acquisition of fixed assets	**185**	361	**185**	361
Investment in USD	**647**	575	**-**	-
FINIMP	**31,933**	17,259	**26,441**	15,185
	367,324	322,555	**320,634**	294,113
Noncurrent liabilities				
Guaranteed bank loans				
Working capital	**28,750**	52,501	**28,750**	52,501
FINAME	**6,802**	6,731	**2,681**	3,736
FINEP	**30,580**	35,932	**192**	1,916
FNE	**7,355**	8,405	**-**	-
BNDES Revitaliza	**-**	2,276	**-**	-
BNDES Progeren	**42,653**	27,981	**-**	-
Working capital USD	**170,060**	106,428	**86,915**	30,653
Financing for acquisition of fixed assets	**-**	164	**-**	164
Investment in USD	**15,481**	14,634	**-**	-
FINIMP	**1,083**	433	**768**	-
	302,764	255,485	**119,306**	88,970
	670,088	578,040	**439,940**	383,083

18. Loans and financing (Continued)

Terms and schedule for debt amortization

The terms and conditions for loans outstanding were as follows:

				Consolidated			
				09-30-2013		12-31-2012	
	Currency	Nominal interest rate	Year of maturity	Face value	Book value	Face value	Book value
Guaranteed bank loans							
Working capital	R$	CDI + 1.26 to 4.10% p.a.	2017	177,000	**165,161**	169,010	166,389
Discount of receivables	R$	13.26 to 16.80% p.a.	2013	-	**2,053**	-	1,556
FINAME	R$	TJLP + 1.00 to 7.00% p.a.	2014	7,100	**441**	18,323	2,783
FINAME	R$	2.50 to 5.50% p.a.	2021	18,145	**10,285**	14,927	10,039
FINEP	R$	TJLP + 0.16 to 2.00% p.a.	2014	11,645	**2,495**	11,645	4,223
FINEP	R$	4.00 to 5.25% p.a.	2020	58,672	**38,420**	56,337	42,058
BNDES Revitaliza	R$	9% p.a.	2017	-	**-**	2,845	2,854
BNDES Progeren	R$	TJLP + 4.00 p.a.	2015	63,977	**68,399**	31,977	32,883
FNE	R$	9.50% p.a.	2019	9,806	**8,812**	9,806	9,828
Working capital	USD	Libor + 0.79 to 4.80% p.a.	2017	30,000	**142,260**	60,000	135,553
Working capital	USD	3.32 to 9.87% p.a.	2016	63,849	**120,482**	68,849	136,448
Working capital	USD	80% to 85% of CDI	2016	29,135	**61,951**	-	-
Financing for acquisition of fixed	USD	Libor + 1.25 to 3.0% p.a.	2014	824	**185**	824	525
Investments	USD	9.78% p.a.	2017	6,035	**12,389**	6,035	11,672
Investments	USD	Libor + 2.25% p.a.	2017	1,500	**3,739**	1,500	3,537
FINIMP	USD	Libor + 1.10 to 2.7% p.a.	2016	10,947	**33,016**	8,571	17,692
Total liabilities subject to interest					**670,088**		578,040

				Company			
				09-30-2013		12-31-2012	
	Currency	Nominal interest rate	Year of maturity	Face value	Book value	Face value	Book value
Guaranteed bank loans							
Working capital	R$	CDI + 1.80 to 3.91%	2017	177,000	**165,161**	167,010	160,978
FINAME	R$	TJLP + 2.25 to 7.00%	2014	1,412	**110**	8,629	1,050
FINAME	R$	2.50 to 5.50% p.a.	2021	11,464	**4,679**	10,401	6,183
FINEP	R$	TJLP + 0.16 to 2.0%	2014	11,645	**2,495**	11,645	4,223
Working capital	USD	Libor + 0.79 to 4.80%	2017	30,000	**60,489**	30,000	62,035
Working capital	USD	3.40 to 3.91% p.a.	2016	63,849	**117,661**	63,849	132,904
Working capital	USD	80% to 85% of CDI	2016	29,135	**61,951**	-	-
Financing for acquisition of fixed	USD	Libor + 1.25 to 3,0% p.a.	2014	824	**185**	824	525
FINIMP	USD	Libor + 1.10 to 2.7% p.a.	2014	12,038	**27,209**	7,354	15,185
Total liabilities subject to interest					**439,940**		383,083

18. Loans and financing (Continued)

Maturity dates of noncurrent liabilities:

	Consolidated (restated)		Company (restated)	
Year of maturity	09-30-2013	12-31-2012	09-30-2013	12-31-2012
2014	**27,539**	76,710	**16,714**	47,614
2015	**98,691**	40,304	**56,326**	14,588
2016	**42,208**	25,894	**21,479**	13,020
2017	**109,445**	94,745	**19,044**	13,013
2018 onwards	**24,881**	17,832	**5,743**	735
	302,764	255,485	**119,306**	88.970

The loans and financing are guaranteed by promissory notes, chattel mortgages for machinery and equipment and real estate mortgages. The sureties granted by the parent company and the sureties granted by the Company to its subsidiaries are reported in Note 22 – Related parties.

The loan and financing contracts agreed between the Company and its subsidiaries include covenants that limit certain corporate alterations, as under: change in direct or indirect controlling interest in the Company, reduction of capital of the Company and/or its subsidiary, distribution of dividends, payment of interest on equity or any other payments to shareholders of the Company and/or its controlling company in case of delay to fulfill any obligation, reduction of Company capital. In addition to these points, they require maintenance of certain financial ratios: indebtedness (net financial debt/EBITDA) lower than 3.5; interest coverage index (EBITDA/net financial expenses) equal to or higher than 2.75. If such restrictions are not met, creditors may claim accelerate maturity. All the above ratios are calculated quarterly based on the last twelve months. At September 30, 2013 these covenants were not met. Thus, part of the loans, in the amount of R$78,469, was reclassified to current liabilities.

According to the letter of 11/11/2013 Banco Itaú BBA S.A. waived for the right to declare the early maturity of bank credit certificates in connection with the noncompliance with the obligation to keep financial indexes. Accordingly, R$65,089 will be reclassified to noncurrent liabilities.

19. Debentures

The Company agreed a private instrument for the public registration of the 1st and 2nd issue of debentures, non-convertible into shares on June 08, 2010 and September 06, 2011, for the total nominal value of R$ 103,000 and R$ 50,000, respectively.

The issue was made in a single series, corresponding to 10,300 debentures for the 1st issue and 200 debentures for the 2nd issue, distributed on the secondary market through the National Debenture system, with restrictions on the placing allocated exclusively to qualified investors.

For the 1st issue, the unit nominal value will be paid in 7 twice-annual installments, with a grace period of 12 months, beginning on April 15, 2011. For the 2nd issue, the unit nominal value will be paid in 13 quarterly installments, with a grace period of 2 years, beginning on August 23, 2013. Interest is charged on the amount, calculated based on the compound capitalization system, equivalent to the accumulated variation in the average daily rates for DI – Interbank deposits, plus interest as detailed below:

						09-30-2013
	Index	**Current**	**Noncurrent**	**Transaction costs incurred**	**Transaction costs appropriated**	**Transaction costs to appropriate**
Debentures						
1st issue	DI rate + 4.1%	**30,899**	**-**	**1,424**	**1,267**	**157**
2nd issue	DI rate + 2.8%	**46,218**	**-**	**847**	**385**	**462**
		77,117	**-**	**2,271**	**1,652**	**619**

						12-31-2012 (restated)
	Index	**Current**	**Noncurrent**	**Transaction costs incurred**	**Transaction costs appropriated**	**Transaction costs to appropriate**
Debentures						
1st issue	DI rate + 4.1%	44,762	-	1,160	1,065	95
2nd issue	DI rate + 2.8%	49,936	-	809	271	538
		94,698	-	1,969	1,336	633

Effective interest rates of the 1st and 2nd issues are of 12.13% and 11.82%, respectively. Measurement of the effective rate was based on contractual index rate in force on the reporting date. The debentures are guaranteed by the subsidiaries Forjas Taurus S.A. in Brazil, constituted in the form of bonds granted jointly.

19. Debentures (Continued)

The instrument provides for accelerated maturity of all obligations subject matter of the deed in certain circumstances, which include: change in the direct or indirect control of the Company, capital reduction in the Company and/or its parent company, dividend distribution, payment of interest on equity or other payments made to shareholders by the Company and/or its parent in the event of delays with any of its obligations, decrease in the Company's capital and/or that of Polimetal (1), making by the Company or by the guarantors of any type of sale or transfer of assets that has an impact equal to or higher than 15% of the Company's consolidated assets or equal to or higher than 20% of consolidated gross revenue of the Company (2), undertaking, by the Company or its subsidiaries, of financing, advance or loan operations, in the position of creditors, with any of its direct or indirect controlling companies, except for the exclusive purpose of refinancing obligations agreed prior to the issuing of the debentures, the granting, by the Company or its subsidiaries, of bonds or any type of guarantee for the financial operations of direct or indirect controlling companies for amounts in excess of those existing at the date of issuing the debentures, maintaining minimum financial ratios (net debt/EBITDA) equal to or less than 3.25 times (1st issue) and 3 times (2nd issue) and EBITDA/net financial expenses equal to or higher than 2.75 times, (1st issue), where: net debt is equal to total debts (including sureties and guarantees) less cash, EBITDA is equal to profit before taxes, interest, depreciation and amortization in the previous 12 months and net financial expenses refer to total financial income less financial expenses for the previous 12 months, adjusted for non-recurring items.

(1) The occurrence of such events may be approved by the titleholders of at least 2/3rd of the outstanding debentures, without the obligations maturing in advance.

(2) The occurrence of such events may be approved by the titleholders of at least 75% of the outstanding debentures, without the obligations maturing in advance.

Company management and that of its subsidiaries monitor these indexes on a systematic and ongoing basis in order to meet the conditions. At September 30, 2013, given the accounting effects from expenses with additional provisions and write-off of the asset selling value, both nonrecurring, in connection with resetting the Sale Contract of Taurus Máquinas-Ferramenta Ltda. operations (Note 8), the addendum thereto being executed on September 12, 2013, due to the material adverse conditions alleged by the buyer, the Company did not meet the minimum financial indexes, eventually transferring to current liabilities R$ 34,288 since it failed to meet those indexes.

19. **Debentures** (Continued)

ON 11/12/2013 the general meeting of debenture-holders of the first public issue of unsecured debentures, with personal guarantee and non-convertible into shares, resolved as follows: (i) non-declaration of the early maturity of debentures, pursuant to clause 6.21.(XXII), in connection with the noncompliance with the financial indexes and the issuer's waiver from complying with such indexes for the quarter ended June 30, 2013; (ii) Issuer's waiver from meeting the financial indexes set out in clause 6.21 (XXII) deed of issue for the quarter ended September 30, 2013 and for the quarter ending December 31, 2013; and (iii) Modification of how the financial indexes are calculated until the effects of nonrecurring revenues and expenses which affected 2013 are no longer an integral part of the calculation of indexes, as follows: net debt/EBITDA below or equal to 4.0 times and EBITDA/net financial expenses above or equal to 2.0 times. Also, that general meeting approved the payment of 0.5% (zero point five percent) premium levied on the nominal value of these debentures.

Also, on 11/12/2013 the general meeting of debenture-holders of 2nd public issue of debentures of Forjas Taurus S.A. unanimously cast the following unanimous and unqualified vote: (i) approve the non-declaration of early maturity of debentures, in view of the noncompliance with the financial indexes set out in clause 5.1.1, (xix) of the deed for the quarter ended June 30, 2013; (ii) approve the issuer's proposal for waiving from complying with the financial index for the quarter ended September 30, 2013 and for the quarter ending December 31, 2013, will be deemed to be a new calculation methodology, net debt/EBITDA below or equal to 4.0 times and EBITDA/net financial expenses above or equal to 2.0 times. (iii) Approve the issuer's proposal for modifying how the financial indexes are calculated, until the effects of the nonrecurring revenues and expenses which affected 2013 are no longer an integral part of the calculation of the related financial indexes and modification of their limits, as well as approve the incorporation of the new financial index into the proposal presented. Whereas the proposals presented by the issuer were approved, a 1% (one percent) premium will be paid on the debt balance at September 30, 2013 of the 2nd issue debentures.

As required by the general meeting of debenture-holders of 2nd public issue of debentures of Forjas Taurus S.A., the Company informs that the operating loss of Taurus Máquinas-Ferramenta Ltda. reached R$ -104,697 for the period ended September 30, 2013, as shown in Note 7.

20. Tax, social security, labor and civil provision

The Company, based on the opinion of its legal advisors and the analysis of judicial proceedings pending judgment, set up a provision for contingencies for an amount considered sufficient to cover estimated losses on proceedings pending judgment involving probable unfavorable outcome. The amounts of the provision are recorded in the group of other accounts payable. Breakdown of contingencies is as under:

				Consolidated
			09-30-2013	**12-31-2012 (restated)**
	Provision	**Judicial deposit**	**Net**	**Net**
Labor	**6,632**	**2,892**	**3,740**	2,223
Tax				
Federal	**-**	**423**	**(423)**	(423)
State	**2,469**	**819**	**1,650**	1,646
	9,101	**4,134**	**4,967**	3,446

				Company
			09-30-2013	**12-31-2012 (restated)**
	Provision (1)	**Judicial deposit (2)**	**Net**	**Net**
Labor	**3,045**	**1,347**	**1,698**	2,201
Tax				
Federal	**-**	**423**	**(423)**	(423)
State	**388**	**724**	**(336)**	(338)
	3,433	**2,494**	**939**	1,440

(1) Recorded in other liabilities in noncurrent liabilities.
(2) Recorded in other accounts receivable under noncurrent assets.

20. Tax, social security, labor and civil provisions (Continued)

Changes in provisions are as follows:

			Consolidated
	Civil and labor	Tax	Total
Balance at December 31, 2012	4,689	2,469	7,158
Provisions made in the period	2,372	-	2,372
Provisions used in the period	(5)	-	(5)
Balance at September 30, 2013	**7,056**	**2,469**	**9,525**

			Company
	Civil and labor	Tax	Total
Balance at December 31, 2012	3,469	388	3,857
Provisions made in the period	-	-	-
Balance at September 30, 2013	**3,469**	**388**	**3,857**

The Company and its subsidiaries have other proceedings that have been assessed by the legal advisors as involving possible or remote unfavorable outcome, for the consolidated amount of approximately R$ 11,334 - Company and R$45,216 – Consolidated (R$ 10,915 and R$44,287, respectively at December 31, 2012) for which no provision has been registered, given that accounting practices adopted in Brazil do not require this. The main individual claim is that filed by Hunter Douglas NV against Wotan Máquinas Ltda. seeking the collection set forth in the intercompany loan agreement to finance exports executed by both companies in 2001. Subsidiary Taurus Máquinas-Ferramenta Ltda. is the defendant, in connection with the eventual rental of the industrial complex from Wotan Máquinas Ltda. in 2004. The claim is estimated at R$ 20 million, and the risk of loss is rated as possible by the Company lawyers.

The Company filed several proceedings for the recognition of several tax credits, of which the amounts will be recognized based on the realization thereof.

21. Financial instruments

i) Derivatives

The Company and its subsidiaries Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Máquinas-Ferramenta Ltda., undertake operations with derivative financial instruments. Administration of these instruments is by means of operating strategies and internal controls aimed at ensuring liquidity, profitability and security. The contracting of financial instruments for hedging purposes is made based on a periodic analysis of the exposure to risk that management intends to cover (foreign exchange, interest rate, etc.). The control policy consists of permanently accompanying the terms contracted compared to the existing market terms.

21. Financial instruments (Continued)

i) Derivatives (Continued)

We summarize below our positions with derivative instruments:

	Consolidated		Company	
	09-30-2013	12-31-2012	09-30-2013	12-31-2012
Derivative financial instruments assets	**38,388**	33,513	**38,207**	32,925
Derivative financial instruments liabilities	**(5,877)**	(7,750)	**(5,175)**	(6,576)
	32,511	25,763	**33,032**	26,349

All of the operations involving financial instruments are recognized in the Company's financial statements, as presented in the table below, which details the derivatives outstanding, organized by maturity date, counterparty, notional value and fair values:

			Consolidated			
			09-30-2013		12-31-2012	
Instrument	Counterparty	Contract currency with respect to notional value	Notional – in thousands	Fair value	Notional – in thousands	Fair value
Swap Fixed x Libor						
Taurus Holdings, Inc.	TD Bank	US dollars - USD	5,711	**(702)**	5,711	(1,174)
Swap Fixed x CDI						
Forjas Taurus S.A.	Banco Itaú BBA	Reais – BRL	37,356	**642**	37,356	1,917
Taurus Blindagens Ltda.	Banco Itaú BBA	Reais – BRL	9,652	**126**	9,652	405
Taurus Helmets Ltda.	Banco Itaú BBA	Reais – BRL	4,355	**55**	4,355	183
***Swap Interest + E.V.* USD x CDI + R$**						
Forjas Taurus S.A.	Banco Itaú BBA	Reais – BRL	100,000	**35,031**	100,000	31,008
Forjas Taurus S.A.	Banco Citibank	Reais – BRL	30,391	**2,024**	15,000	(150)
Forjas Taurus S.A.	Banco Pine	Reais – BRL	40,000	**(5,175)**	-	-
Non-deliverable forward (exports)						
Forjas Taurus S.A.	Bes Investimentos	US dollars - USD	-	**-**	16,000	(3,350)
Forjas Taurus S.A.	Banco Itaú BBA	US dollars - USD	-	**-**	4,700	(3,076)
Forjas Taurus S.A.	Bes Investimentos	US dollars - USD	20,000	**510**	-	-
				32,511		25,763

21. Financial instruments (Continued)

i) Derivatives (Continued)

The fair value does not represent the obligation for immediate disbursement or receiving of cash, given that this effect will only occur on the contractual dates or maturity dates of each operation, when the results are determined, depending on the case and the market conditions on these dates. It should be noted that all of the contracts outstanding at September 30, 2013 refer to operations on the over the counter market, registered with the CETIP, without any type of guarantee margin or accelerated maturity clause forced by Mark to Market (MtM) variations.

We set out below descriptions of each of the derivatives in force and the hedging instruments.

Non-deliverable forward (exports)

In accordance with the Company's export policies, derivative financial instruments were taken out to hedge a percentage of export revenue highly susceptive to variations in exchange rate to the US dollar.

Swap Libor + E.V. USD x CDI + R$

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

Swap Fixed x CDI

The Company has conventional fixed rate swap positions related to the Certificates of Real Estate credits - CRI (Note 14) aimed at linking the interest rate exposure to a post fixed rate on the domestic market.

21. Financial instruments (Continued)

i) Derivatives (Continued)

Swap Interest + E.V. USD x CDI + R$

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

ii) Risks

a) *Credit risk*

Exposure to credit risk

The carrying values of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date for the financial statements was as follows:

	Consolidated (restated)	
		Book value
	09-30-2013	12-31-2012
Trade accounts receivable	**223,247**	168,240
Other loans and receivables	**36,358**	27,950
Cash and cash equivalents	**327,806**	180,781
Foreign exchange forward and interest rate swap contracts used for asset hedging	**38,388**	33,513
Total	**625,799**	410,484

	Company	
		Book value
	09-30-2013	12-31-2012 (restated)
Trade accounts receivable	**109,427**	60,545
Other loans and receivables	**17,781**	18,889
Cash and cash equivalents	**65,684**	101,560
Foreign exchange forward and interest rate swap contracts used for asset hedging	**38,207**	32,925
Total	**231,099**	213,919

21. Financial instruments (Continued)

ii) Risks (Continued)

a) *Credit risk* (Continued)

Exposure to credit risk

The maximum exposure to credit risk for trade accounts receivable at the reporting date by geographic region is as follows:

	Consolidated			Company
	Book value			Book value
	09-30-2013	**12-31-2012**	**09-30-2013**	**12-31-2012 (restated)**
Domestic-trade accounts receivable	**80,452**	80,844	**28,646**	30,911
United States – trade accounts receivable	**124,592**	69,765	**65,167**	13,379
Other	**18,203**	17,631	**15,614**	16,255
Total	**223,247**	168,240	**109,427**	60,545

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

	Consolidated			Company
	Book value			Book value
	09-30-2013	**12-31-2012**	**09-30-2013**	**12-31-2012 (restated)**
Customers – public bodies	**25,540**	26,924	**18,020**	19,919
Customers - distributors	**29,641**	99,058	**65,167**	21,117
End customers	**168,066**	42,258	**26,240**	19,509
Total	**223,247**	168,240	**109,427**	60,545

Impairment losses

The maturity of loans and receivables granted at the balance sheet date was:

				Consolidated
	Gross	**Gross**	***Impairment***	***Impairment***
	09-30-2013	**12-31-2012**	**09-30-2013**	**12-31-2012 (restated)**
Falling due	**190,876**	140,422	**-**	-
Overdue between 0-30 days	**9,362**	1,142	**-**	-
Overdue between 31-360 days(1)	**7,899**	4,546	**(3,067)**	(410)
Overdue for more than one year	**15,110**	22,130	**(13,991)**	(18,983)
Total	**223,247**	168,240	**(17,058)**	(19,393)

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

21. Financial instruments (Continued)

ii) Risks (Continued)

a) *Credit risk* (Continued)

Impairment losses (Continued)

				Company
	Gross	**Gross**	***Impairment***	***Impairment***
	09-30-2013	**12-31-2012 (restated)**	**09-30-2013**	**12-31-2012**
Falling due	**99,808**	49,591	**-**	-
Overdue between 0-30 days	**4,433**	4,644	**-**	-
Overdue between 31-360 days[(1)]	**1,726**	3,294	**(411)**	(410)
Overdue for more than one year	**3,460**	3,016	**(2,335)**	(2,332)
Total	**109,427**	60,545	**(2,746)**	(2,742)

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

Based on historic default rates, the Company believes that no provision for impairment losses is necessary in relation to trade accounts receivable not overdue or overdue by up to 30 days; a significant part of the balance, which includes the amount due by the Company's most important clients, refers to clients that have a good history of payment with the Company.

The Company transferred to third parties credits receivable amounting to R$ 80,644 at September 30, 2013 (R$ 22,150 at September 30, 2012), without right of refund for damages. Subsidiary Polimetal Metalurgia e Plásticos Ltda. transferred to third parties credits receivable amounting to R$ 43,996 at September 30, 2013, without right of refund for damages. In the financial statements these amounts were recognized in advance on receivables account.

The balance of notes receivable refers to the sale of operating activities of subsidiary SM Metalurgia Ltda. as described in Note 8, also guarantees are described in that note. Management periodically monitors the counterparty credit risk.

The other amounts receivable refer to sundry receivables maturing within up to one year and with low credit risk.

b) *Liquidity Risk*

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

21. Financial instruments (Continued)

ii) Risks (Continued)

b) *Liquidity risk* (Continued)

	Consolidated 09-30-2013					
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade accounts payable	22,414	22,414	22,414	-	-	-
Guaranteed bank loans	670,088	733,402	371,715	146,703	193,540	21,445
Debt securities issued	77,117	79,388	79,338	-	-	-
Certificates of real estate receivables	22,082	22,860	22,860	-	-	-
Advance on receivables	124,640	124,640	124,640	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(38,388)	(38,388)	(38,388)	-	-	-
Derivative instruments (liabilities)	5,877	5,877	5,877	-	-	-
	883,830	950,193	588,456	146,703	193,540	21,445

	Consolidated 2012 (restated)					
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade accounts payable	34,958	34,958	34,958	-	-	-
Guaranteed bank loans	578,040	629,667	330,373	88,471	210,369	455
Debt securities issued	94,698	99,459	99,459	-	-	-
Certificates of real estate receivables	28,711	35,690	35,690	-	-	-
Foreign exchange payable	5,128	5,188	5,188	-	-	-
Advance on receivables	26,375	26,375	26,375	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(33,513)	(33,513)	(33,513)	-	-	-
Derivative instruments (liabilities)	7,750	7,750	7,750	-	-	-
	742,147	805.574	506,279	88.471	210.369	455

	Company 09-30-2013					
	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over From 5 years
Non-derivative financial liabilities						
Trade accounts payable	55,024	55,024	55,024	-	-	-
Guaranteed bank loans	439,940	473,862	326,264	84,375	62,588	636
Debt securities issued	77,117	79,338	79,338	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(38,207)	(38,207)	(38,207)	-	-	-
Derivative instruments (liabilities)	5,175	5,175	5,175	-	-	-
	539,049	575,192	427,594	84,375	62,588	636

21. Financial instruments (Continued)

ii) Risks (Continued)

b) *Liquidity risk* (Continued)

	Book value	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Company 12-31-2012 (restated) Over From 5 years
Non-derivative financial liabilities						
Trade accounts payable	40,742	40,742	40,742	-	-	-
Guaranteed bank loans	383,083	408,347	302,514	56,086	49,476	271
Debt securities issued	94,698	99,459	99,459	-	-	-
Foreign exchange payable	5,128	-	-	-	-	-
Derivative financial instruments						
Derivative instruments (assets)	(32,925)	(32,925)	(32,925)	-	-	-
Derivative instruments (liabilities)	6,576	6,576	6,576	-	-	-
	497,302	522,199	416,366	56,086	49,476	271

Management does not anticipate that cash flows, included in the maturity analyses, will occur at significantly earlier dates or for significantly different amounts.

21. Financial instruments (Continued)

ii) Risks (Continued)

c) *Foreign currency risk*

The Company's exposure to foreign exchange risk was as follows (in nominal values):

	Consolidated	
	USD 000	
	09-30-2013	12-31-2012 (restated)
Trade accounts receivable	**64,034**	42,768
Foreign exchange payable	**-**	(2,509)
Guaranteed bank loans	**(149,315)**	(149,463)
Foreign suppliers	**(4,138)**	(6,170)
Advance on receivables	**(36,163)**	-
Net balance sheet exposure	**(125,582)**	(115,374)

The exposure to consolidated foreign exchange risk includes the guaranteed bank loans from Taurus Holdings, Inc. for the amount of USD 45,166 at September 30, 2013 (USD 45,153 at December 31, 2012).

	Company	
	USD 000	
	09-30-2013	12-31-2012
Trade accounts receivable	**7,002**	7,954
Accounts receivable from foreign related parties	**29,223**	6,547
Foreign exchange payable	**-**	(2,509)
Guaranteed bank loans	**(101,545)**	(103,082)
Foreign suppliers	**(1,113)**	(957)
Net balance sheet exposure	**(66,433)**	(92,047)

The following exchange rates were used during the period ended September 30, 2013 and the year of 2012:

	Average rate		Spot rate	
	09-30-2013	12-31-2012	09-30-2013	12-31-2012
R$/USD	**2.1183**	1.9588	**2.2300**	2.0435

ii) Risks (Continued)

c) *Foreign exchange risk* (Continued)

Sensitivity analysis

The devaluation of the Real to the US dollar, at September 30, 2013 decreased equity and net income as reported below. This analysis is based on the expected exchange rate of year end, which is of R$2.17 (probable scenario), based on the Focus report of October 04, 2013, issued by the Central Bank of Brazil. The analysis considered that all the other variables, particularly interest rates, would remain constant.

	Consolidated		Company	
	Equity	Net income for the year	Equity	Net income for the year
September 30, 2013				
R$/USD (forecast rate 2.17)	**7,535**	**7,535**	**3,986**	**3,986**
R$/USD (25% - forecast rate 2.71)	**(60,594)**	**(60,594)**	**(32,054)**	**(32,054)**
R$/USD (50% - forecast rate 3.26)	**(128,723)**	**(128,723)**	**(68,094)**	**(68,094)**

d) *Interest rate risk*

Sensitivity analysis of the fair value for fixed rate instruments

The Company did not register any financial asset or liability with fixed interest rate at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect P&L.

21. Financial instruments (Continued)

ii) Risks (Continued)

d) *Interest rate risk* (Continued)

Sensitivity analysis of cash flows for variable rate instruments

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

	Consolidated	
	Book value	
	09-30-2013	**12-31-2012**
Fixed rate instruments		
Financial liabilities	**128,212**	133,281
Variable rate instruments		
Financial assets	**169,818**	185,350
Financial liabilities	**646,954**	579,871

	Company	
	Book value	
	09-30-2013	**12-31-2012**
Fixed rate instruments		
Financial liabilities	**30,718**	21,917
Variable rate instruments		
Financial assets	**100,919**	129,805
Financial liabilities	**491,514**	467,566

A variation of 10 percentage points in interest rates, on the reporting date of the financial statements, would increase (reduce) equity and net income for the year on the balance for interest not liquidated, by the amounts presented below. The analysis considers that all variables, particularly foreign currency, would remain stable. The analysis was made considering the same base for September 30, 2013 and December 31, 2012.

21. Financial instruments (Continued)

ii) Risks (Continued)

d) *Interest rate risk* (Continued)

Sensitivity analysis of cash flows for variable rate instruments (Continued)

	Consolidated	
	Equity and net income for the year	
	09-30-2013	**12-31-2012**
Change in interest rate on financing	**(2,861)**	(2,418)
Change in interest rate on short-term investments	**571**	523

	Company	
	Equity and net income for the year	
	09-30-2013	**12-31-2012**
Change in interest rate on financing	**(2,077)**	(1,380)
Change in interest rate on short-term investments	**273**	334

iii) Fair value versus book value

The fair values of financial assets and liabilities, together with the carrying values reported in the balance sheets, are as follows:

	Consolidated			
	09-30-2013		12-31-2012	
	Book value	Fair value	Book value	Fair value
Assets stated at fair value				
Forward exchange contracts and interest rate swap contracts used for *hedge* operations	**38,388**	**38,388**	33,513	33,513
Assets stated at amortized cost				
Cash and cash equivalents	**327,806**	**327,806**	180,781	180,781
Trade accounts receivable	**206,189**	**206,189**	148,847	148,847
	533,995	**533,995**	329,628	329,628
Liabilities stated at fair value				
Forward exchange contracts and interest rate swap contracts used for *hedge* operations	**5,877**	**5,877**	7,750	7,750
Liabilities stated at amortized cost				
Guaranteed bank loans	**670,088**	**670,083**	578,040	562,443
Issue of debt securities	**77,117**	**76,935**	94,697	96,195
Foreign exchange payable	**-**	**-**	5,128	5,018
Suppliers and other accounts payable	**150,014**	**150,014**	61,333	61,333
Advance on real estate credits	**22,082**	**22,082**	28,711	29,823
	919,301	**919,114**	767,909	754,812

21. Financial instruments (Continued)

iii) Fair value versus book value

				Company
	09-30-2013			12-31-2012
	Book value	Fair value	Book value	Fair value
Assets stated at fair value				
Forward exchange contracts and interest rate swap contracts used for *hedge* operations	**38,207**	**38,207**	32,925	32,925
Assets stated at amortized cost				
Cash and cash equivalents	**65,684**	**65,684**	101,560	101,560
Trade accounts receivable	**93,679**	**93,679**	57,803	57,803
	159,363	**159,363**	159,363	159,363
Liabilities stated at fair value				
Forward exchange contracts and interest rate swap contracts used for *hedge* operations	**5,175**	**5,175**	6,576	6,576
Liabilities stated at amortized cost				
Guaranteed bank loans	**439,940**	**439,935**	383,082	382,531
Issue of debt securities	**77,117**	**76,935**	94,697	96,195
Foreign exchange payable	**-**	**-**	5,128	5,028
Suppliers and other accounts payable	**57,984**	**57,984**	40,742	40,742
	575,041	**574,854**	523,649	524,486

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using the market interest rate determined at the reporting date of the financial statements. The interest rates used to discount the estimated cash flows, when applicable, are based on forecast rates for the interbank certificates of deposits (CDI) at the balance sheet date. A significant portion of loans is contracted at variable rates. Observable rate in recent operations are similar to the contractual rates.

The effects from gains and losses related to derivative financial instruments, not classified as *hedge* accounting, are disclosed in the note on financial income (expense), in a specific line. The Company did not post gains or losses with non-derivative instruments since they are measured at amortized cost.

21. Financial instruments (Continued)

iii) Fair value versus book value

In accordance with the hierarchical classification criteria for determining fair value, where: level 1 corresponds to quoted prices (unadjusted) on active markets for identical assets and liabilities, level 2 corresponds to *inputs*, except quoted prices included in level 1, that are observable for the asset or liability, directly (prices) or indirectly (derived from prices) and level 3 refers to assumptions, for the asset or liability, that are not based on observable market data (*inputs* non observable), the Company classified in its accounting registers the fair value of its financial instruments as being level 2.

22. Related parties

	Outstanding balances of subsidiaries with the Company					Effect from result of operations of subsidiaries with the Company	
	Current assets	Noncurrent assets (receivables from related parties)	Total assets	Current liabilities (*)	Total liabilities	Revenue	Expenses
December 31, 2012 (restated)							
Taurus Blindagens Ltda.	-	-	-	2,594	2,594	-	2,124
Taurus Blindagens Nordeste Ltda.	-	-	-	-	-	-	-
Taurus Holdings,Inc. (Note 10)	13,379	-	13,379	699	699	244,809	3,997
Taurus Security Ltda.	-	547	547	-	-	-	-
Taurus Investimentos Imobiliários Ltda.(**)	-	5,811	5,811	-	-	-	4,694
Taurus Máquinas-Ferramenta Ltda.		114,033	114,033	-	-	-	-
Polimetal Metalurgia e Plásticos Ltda.(Note 10)	3,216	-	3,216	24,156	24,156	7,921	103,726
Famastil Taurus Ferramentas S.A.	-	-	-	-	-	-	-
	16,595	**120,391**	**136,986**	**27,449**	**27,449**	**252,730**	**114,541**
September 30, 2013							
Taurus Blindagens Ltda.	-	-	-	-	-	-	11
Taurus Holdings,Inc. (Note 10)	52,165	-	52,165	1,926	1,926	181,157	3,434
Taurus Security Ltda.	-	547	547	-	-	-	-
Taurus Investimentos Imobiliários Ltda. (**)	5,811	-	5,811	-	-	-	3,652
Taurus Máquinas-Ferramenta Ltda.	-	138,958	138,958	-	-	-	-
Polimetal Metalurgia e Plásticos Ltda. (Note 10)	2,167	-	2,167	45,195	45,195	2,805	59,907
	60,143	**139,505**	**199,648**	**47,121**	**47,121**	**183,962**	**67,004**

(*) Recorded as accounts payable
(**) Disposal of fixed assets by the Company to subsidiary.

The operations involving the Company and subsidiary Taurus Holding, Inc. refer to weapon sales to be traded by the subsidiary in the US market. with average payment term of 180 days.

The operations involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda. refer to purchase of products in process since the subsidiary performs a part of the production process of the weapons segment, with average payment term of 180 days.

22. Related parties (Continued)

The transactions with related parties are carried out under the price and terms agreed by the parties as well as usual market conditions, according to management's evaluation.

Subsidiary Taurus Máquinas-Ferramentas Ltda. has intercompany loan payable to the controlling company Forjas Taurus S.A. in the amount of R$ 138,958 at September 30, 2013 (R$ 114,033 at December 31, 2012). Subsidiary Taurus Security Ltda. has intercompany loan payable to the controlling company Forjas Taurus S.A. in the amount of R$ 547 at September 30, 2013 and December 31, 2012. The loans are subject to specific rules agreed by the parties.

Remuneration of key management personnel

At September 30, 2013, remuneration paid to key management personnel amounted to R$ 13,623 (R$ 15,770 at September 30, 2012), and includes salaries, fees and benefits.

Remuneration of key management personnel includes:

	Consolidated		Company	
	09-30-2013	**09-30-2012**	**09-30-2013**	**09-30-2012**
Remuneration and benefits of statutory directors and board members	**5,637**	8,290	**5,637**	8,290
Remuneration of key personnel	**7,986**	7,480	**5,967**	3,729
Total	**13,623**	15,770	**11,604**	12,019

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

22. Related parties (Continued)

Operations of directors and key management personnel

The directors and key management personnel directly control 47.03% of the Company's voting capital.

Some of the key management personnel hold units of interest in other entities, resulting in them having control or significant influence over the financial or operating policies of these companies. There were no transactions between the Company and these parties in the period ended September 30, 2013 and year ended December 31, 2012, excepting salaries.

Sureties between related parties

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

	09-30-2013	12-31-2012
Taurus Máquinas-Ferramenta Ltda.	**-**	5,410
Taurus Holdings, Inc.	**100,720**	92,271
	100,720	97,681

23. Equity (Company)

a) Capital

Capital at September 30, 2013 and December 31, 2012 amounted to R$257,797.

Preferred shares

Preferred shares are non-voting shares and are not entitled to differentiated dividends but have preference in the return of capital.

Authorized shares (in thousands of shares)

	09-30-2013	12-31-2012
Common shares	**51,851**	51,851
Preferred shares	**103,702**	103,702
	155,553	155,553

23. Equity (Company) (Continued)

Shares issued and fully paid up

	Common			Preferred
	Quantity in thousands	R$ 000	Quantity in thousands	R$ 000
At December 31, 2012				
ON - R$ 3.25 - PN - R$ 2.90*	47,138	153,199	94,275	273,398
At September 30, 2013				
ON - R$ 2.99 - PN - R$ 2.12*	47,138	140,943	94,275	199,863

* Quotation for last transaction of shares on the date stated, multiplied by total shares existing on this date.

b) Treasury stock

Treasury shares refer to repurchased capital. The amount of remuneration paid includes directly attributable costs, net of any tax effects. When treasury shares are sold or subsequently re-issued, the amount received is recognized as an increase in equity, and the resulting excess or deficit are transferred to/from retained earnings.

c) Reserves

Legal reserve

This is registered at the rate of 5% of net income for each year, determined in accordance with the terms of article 193 of Law No. 6404/76, until its balance reaches the limit of 20% of the amount of capital.

Statutory reserve and profit retention

Reserve for investments – constituted to cover investments to be made in subsequent years, based on the capital budget.

Equity valuation adjustments

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

Cumulative translation adjustments

Cumulative translation adjustments include all of the foreign currency differences arising from translation of the financial statements of foreign operations.

23. Equity (Company) (Continued)

d) Earnings (loss) per share

Basic earnings per share were calculated based on profit for the period attributable to controlling and non-controlling shareholders of the Company up to September 30, 2013, and the respective average number of common outstanding shares in this period, compared to the period ended September 30, 2012, as presented below:

	09-30-2013	09-30-2012
Net income for the period from continuing operations	**(19,110)**	40,773
Loss from discontinued operations	**-**	(134,991)
Net income (loss) attributable to shareholders	**(19,110)**	(94,218)
Basic and diluted earnings per share – in R$	**(0.1351)**	(0.6663)
Basic and diluted earnings per share –from continuing operations-R$	**(0.1351)**	0.2883

At September 30, 2013, the Company's basic and diluted earnings per share have the same amount since there are no financial instruments convertible into shares and its common shares are not entitled to differentiated participation in profits.

24. Operating income

	Consolidated		Company	
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
Product sales	**745,685**	592,033	**320,598**	322,843
Services rendering	**77**	394	**75**	97
Total gross revenue	**745,762**	592,427	**320,673**	322,940
Sales taxes	**(89,018)**	(81,381)	**(23,266)**	(27,705)
Sales returns and rebates	**(5,490)**	(6,236)	**(10,882)**	(2,905)
Total net operating revenue	**651,254**	504,810	**286,525**	292,330

25. Financial income and expenses

	Consolidated		Company	
	09-30-2013 (restated)	09-30-2012	09-30-2013	09-30-2012
Financial expenses				
Interest	**(46,001)**	(39,344)	**(33,941)**	(31,343)
Exchange variation	**(52,569)**	(46,058)	**(50,154)**	(45,657)
Swap on financial operations	**(30,189)**	(16,612)	**(30,189)**	(16,539)
Other expenses	**(6,104)**	(2,938)	**(486)**	(1,999)
	(134,863)	(104,952)	**(114,770)**	(95,538)
Financial income				
Interest	**13,768**	10,509	**5,126**	4,665
Exchange variation	**28,367**	33,258	**26,839**	32,523
Swap on financial operations	**35,161**	29,634	**35,161**	29,229
Other revenues	**4,148**	825	**2,463**	347
	81,444	74,226	**69,589**	66,764
Financial income (expenses), net	**(53,419)**	(30,726)	**(45,181)**	(28,774)

26. Income and social contribution tax expense

The reconciliation of the expense calculated using the combined tax rates and the income and social contribution tax expense posted to P&L is demonstrated below:

	Consolidated		Company	
	09-30-2013	09-30-2012	09-30-2013	09-30-2012
Income/loss before income and social contribution taxes	**14,931**	(67,202)	**(8,151)**	(89,389)
Combined tax rate	**34%**	34%	**34%**	34%
Income and social contribution taxes:				
At combined tax rate	**(5,077)**	22,849	**2,771**	30,392
Permanent additions:				
Non-deductible expenses	**(292)**	(365)	**(292)**	(359)
Permanent exclusions:				
Tax exempt income – equity pickup	**27**	310	**8,503**	(26,998)
Other – Law No. 11196/05	**140**	781	**-**	-
Tax losses not recognized in assets	**(20,561)**	(36,673)	**(12,516)**	(10,494)
Nondeductable provisions	**-**	(19,595)	**-**	-
Other items	**754**	5,677	**(393)**	2,630
Income and social contribution taxes in the P&L for the year	**(25,009)**	(27,016)	**(1,927)**	(4,829)
Income and social contribution taxes in the P&L for the year:				
Current	**(19,977)**	(18,677)	**-**	-
Deferred	**(5,032)**	(8,339)	**(1,927)**	(4,829)
	(25,009)	(27,016)	**(1,927)**	(4,829)
Effective rate	**167.50%**	-40.20%	**-23.64%**	-5.40%

27. Insurance coverage

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

At September 30, 2013, the Company's insurance coverage was as follows:

	09-30-2013	
	Consolidated	**Company**
Material damage	204,637	83,225
Civil liability	38,653	8,000
Loss of profits	5,874	-

28. Expenses by nature

The Company opted for presenting consolidated income statement by function. As required by IFRS, the Company sets out below a detailed consolidated income statement by nature:

	Consolidated		Company	
	09-30-2013	**09-30-2012**	**09-30-2013**	**09-30-2012**
Expenses by function				
Cost of goods sold	**(445,028)**	(295,036)	**(228,823)**	(221,738)
Selling expenses	**(76,632)**	(63,794)	**(21,265)**	(23,090)
General and administrative expenses	**(54,820)**	(44,694)	**(24,027)**	(25,335)
Other Operating Expenses	**(14,291)**	(7,507)	**(2,377)**	(4,111)
	(590,771)	(414,012)	**(276,492)**	(274,274)
Expenses by nature				
Depreciation and amortization	**(26,195)**	(23,242)	**(8,923)**	(8,842)
Personnel expenses	**(110,221)**	(111,811)	**(91,359)**	(99,438)
Raw material and use and consumption materials	**(327,012)**	(190,025)	**(112,103)**	(118,055)
Freight	**(16.835)**	(13,471)	**(6,942)**	(6,556)
Commissions	**(22,218)**	(21,334)	**(6,260)**	(7,589)
Third-party services	**(12,359)**	(11,242)	**(6,002)**	(7,231)
Advertising and promotion	**(13,612)**	(13,151)	**(2,234)**	(2,135)
Allowance for doubtful accounts	**(7,227)**	1,804	**(16)**	45
Other expenses	**(55,092)**	(28,559)	**(42,653)**	(24,473)
	(590,771)	(411,031)	**(276,492)**	(274,274)

29. Business combination

Acquisition of Heritage Manufacturing, Inc.

On May 2, 2012, the subsidiary Taurus Holdings, Inc. acquired for USD10 million the controlling interest in Heritage Manufacturing, Inc., based in Opa Locka, Florida, company engaged in manufacturing of Single Action revolvers. With this transaction the Company intended to supplement its portfolio of products in the US market. The consideration was fully paid in cash, without assuming any liability in connection with the transaction, also there is no contingent consideration.

We set out below a summary of goodwill computation, considering the fair value of Heritage at May 2, 2012. Fair value was determined by a specialized company.

	R$ 000
Property, plant and equipment	1,660
Intangible assets	14,152
Other assets	4,647
Deferred taxes	(5,366)
Liabilities	(1,746)
Total identifiable assets, net	13,347
(-) Amount of consideration	(19,256)
Goodwill paid	(5,909)

The costs related to the acquisition were recognized in P&L under Administrative expenses.

RELEASE

3Q13

Release republished on 03/28/2014 due to the restatement of the Quarterly Information for the 3nd quarter of 2013

FORJAS TAURUS S.A.

Revenue grows 45% and Adjusted EBITDA 18% in 3Q13

Porto Alegre, March 28, 2014 - Forjas Taurus S.A. (**BM&FBOVESPA:** FJTA3, FJTA4), a company in the segments of ***(i) Defense and Security*** – as the largest weapon manufacturer in Latin America and one of the largest in the world; and of ***(ii) Metallurgy and Plastics*** – as market leader in the production of helmets for motorcyclists, and in the production of bulletproof vests, antiriot shields, plastic containers and forged and molded parts (M.I.M – Metal Injection Molding), informs hereby the voluntary restatement of result for the 3nd quarter of 2013 (3Q13) and for the first half of 2013 (9M13), as established by **CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors** (equivalent to IAS 8).

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

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

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

A consolidated net profit of R$ 10.1 million in the 3Q13 was performed after ITR's restatement, as shown in Section 1.9 of this report.

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

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

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

HIGHLIGHTS FOR THE 9 MONTHS OF 2013 (9M13)

- ✓ **Fundamentals related to demand were maintained, with consolidated net revenue of R$ 651.3 million, up 29% compared to** 9M12, due to significant increase in exports;
- ✓ **Exports were up 47.3% totaling R$ 450.2 million in 9M13,** representing 69.1% of net revenue due to favorable foreign exchange rate and continuous demand;
- ✓ **Increase in the share of sales to the foreign market of net revenue:** sales to the North American market represented 64% in 9M13 (55% in 9M12), while sales to other countries represented 5% (6% in 9M12), with exports totaling 69% (61% in 9M12) of net revenue;
- ✓ **Net revenue in the domestic market totaled R$201.1 million, up 1%** compared to 31% in 9M13 (39% in 9M12);
- ✓ **Net revenue from the weapons segment reached R$ 503.3 million in 9M13,** up 37.7%, accounting for 77.3% of total net revenue (72.4% in 9M12); and approximately 86% resulted from revenue from export;
- ✓ **Gross profit from the weapons segment amounted to R$ 164.9 million in 9M13,** up 11.7% compared to 9M12, with gross margin of 32.8% (compared to 40.4% in 9M12), due to (i) increase in costs in excess of the

increase in revenue; (ii) increased quality level requirement, with lower acceptance of non-compliant products, especially of revolvers and long guns, which will result within short term in future productivity and margin increase;

✓ **Heritage's revenue in the USA was up 77% in US dollars in 9M13,** with excellent performance since acquisition in May 2012;

✓ **Revenue from distribution of DiamondBack products,** since the exclusive global agreement entered into in January 2013, has continuously increased, being 16% higher in 9M13 the budget revenue in US dollar;

✓ **Net revenue from the helmets segment of R$ 97.3 million, was up 2.5%, with gross profit of R$ 36.8 million and** margin of 37.9% in 9M13 (compared to 42.2% in 9M12);

✓ **Consolidated adjusted EBITDA of R$ 112.6 million**, with margin of 17.3% in 9M13, was down 5.1% compared to 9M12;

✓ **Financial ratios (covenants*)***, net debt to **consolidated adjusted EBITDA** (for the last 12 months), were agreed again in debenture holders' meetings (1st and 2nd issues) as well as with banks from which the loans and financings were taken out, until the effect of TMFL is no longer computed in the calculation base (last 12 months);

Sept/18/13: Disclosure of the report on the **annual review of assessment of risk** related to issue of debentures in 2010 and 2011 of Taurus, prepared by **Fitch Ratings**, **maintaining the same prior rating**, as under: (i) **National Long Term Rating:** "A-(bra)"; (ii) **National Long Term Rating** "A-(bra)" of **1st issue debentures**, in the amount of BRL100 million, with final maturity in April 2014 (last installment of R$ 15 million); (iii) **National Long Term Rating** "A-(bra)"of **2nd issue debentures**, in the amount of BRL50 million, maturing in 2016; and (iv) **Corporate Rating Prospect**: stable.

✓ **Project for Working Capital Optimization continues generating results:** (i) 37% decrease in inventories of finished products at Sep/30/13 (compared to Dec/31/12) and 22% decrease in total inventories, which may be further improved; (ii) improvement in average payment term of accounts payable and inventory; and (iii) 0.2% decrease in taxes recoverable;

1. **Focus on Quality Project:** Indicators of non-compliance in production lines in 9M13 presented continuous improvement in the inspections of products in Brazil and the USA;

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

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

4. **Products Marketing Project for the USA:** presentation in the Dallas Fair from October 29 to November 1, 2013 and in the Convention of Representatives and Distributors held during the event (i) of the new WHITE BOX project; (ii) repositioning of products; (iii) new marketing campaigns with shooting champions, such as Jessie Duff (Female Shooting Championships) and Alex Larche (Junior Shooting Championships) for the Taurus team.

HIGHLIGHTS FOR THE 3RD QUARTER OF 2013 (3Q13)

✓ **Consolidated net revenue of R$ 218,7 million is up 44.8% in 3Q13 compared to 3Q12 and up 7.3% compared to 2Q13** due to: (i) increase in exports; (ii) favorable foreign exchange rate; and (iii) significant increase in the domestic market;

✓ **Breakdown of net revenue for 3Q13:** 64% to EUA and Canada; 5% - other countries; and 31% - domestic market;

- ✓ **Net revenue from export of R$ 145.7 million, up 51%,** representing 66.6% of total revenue in 3Q13 (compared to 63.9% in 3Q12);

- ✓ **Net revenue in the domestic market of R$ 73 million in 3Q13, up 33.7%** compared to 3Q12**,** representing 33.4% of total revenue (36.1% in 3Q12);

- ✓ **Revenue from the weapons segment reached R$ 170.0 million in 3Q13, up 44.5% that of 3Q12 and up 12% that of 2Q13**, maintaining the share of approximately 78% of net revenue in 3Q13/3Q12;

- ✓ **Revenue from helmets totaled R$ 33.8 million in 3Q12, up 14.3% compared to 3Q12 and up 0.5% compared to 2Q13,** representing 15.4% of net revenue in 3Q13 and 16.5% in 2Q13 (compared to 19.6% in 3Q12);

- ✓ **Gross profit from helmets of R$ 13.0 million in 3Q13, up 3.4% compared to 3Q12**, with gross margin of 38.6% compared to 42.7% in 3Q12, 40.1% in 2Q13 and an improvement related to 34.5% margin in 1Q13;

- ✓ **Decrease in consumers' default**, from +0.72% in August/13, to -0.34% in September/13 and -1.17% in October/13 (compared to the same 2012 month);

- ✓ **Good evolution of the ratio** between motorcycle number plate licensing and sale of Taurus helmets, for each motorcycle sold, being of 1.7 helmets in 3Q13, compared to 1.64 in 2Q13 and 1.68 in 1Q13;

- ✓ **Adjusted EBITDA totals R$ 35.6 million with margin of 16.3% in 3Q13,** down 6.3% compared to 3Q12 and up 18.2% compared to 2Q13, due to the increase in gross profit compared to prior quarter, despite the increase in operating expenses due to the additional provisions; increase in expenses with consulting for the renegotiation; in addition to administrative expenses with evaluations and hires for the new organizational structure; and

- ✓ **Consolidated net income in 3Q13 of R$ 1.1 million** (compared to R$ 11.4 million in 3Q12), equal to net income from continuing operations, an improvement in relation to loss of R$ 20.4 million in 2Q13. In 2013, there was impact on net income (loss) from discontinued operations. The result is due to the decrease in gross profit and the increase in operating expenses compared to 3Q12, for which net income amounted to R$ 8.6 million.

1– Economic and Financial Performance

1.1 - Main Economic and Financial Indicators

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

Ratios	3Q13	2Q13	3Q12	9M13	9M12	Variation % 9M13/9M12	3Q13/3Q12	3Q13/2Q13
Net revenue	**218.7**	**203.9**	**151.1**	**651.3**	**504.8**	**29.0%**	**44.8%**	**7.3%**
Domestic market	73.0	71.9	54.6	201.1	199.1	1.0%	33.7%	1.4%
Foreign market	145.7	132.0	96.5	450.2	305.7	47.3%	51.0%	10.4%
COGS	150.9	143.4	81.3	445.0	295.0	50.8%	85.6%	5.2%
Gross Profit	67.8	60.5	69.8	206.2	209.8	-1.7%	-2.8%	12.0%
Gross Margin - %	**31.0%**	**29.7%**	**46.2%**	**31.7%**	**41.6%**	**-9.9 p.p.**	**-15.2 p.p.**	**1.3 p.p.**
Operating Expenses	-44.8	-52.2	-39.1	-137.9	-111.3	23.9%	14.4%	-14.2%
Operating Profit (EBIT) (1)	23.0	8.3	30.6	68.4	98.5	-30.6%	-24.9%	176.9%
Net Financial Income	-21.4	-19.0	-10.8	-53.4	-30.7	73.9%	97.4%	12.5%
Depreciation and amortization (2)	8.5	9.6	0.3	26.2	15.8	66.0%	2375.6%	-11.3%
Net Income - Continuing Operations	1.1	-20.4	11.4	-10.1	40.8	-124.7%	-90.1%	-105.5%
Net Income Margin - Cont. Operations	**0.5%**	**-10.0%**	**7.5%**	**-1.5%**	**8.1%**	**-9.6 p.p.**	**-7.0 p.p.**	**10.5 p.p.**
Net Income - Descontinuing Operations	0.0	0.0	-2.8	0.0	-135.0	-100.0%	-100.0%	#DIV/0!
Net Income - Consolidated	1.1	-20.4	8.6	-10.1	-94.2	-89.3%	-86.9%	-105.5%
Net Income Margin - Consolidated	**0.5%**	**-10.0%**	**5.7%**	**-1.5%**	**-18.7%**	**17.1 p.p.**	**-5.2 p.p.**	**10.5 p.p.**
Adjusted EBITDA (3)	35.6	30.1	37.9	112.6	118.7	-5.1%	-6.3%	18.2%
Adjusted EBITDA Margin - %	**16.3%**	**14.8%**	**25.1%**	**17.3%**	**23.5%**	**-6.2 p.p.**	**-8.9 p.p.**	**1.5 p.p.**
Total Assets	1,261.7	1,266.9	1,147.7	1,261.7	1,147.7	9.9%	9.9%	-0.4%
Equity	206.9	204.8	229.7	206.9	229.7	-9.9%	-9.9%	1.0%
Investiments (CAPEX)	3.5	6.3	10.5	20.7	63.0	-67.2%	-66.7%	-45.2%

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

1.2 – Consolidated net revenue

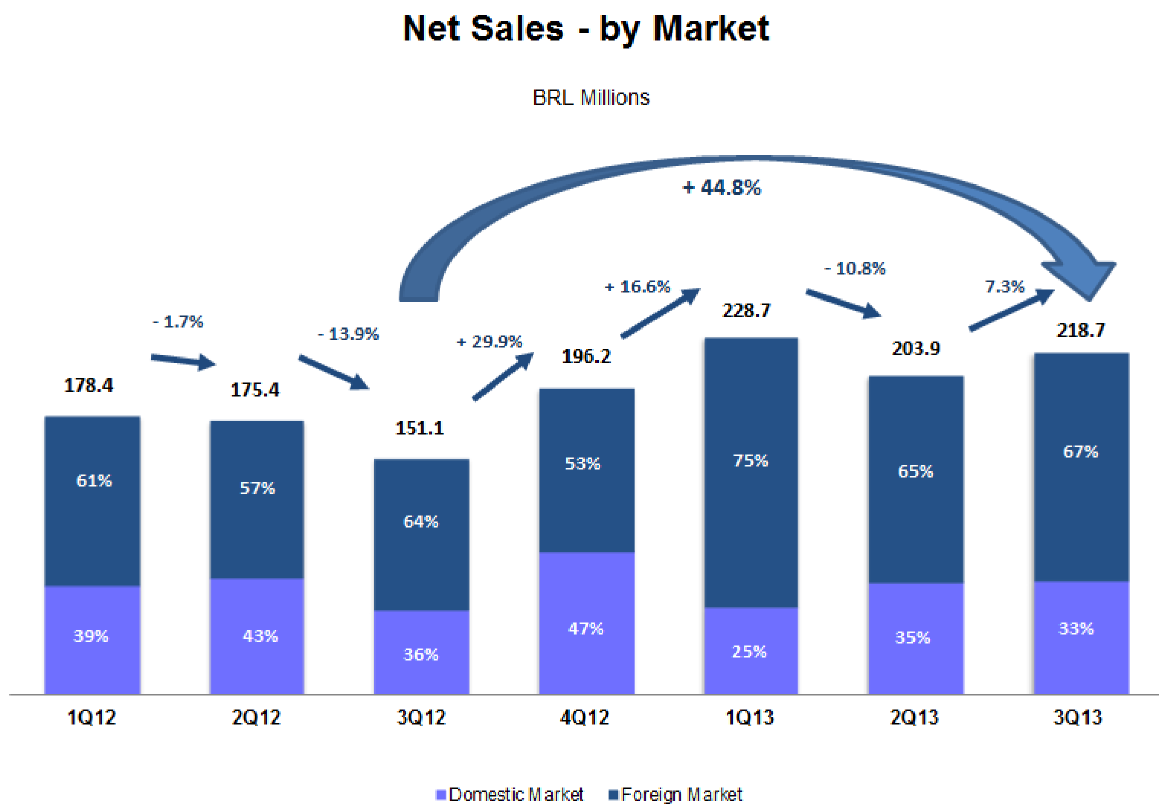
Total consolidated net revenue for 2Q13 totaled R$ 218.7 million, up 44.8% compared to R$ 151.1 million in 3Q12. This performance in the quarter is mainly due the 51.0% increase in exports, which accounted for 66.6% of total consolidated net revenue in 3Q13 compared to 63.9% in 3Q12. The domestic market revenue amounting to R$73 million is also starting to show signs of increase in demand, increasing 33.7% in 3Q13, representing share of total revenue of 33.4% in 3Q13, lower than the 36.1% in 3Q12.

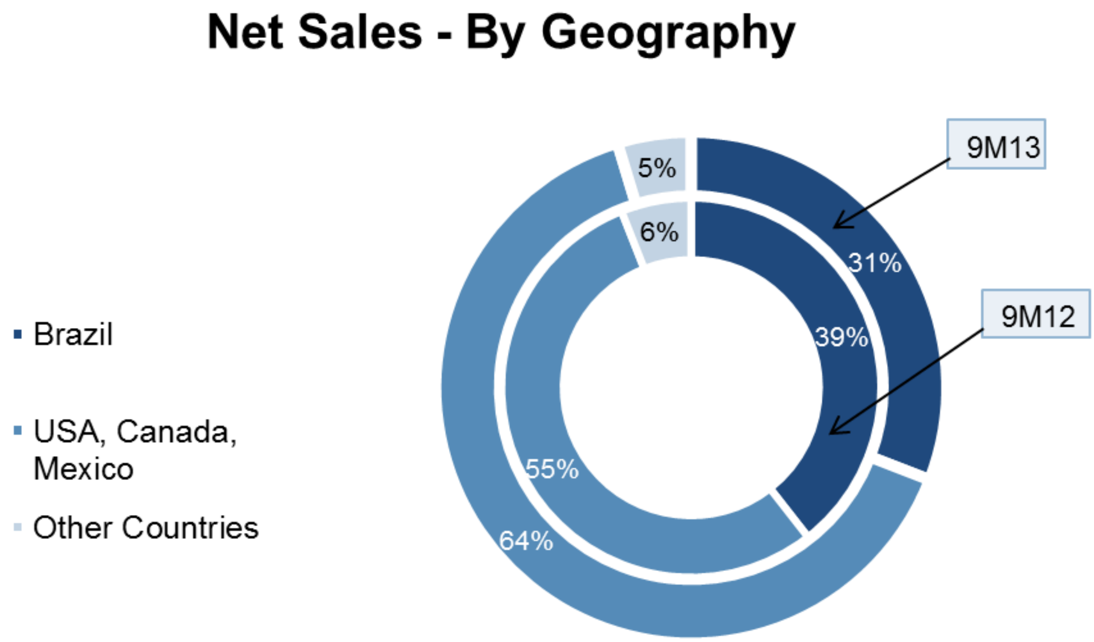
In 9M13, net revenue reached R$ 651.3 million, up 29%, of which breakdown shows share of the North American market of approximately 69% (61% in 9M12), share of domestic market of 31% (39% in 9M12), and of 5% for other countries (6% in 9M12).

Consumption in the American market continues favorable, being up 18% in accumulated terms for the 9M13 compared to the same prior year period, in accordance with National Instant Criminal Background System - NICS of FBI, which measures the intention of retail purchase of weapons and defense products.

The strategy of acquisitions and commercial partnering agreements has been successful, thus allowing the offer of products of several marks administered by us, namely: Taurus, Rossi, Heritage and DiamondBack in the North American market.

We illustrate below the Company's net revenue by market, in millions of Brazilian reais, for the quarters under analysis, clearly showing increasing revenue every quarter, except for 1Q13, which was atypical due to the exceptionally high demand:





1.3 - Segment information

The table below sets out consolidated financial highlights by segment:

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative Nine months - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	9M13	Part. %	9M12	Part. %	Var.	9M13	9M12	Var.	9M13	9M12	Var.p.p	9M13	9M12	Var.
Firearms	503.3	77.3%	365.5	72.4%	37.7%	164.9	147.7	11.7%	32.8%	40.4%	-7.6	19.1	25.8	-26%
Helmets	97.3	14.9%	94.9	18.8%	2.5%	36.8	40.1	-8.1%	37.9%	42.2%	-4.4	22.5	28.2	-20%
Others	50.7	7.8%	44.4	8.8%	14.2%	4.5	22.0	-79.7%	8.8%	49.6%	-40.8	(26.7)	13.9	NS
Total	**651.3**	100.0%	**504.8**	100.0%	29.0%	**206.2**	**209.8**	-1.7%	**31.7%**	**41.6%**	**-9.9**	**14.9**	**67.8**	-78%

Comparative Quarter - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	3Q13	Part. %	3Q12	Part. %	Var.	3Q13	3Q12	Var.	3Q13	3Q12	Var.p.p	3Q13	3Q12	Var.
Firearms	170.0	77.8%	117.7	77.9%	44.5%	56.4	58.2	-3.0%	33.2%	49.4%	-16.2	5.0	15.9	-69%
Helmets	33.8	15.4%	29.6	19.6%	14.3%	13.0	12.6	3.4%	38.6%	42.7%	-4.1	7.1	8.6	-17%
Others	14.9	6.8%	3.8	2.5%	NS	(1.7)	(1.0)	68.2%	-11.5%	-26.4%	14.9	(10.5)	(4.6)	126%
Total	**218.7**	100.0%	**151.1**	100.0%	44.8%	**67.8**	**69.8**	-2.8%	**31.0%**	**46.2%**	**-15.2**	**1.6**	**19.8**	-92%

Comparative Quarter - Current Quarter x Previous Quarter

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	3Q13	Part. %	2Q13	Part. %	Var.	3Q13	2Q13	Var.	3Q13	2Q13	Var.p.p	3Q13	2Q13	Var.
Firearms	170.0	77.8%	151.8	74.5%	12.0%	56.4	44.8	26.1%	33.2%	29.5%	3.7	5.0	(6.4)	NS
Helmets	33.8	15.4%	33.6	16.5%	0.5%	13.0	13.5	-3.3%	38.6%	40.1%	-1.5	7.1	9.5	-25%
Others	14.9	6.8%	18.5	9.1%	-19.6%	(1.7)	2.3	NS	-11.5%	12.3%	-23.8	(10.5)	(13.8)	-24%
Total	**218.7**	100.0%	**203.9**	100.0%	7.3%	**67.8**	**60.5**	12.0%	**31.0%**	**29.7%**	**1.3**	**1.6**	**(10.7)**	-115%

(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.;

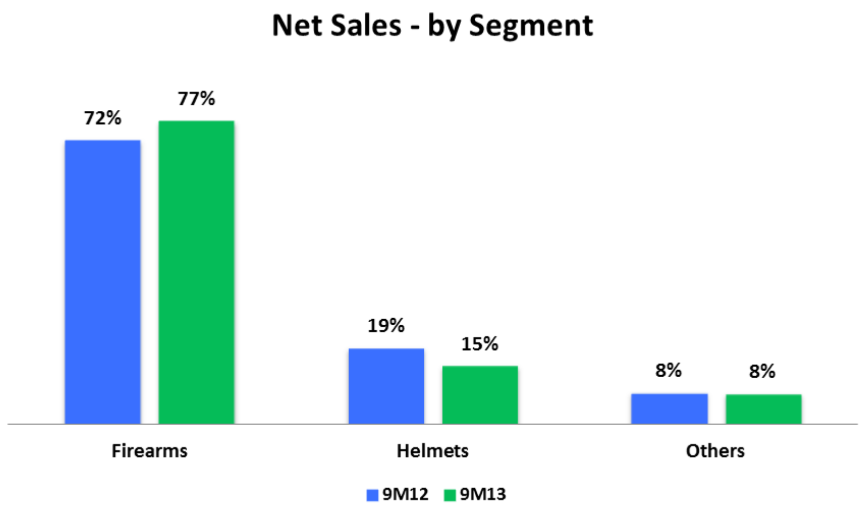
(iii) Other-segments of bullet-proof vests, M.I.M. and plastic products.

I. Defense and Security Segment (Weapons)

This segment includes hand guns (revolvers and pistols), long guns (rifles and carbines) for hunting and sports shooting and guns for military and police use (pistols, carbines, submachine guns, rifles and grenade launchers).

The Company's main segment - Defense & Security – accounted for 77.3% of total consolidated net revenue in 9M13. Weapon sales in 9M13 totaled R$ 503.3 million, up 37.7% compared to 9M12 (R$ 365.5 million, equivalent to 72.4% of total consolidated net revenue). Gross profit amounted to R$ 164.9 million in 9M13, 11.7% up compared to 9M12, with margin of 32.6%, due to the increase in export sales and increase in costs proportionally in excess of that in revenue.

Pretax income was down 18%, totaling R$ 21 million in 9M13 (R$ 25.8 million in 9M12).



In 3Q13 the share of weapons of total revenue was up 44.5%, reaching 77.8% (77.9% in 3Q12), however with decrease in gross profit of 3.0%.

Gross margin was of 33.2% in 3Q13, down 16.2 percentage points, due to the following: (i) continuous increase in exports of which the margins differ from those in the domestic market; (ii) increase in labor cost due to agreed collective salary raise of metallurgic workers of 9.5% in July/13; and (iii) unproductivity due to increased rejection of non-compliant products.

II. Metallurgy and Plastics Segment

This segment accounted for 22.7% of net revenue in 9M13 (27.6% in 9M12), including the operations of Polimetal in the São Leopoldo unit (in the Rio Grande do Sul state) of M.I.M.- Metal Injection Molding, as well as the activities of the helmet for motorcyclists plants (in the Paraná and Bahia states) and production of bulletproof vests, anti-riot shields and plastic containers (in the Paraná state).

(i) Helmets for motorcyclists

Sales of motorcyclist helmets represented 14.9% of net revenue, totaling R$ 97.3 million in 9M13, up 2.5% compared to 9M12. Gross profit amounted to R$ 36.8 million with margin of 37.9% in 9M13 (R$ 40.1 million and 42% in 9M12).

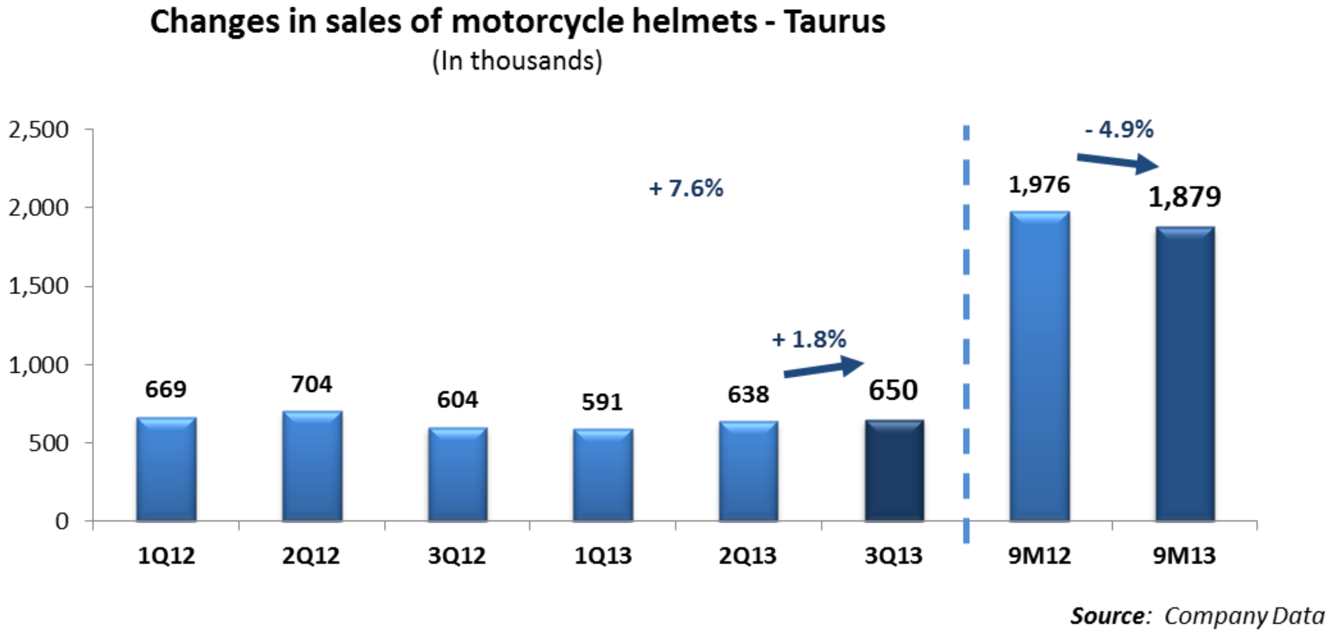
There was 4.9% decrease in the Company's physical sales of motorcycle helmets in 9M13, however proportionally lower than the 9.1% decrease in the motorcycle market, which has been facing problems owing to restriction to credit to class C, D and E consumers, who represent the main consumers of our products. However, there was important increase by 7.6% in sales volume in 3Q13 compared to 3Q12 and 1.8% compared to 2Q13, with a total of 650 thousand helmets sold, while motorcycle sales in the market decreased 3.4% and 3.8% respectively, which is a quite positive sign in terms of market penetration, reaching market share of more than 58%.

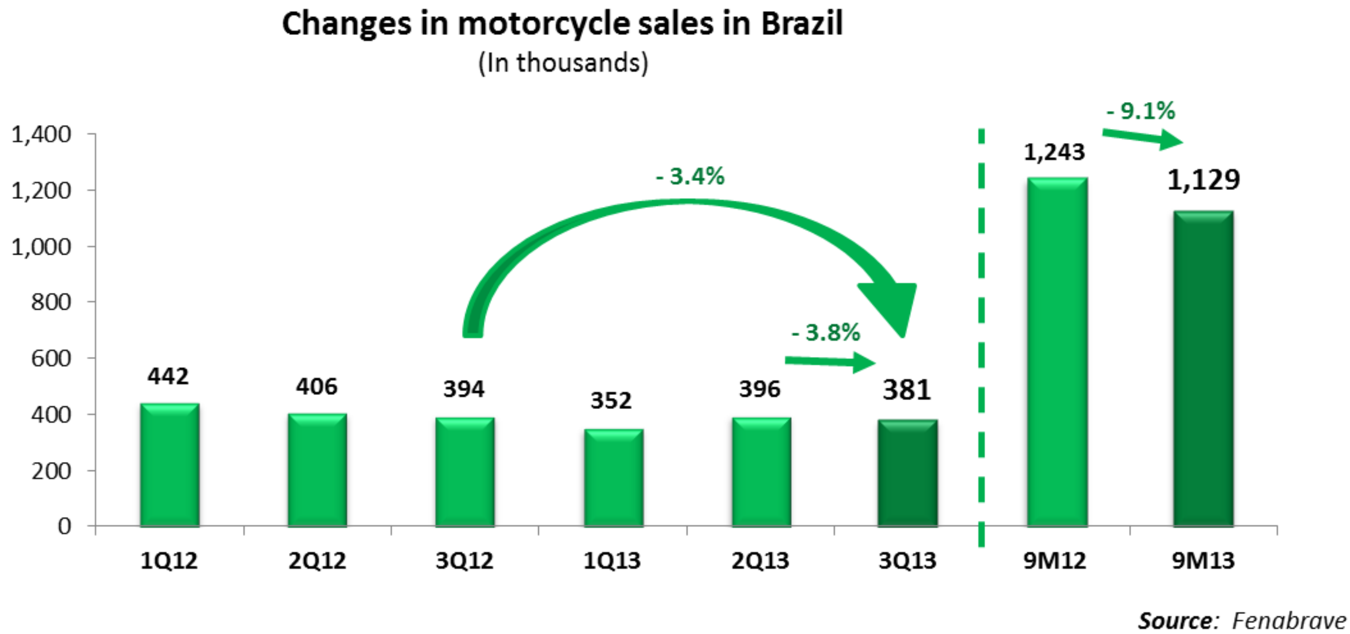
In 3Q13 there was revenue increase by 14.3% compared to 3Q12 and up 0.7% compared to 2Q13, reaching R$ 33.8 million. Gross margin in relation to net revenue was also stable, namely 38.6% in 3Q13 compared to 40.1% in 2Q13, but lower than the margin of 42.7% in 3Q12, when the motorcycle sales market was more kindled due to higher consumer credit offer, lower interest rates and more favorable general consumption conditions, such as possibility of financing with lower down payments.

We started to import more sophisticated helmet lines with Taurus and Italian CABEG marks also to reach the premium market and expand the portfolio, which may contribute to better margins within medium and long term, the effect being now still incipient.

Gross profit of R$ 13 million in 3Q13 was up 3.4% compared to 3Q12 but down 3.3% compared to 2Q13 (R$13.5 million). Pretax income in 3Q13 of R$ 7.1 million was lower than R$ 8.6 million in 3Q13 and R$ 9.5 million in 2Q13.

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





(ii) Other products from the Metallurgy and Plastics segment

Consolidated net revenue from other products totaled R$ 50.7 million (including residual balances of TMFL), representing 7.8% of net revenue in 9M13, up 14.2% compared to R$ 44.4 million and 8.8% of revenue in 9M12.

The variety of products in this sub-segment (bulletproof vests, anti-riot shields, plastic containers and the M.I.M. areas) impairs comparison, since sales volumes frequently vary depending on the orders. In addition, in 2012, the discontinued operation of Taurus Máquinas-Ferramenta Ltda. was not yet present.

1.4 – Gross profit and gross margin

Consolidated gross profit totaled R$ 206.2 million in 9M13, down 1.7% compared to R$ 209.8 million in 9M12, with gross margin of 31.7% (compared to 41.6% in 9M12).

In the 3Q13, gross profit reached R$ 67.8 million with gross margin of 31.0%, a significant improvement in relation to 2Q13, up 12% compared to R$ 60.5 million and margin of 29.7% of net revenue, although 2.8% lower than that for 3Q12. This is due to the following: (i) remaining unproductivity of certain noncompliant products; (ii) the "focus on production with quality" program, has resulted in gradual improvements, thus not yet reaching the intended production level; (iii) increase in inventories in process; (iv) dismissals and decommissioning of forging for third parties; and (v) payment of collective salary raise difference for metallurgic workers.

1.5 - Operating Expenses

Operating expenses totaled R$ 137.9 million due to 21% increase in selling, general and administrative expenses, 77% increase in other net operating expenses, being 24% higher than operating expenses of R$ 111.3 million in 9M12, representing 21.2% of net revenue in 9M13 (22% in 9M12).

Operating expenses of R$ 44.8 million in 3Q13 were up 14% compared to R$ 39.1 million in 3Q12 due to non-recurrent expenses with technical consulting, lawyers' fees and specialized consulting for the changes in top management structure that took place in 2013, representing 20.5% of net revenue for the quarter, an improvement in relation to 25.9% in 3Q12.

1.5.1. Selling, general and administrative expenses

Selling, general and administrative totaled R$ 42.4 million in 3Q13, up 12.8% compared to R$ 37.6 million in 3Q12, however, down 14.2% those for 2Q13.

Selling, general and administrative expenses totaled R$ 131.4 million in 9M13, 21.2% higher than the R$108.5 million in 9M12, due to the 20% increase in selling expenses; 23% increase in general and administrative expenses due to non-recurrent expenses related to consulting, law firms for the analysis of the request for renegotiation of TMFL disposal.

There was also increase in expenses with dismissal and severance pay due to substitutions of professionals occurred at the plants, due to transfer of Steelinject and the gradual decommissioning of forging for third parties in the period.

1.5.2. Other operating income (expenses)

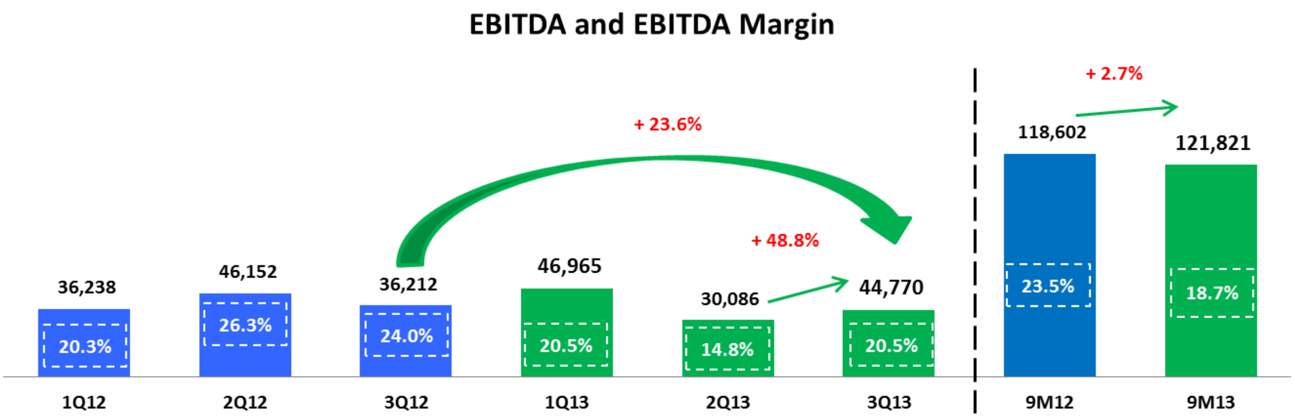
The result of this account was a net expense of R$ 2.4 million in 3Q13 , compared to R$ 1.7 million in 3Q12.

We highlight that the provisions and write-down of the asset value represent non-recurrent expenses and may be largely reversed if not used, thus not necessarily representing cash outflow.

1.6 – Adjusted EBITDA and adjusted EBITDA Margin

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization and without non-recurrent revenues and expenses), totaled R$ 35.6 million, with margin of 16.3%, compared to R$ 37.9 million in 3Q12 and margin of 25.1%, up 18.2% compared to adjusted EBITDA of R$ 30.1 million and margin of 14.8% of 2Q13, due to the increase in gross profit by 12% and decrease in operating expenses of 14.2% compared to 2Q13.

Consolidated cash generation in 9M13 totaled R$ 112.6 million, down 5.1% compared to 9M12, with margin of 17.3% in 9M13 (R$ 118.7 million and adjusted EBITDA margin of 23.5% in 9M12), mostly due to the 23.9% increase in operating expenses and 1.7% decrease in gross profit.



The table below sets out the calculation methodology for get the EBITDA and it's reconciliation, in accordance with CVM Rule No. 527/12:

CONSOLIDATED EBITDA

In thousands of BRL

PERIOD	9M12	9M13
= NET PROFIT	(94,218)	(10,077)
(+) IR/CSLL	27,016	25,009
(+) Net Financial Expenses	104,952	134,863
(-) Net Interest Income	(74,226)	(81,444)
(+) Depreciation/Amortization	23,242	26,195
= EBITDA CVM Reg. 527/12	(13,234)	94,546
(+) Income from Discontinued Operations [1]	131,903	-
(+) Loss of Taurus Máquinas-Ferramenta Ltda. [2]	-	18,059
= ADJUSTED EBITDA	118,669	112,605

[1] Resultado Líquido das Operações Descontinuadas devidamente descontado dos efeitos de depreciação e amortização, impostos, resultado financeiro líquido, conforme critério de cálculo do EBITDA.

[2] Prejuízo da Taurus Máquinas Ferramenta Ltda. referente ao 1T13, período este que a operação deixou de ser descontinuada.

1.7 – Financial income (expenses)

Net financial expenses in 3Q13 totaled R$ 21.4 million compared to expense of R$ 10.8 million in 3Q12. Net financial expenses in 9M13 totaled R$ 53.4 million, higher than the expense of R$ 30.7 million in 9M12, mainly due to the following: (i) increase in financial charges on loans and financing due to the increase in the basic interest rate; (ii) the effect from net foreign exchange variation, due to appreciation of US dollar to several currencies and exposure of part of the debt denominated in US dollar without exchange hedge, partially offset; and (iii) net exchange gain related to swap on financial operations.

Approximately 45% of the Company's exposure in loans and financing is related to the US dollar and largely to hedge operations. Also, approximately 70% of net revenue results from exports with positive foreign exchange variation.

1.8 – Net income (loss)

Consolidated net income from continuing operations amounted to R$ 10.1 million in 9M13, representing net margin of 1.5% explained by the increase in costs above revenue growth and increase in operating expenses. This result was influenced by the loss of R$ 20.4 million in 2Q13, not fully offset by net income of R$ 1.1 million in 3Q13 and R$ 9.2 million in 1Q13, which had an exceptional result, atypical for period, due to extraordinary factors that contributed to a greater demand earlier in the year.

The loss of R$94.2 million in 9M12 was impacted by the net loss of U.S. $ 135 million from discontinued operations of TMFL. This result was affected by the performance for 2Q12, which generated a net loss of R$ 127.1 million when retroactively recorded the value reduction of TMFL's asset sale along with additional provisions transactions.

1.9 – Restatement of Quarterly Information

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

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

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

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

In Thousand of Reais

						Company
						At September 30, 2013
		Assets	Liabilities and equity			Net income
		Noncurrent		Noncurrent		(loss) for
	Current assets	assets	rrent liabilities	liabilities	Equity	the year
Balance originally disclosed	**352,540**	**581,467**	**500,727**	**141,470**	**291,810**	**(84,282)**
Equity pickup	-	(53,029)	-	-	(53,029)	72,616
Provision for capital deficiency	-	-	-	19,118	(19,118)	10,089
Provision for tax and civil risks (c)	-	-	424	2,709	(3,133)	713
Provision for inventory losses (c)	(9,759)	-	-	-	(9,759)	(9,337)
Adjustments – transactions with subsidiaries	(2,147)	2,147	(124)	-	124	124
Restated balance	**340,634**	**530,585**	**501,027**	**163,297**	**206,895**	**(10,077)**

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

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

b) In addition to write down of accounts receivable for the sale of the machinery activities, as mentioned in (a) above, management recorded supplementary provision for losses on the balance receivable from Renil Participações, due to the deterioration of the credit conditions,

difficulties in fully realizing the guarantees and lack of updated information about the debtor's financial condition. In accordance with CPC24 on subsequent events occurred between the period of the financial statements and approval for the restatement thereof, this provision was also recorded at June 30, 2012.

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

(b) 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.

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

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

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

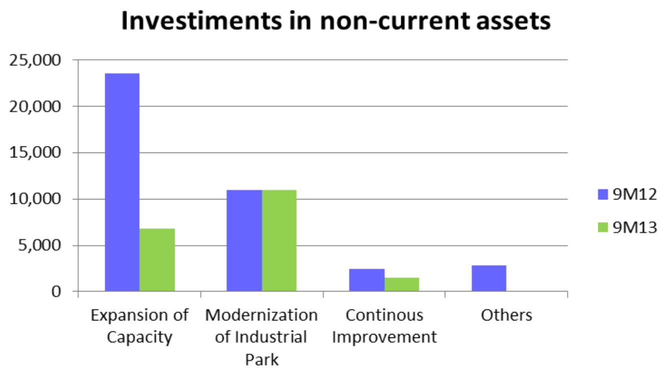
1.10 – Consolidated investments – CAPEX – Capital Expenditures

Consolidated investments in 3Q13 totaled R$ 3.5 million, compared to R$ 10.5 million in 3Q12, 66.7% lower than the year before.

In 9M13, CAPEX totaled R$ 20.7 million, compared to R$ 63 million, 67.2% lower, highlighting that in 2012 there was investment in the acquisition of SteelInject and Heritage totaling R$ 34 million, which did not occur in 2013. Depreciation and amortization totaled R$ 8.5 million in the quarter, compared to R$ 7.8 million in the same prior year period.

The Company's capital budget of R$ 39.7 million proposed by management for 2013 was approved by the Ordinary Shareholders' Meeting of April 26, 2013, of which 52.1% has already been realized until the end of 9M13.

The graphs below illustrate investments in property, plant and equipment in 9M13 and 9M12, with the following distribution:



1.11 – Financial position

Cash and short-term investments totaled R$ 327.8 million at Sep/30/13, up 75% compared to R$187.3 million at Sep/30/12 and down 3% compared to R$ 337.1 million at June /30/13. Short-term investments earn interest at rates varying from 98% to 103% of CDI at Sep/30/13, and are made with first tier financial institutions. Taurus' consolidated gross indebtedness totaled R$ 861.4 million at Sep/30/13, stable compared to R$ 862.2 million at Jun/30/13. The funds are destined mainly to finance: (i) working capital; (ii) investments for modernization of industrial premises; and (iii) exports. We highlight that this increase takes into consideration obtaining of financing lines at low cost, such as PROGEREN and FINEP to finance research and development of new products, both obtained with BNDES in the amount of R$ 32 million each, taken out in the 2Q13 and 3Q13.

The balance of long-term loans and financing totaled R$ 302.8 million at Sep/30/13, up 26% compared to the balance at Sep/30/12 and down 2% compared to Jun/30/13. Breakdown of debt by currency is of 45% in foreign currency and 55% in local currency, being partially hedged.

Management permanently seeks to extend debt payment terms and reduce financial costs, together with the Capital Optimization Program also aimed at developing the Company's cash management culture involving the administrative, commercial and industrial areas.

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

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.

The debenture holders' meetings held on 11/12/13 for both issues, of which the minutes were disclosed to the market on the same date, decided the following:

1. **1st issue:** (i) Non-declaration of early maturity of the debentures, on the terms of clause 6.21.(XXII), due to noncompliance with the financial ratios, and waiver of compliance by Issuer of the referred to ratios in relation to the quarter ended June 30, 2013; (ii) Waiver of compliance by Issuer with the financial ratios in clause 6.21 (XXII) of the Debenture Issue Indenture for the quarter ended September 30, 2013 and for the quarter ended December 31, 2013; (iii) Change in the manner of calculating the financial ratios until the effects from non-recurrent revenues and expenses that impacted 2013 are no longer included in the calculation of the financial ratios, as follows, net debt/EBITDA lower than or equal to 4.0x and EBITDA/net financial expenses higher than or equal to 2.0x; and (iv) payment of premium of 0.5% (point five percent) on the nominal value of the debentures, to be paid until November 19, 2013.

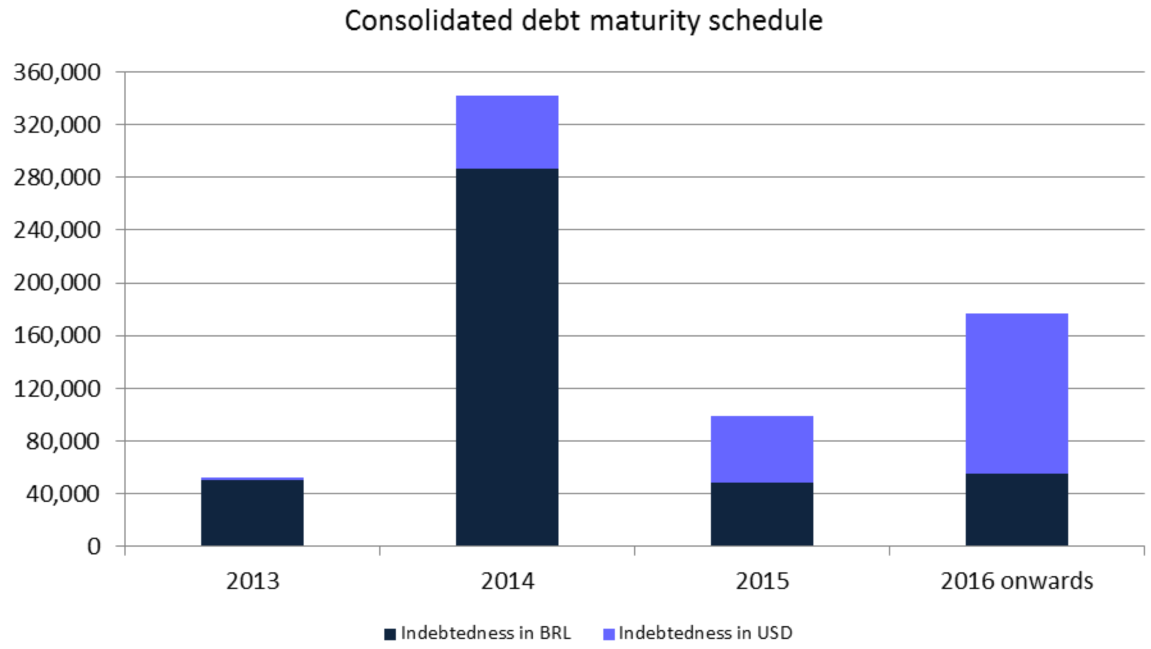
2. **2nd issue:** (i) Non-declaration of early maturity of the debentures due to noncompliance with the financial ratios of clause 5.1.1, (xix) of the debenture issue indenture for the quarter ended June 30, 2013; (ii) Approval of the proposal of Issuer of waiver of compliance with the financial ratio referring to the quarter ended September 30, 2013 and for the quarter ended December 31, 2013, considering the new calculation methodology, now approved, as well as its definitions; (iii)

Approval of the proposal of Issuer of changing the manner of calculating financial ratios, until the effects from non-recurrent revenues and expenses that impacted 2013 are no longer included in the calculation of the financial ratios and change of their limits, as well as approve inclusion of the new financial ratio provided for in the presented proposal; (iv) Considering that the proposals presented by Issuer were approved, Issuer will pay 1% (one percent) premium on the debt balance at September 30, 2013 of the 2nd issue debentures. The payment will be made on November 19, 2013.

Waiver for loan 4131 – Itaú BBA was also granted, so that obtaining of waiver for the Company's financing agreements with mandatory covenants allows us to conclude that these loans shall return to their normal repayment schedule (long term) as from the next quarter (4Q13).

Net indebtedness at Sep/30/13 totaled R$ 533.6 million, up 2% compared to net debt of R$ 525.1 million at Jun/30/12. As a consequence of noncompliance with the covenants, 59% of debt is concentrated in the short-term portion (temporarily) in the 3Q13 compared to 35% in 3Q12.

Loans and financing maturing in 2013, both in local currency and US dollar are part of the Company's structural working capital, with lines renewed on a routine basis. They also include the two portions of 1st issue debentures that matured in October 2013 and the last will mature in April 2014, in the amount of R$ 15 million, in addition to two quarterly installments of 2nd issue that matured in 2H13, of R$ 3.8 million each, out of a balance of R$ 50 million.



Due to the waivers obtained, the total amount of loans and financing within the short-term portion and that will return to the long-term portion in the 4Q13 totaled R$ 95.9 million considering amounts as of 09/30/13.

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

	09/30/2012	06/30/2013	09/30/2013	Var. Sep/13 x Sep/12	Var. Sep/13 x Jun/13
					In millions BRL
Short term indebtedness	174.4	365.4	367.3	111%	1%
Long term indebtedness	371.4	309.6	302.8	-18%	-2%
Exchange Serves	50.0	0.0	0.0	-100%	-
Debentures	112.0	79.9	77.1	-31%	-3%
Antecipation Mortages	30.8	24.4	22.1	-28%	-9%
Derivatives	-20.0	-45.9	-32.5	63%	-29%
Gross Indetbetedness	718.6	733.3	736.8	3%	0%
(-) Cash available and financial investments	187.3	337.1	327.8	75%	-3%
Net Indebtedness	531.3	396.2	409.0	-23%	3%
Adjusted EBITDA	164.6	152.0	156.5	-5%	3%
Net Indebtedness/Adjusted EBITDA	3.23x	2.61x	2.61x		
Adjusted EBITDA/Financial Expenses Net	4.19x	2.80x	2.34x		

2 – Capital market

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

The Company has been listed at Level 2 of BM&FBovespa since Jul/07/11 and as a listed company for more than 30 years. The Company's articles of incorporation have been fully amended and consolidated addressing adoption of differentiated corporate governance practices provided for this corporate governance level and the Ordinary and Extraordinary Meeting of 04/26/13 approved amendment to article 56 of the articles of incorporation in order to include the updating occurred in Level 2 related regulations, referring to the Arbitration Chamber.

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

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

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

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

Share value variation in 9M13 was 14.6% higher for ON and 21.5% lower for PN compared to 9M12. BM&FBOVESPA index was down 11.6% in the same period.

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

Share FJTA3 - 47,137,539 shares	Jan/13 to Sep/13	Jan/12 to Sep/12	Var.
Stock Price - BRL share	2.99	2.61	**14.6%**
Trades - Amount* (average)	10	11	**-10.5%**
Trades - Volum BRL* (average)	35,300	25,429	**38.8%**
Share FJTA4 - 94,275,078 shares			
Stock Price - BRL share	2.12	2.70	**-21.5%**
Trades - Amount* (average)	239	134	**79.0%**
Trades - Volum BRL* (average)	551,970	627,327	**-12.0%**
Market Value FTSA - BRL thousands			
141,412,617 shares	340,804	377,572	**-9.7%**
Ibovespa			
	52,338	59,176	**-11.6%**

Source: BM&FBovespa

3 – Guidance 2013

Company had provided growth projections for 2013 based on perspectives to the two main business segments of Defense & Security and Metallurgy & Plastics as by the original presentation of 3Q13.

According on the ITRs restatements, we are comparing the original projected, the 2012 restatement as comparation and the 2013 projections review to market knowledge:

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

In the 3Q13 there once again are signs of operating recovery since all the impact from renegotiation of sale of TMFL was retroactively computed as of June 2012.

Since the Company's fundamentals continue positive in terms of demand and eliminating non-recurrent revenues and expenses, the estimates provided to the market were reviewed for the year ended December 31, 2013; namely:

NET REVENUE from R$ 785 million to **R$ 850 million** in 2013

NET REVENUE of R$ 701 million in 2012=Increase of **21.2% 2013/2012**

Adjusted EBITDA of R$ 170 million to **R$ 151 million** in 2013

Adjusted EBITDA of R$ 130.3 million in 2012 = Increase of **15.9% 2013/2012 restated**

Adjusted EBITDA estimated for 2013 represents margin of **17.8% in 2013.**

Capital budget (CAPEX) of R$ 39.7 million continues maintained as approved by the General Shareholders' Meeting for 2013, with realization of 52.1% of this amount in 9M13, with a certain risk of carry-over to 2014.

We once again highlight the several projects in progress and the structural changes that are changing the management model, the corporate organization and the team, seeking to recover production volume with high quality, consolidate the cash culture, pursue optimal capital structure for businesses and reduce every time more working capital need and indebtedness.

Strategic and future visions are the major directives seeking higher business profitability, with high value added of material and human resources and capital to maximize value for shareholders.

We believe that we are concluding an important cycle and that now we mainly focus on operations and on what may accelerate and improve the Company's fundamentals, making of it a global player with the ambition of being a consolidator in the industrial segment worldwide.

A free translation from Portuguese into English of independent auditor's review report on individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and on consolidated interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB and specific CVM rules.

Independent Auditor's Review Report on Quarterly Information

Shareholders, Board of Directors and Officers of
Forjas Taurus S.A.
Porto Alegre - RS

Introduction

We have reviewed the individual and consolidated interim financial information of Forjas Taurus S.A. (Company), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2013, which comprises the balance sheet as at September 30, 2013 and the related income statement and statement of comprehensive income for the three and nine-month periods then ended, the statement of changes in equity and cash flow statement for the nine-month period then ended, including other explanatory information.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting, and consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the 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 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of matter

On November 12, 2013, we issued a qualified review report on the financial position and an adverse conclusion on the operating performance and cash flows for the nine-month period ended September 30, 2013, on account of: (i) non-preparation of an analysis on the capacity of realization of receivables in the amount of R$55,561 thousand, or verification whether receivables were recorded at present value; and (ii) recognition of loss amounting to R$57,830 thousand on consolidated P&L for the nine-month period ended September 30, 2013, which, in our opinion, should have been recognized as at June 30, 2012. As described in Note 3(e), the Quarterly Information (ITR) for the quarter ended September 30, 2013 was changed and is being restated to reflect the corrections of the abovementioned accounting distortions. Consequently, the qualifications contained in our report previously issued are no longer necessary and, therefore, we are reissuing on this date our new conclusion herein, which does not include any qualification or any other kind of modification.

Other matters

Statements of value added

We also reviewed the individual and consolidated statements of value added (SVA), for the nine-month period ended September 30, 2013, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR) and considered supplementary information under IFRS, which do not require SVA presentation. These restated statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall individual and consolidated interim financial information.

Porto Alegre, March 25, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6/F/RS

Luis Carlos de Souza
Accountant CRC-1SC021585/O-4

Representation of Supervisory Board

The Supervisory Board of Forjas Taurus S.A., in compliance with legal and statutory requirements, reviewed the information for the third quarter of 2013, redone by management, the sight of justified reasons, properly presented in its report and in the notes that accompany and these are integral. Based on this review and further considering the Report on Review of Interim Financial Information, unqualified by the independent auditors, Ernst & Young Auditores Independentes S.S., dated March 25, 2014, and on information and explanations received from the directors of the Company, the Supervisory Board opines that these documents are able to be released.

Porto Alegre, March 28, 2014

Mauro César Medeiros de Mello

Amoreti Franco Gibbon

Juliano Puchalski Teixeira

Marcelo de Deus Saweryn

Reinaldo Fujimoto

Reports and Representations / Representation of Executive Board on the Financial Statements

REPRESENTATION LETTER OF FORJAS TAURUS S.A. OFFICERS ON THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER OF 2013

Mr. André Balbi Cerviño, Mr. Eduardo Ermida Moretti, Mr. Eduardo Feldmann Costa and Mrs. Dóris Beatriz França Wilhelm, Officers of Forjas Taurus S.A., a company headquartered at Avenida do Forte, nº 511, Vila Ipiranga, Porto Alegre, Rio Grande do Sul (RS) state, enrolled with Brazilian IRS Registry of Legal Entities under No. 92.781.335/0001-02, for the purpose of items V and VI of article 25 of Brazilian Securities and Exchange Commission (CVM) Ruling No. 480, of December 7, 2009, do hereby represent that they have reviewed, discussed and agreed with the Financial Statements of Forjas Taurus S.A. and consolidated companies for the period from July 1, 2013 to September 30, 2013.

Porto Alegre, March 24, 2014.

André Ricardo Balbi Cerviño
Chief Executive Officer

Eduardo Ermida Moretti
Sales and Marketing Vice President Officer

Eduardo Feldmann Costa
Administrative and Finance Vice President Officer

Doris Beatriz França Wilhelm
Investor Relations Officer

Reports and Representations / Representation of Executive Board on Independent Auditor's Report

REPRESENTATION LETTER OF FORJAS TAURUS S.A. OFFICERS ON INDEPENDENT AUDITOR'S SPECIAL REVIEW REPORT

Mr. André Balbi Cerviño, Mr. Eduardo Ermida Moretti, Mr. Eduardo Feldmann Costa and Mrs. Dóris Beatriz França Wilhelm, Officers of Forjas Taurus S.A., a company headquartered at Avenida do Forte, nº 511, Vila Ipiranga, Porto Alegre, Rio Grande do Sul (RS) state, enrolled with Brazilian IRS Registry of Legal Entities under No. 92.781.335/0001-02, for the purpose of items V and VI of article 25 of Brazilian Securities and Exchange Commission (CVM) Ruling No. 480, of December 7, 2009, do hereby represent that they have reviewed, discussed and agreed with the opinions expressed by Ernst & Young Terco Auditores Independentes S.S., issued on March 25, 2014, in the Independent Auditor's Special Review Report on the Financial Statements for the period from July 1, 2013 to September 30, 2013..

Porto Alegre, March 25, 2014.

André Ricardo Balbi Cerviño
Chief Executive Officer

Eduardo Ermida Moretti
Sales and Marketing Vice President Officer

Eduardo Feldmann Costa
Administrative and Finance Vice President Officer

Doris Beatriz França Wilhelm
Investor Relations Offic