RELEASE

4Q13

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 results for the 4th quarter of 2013 (4Q13) and the accumulated results for 2013.

Due to the amendment to the Purchase and Sale Contract ("Contract") for the disposal of operations of Taurus Máquinas-Ferramenta Ltda. ("TMFL"), on September 12, 2013, through which asset sale value was reduced from R$ 115.35 million to R$ 57.52 million, thus resulting in loss of R$ 57.83 million, Company management reviewed all the contracts and correspondences related to this operation and concluded that the events that led to the asset value reduction were already present upon sale of the asset, for which the original contract was entered into on June 21, 2012. In view of this, management decided to restate the Quarterly Information ("ITR") for 2Q12, 3Q12 and, consequently, for the year ended December 31, 2012, thus also entailing restatement of 1Q13, 2Q13 and 3Q13.

On the date hereof, there was submission of the voluntarily restated Management Report and the complete Individual and Consolidated Financial Statements, including the Independent Auditor's Report of Ernst & Young, referring to the restatement for the year ended December 31, 2012, as established by **CPC 23 – Accounting Practices, Changes in Accounting Estimates and Correction of Errors** (equivalent to IAS 8). Abiding by **CPC 24 – Subsequent Events,** there was also consideration about the impacts of subsequent events occurred between the period of the financial statements and the approval for the restatement thereof, which will be submitted for approval in the next Ordinary General Meeting to be held on April 30, 2014.

Due to the restatement of the Financial Statements ("DFs") for the year ended December 31, 2012 and the Quarterly Information (ITR) for the 9-month period ending September 30, 2013, there was restatement of these periods, thus eliminating: (i) the independent auditor's qualified opinion on the financial position; and (ii) the independent auditor's adverse conclusion on the result and cash flows for the restated periods.

HIGHLIGHTS OF 2013

- ✓ **The fundamentals related to demand were maintained, with consolidated net revenue of R$ 807.3 million, up 15.2%** compared to 2012, due to significant increase in exports;
- ✓ **Exports were up 33.3% totaling R$ 547.3 million in 2013,** representing 68% of net revenue due to favorable 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 2013 (52% in 2012), while sales to other countries represented 4% (7% in 2012), with exports totaling 68% (59% in 2012) of net revenue;
- ✓ **Net revenue from the weapons segment reached R$ 621.2 million in 2013,** up 20.3%, accounting for 76.9% of total net revenue (73.7% in 2012); and approximately 87% resulted from revenue from export;

✓ **Net revenue from the helmets segment reached R$ 127.6 million in 2013,** up 5% compared to 2012, accounting for 15.8% of total net revenue (17.3% in 2012). There was market share gain in this segment, in a year in which motorcycle sales in Brazil were down 7.4% in the same period;

✓ **Gross profit from the weapons segment amounted to R$ 195.0 million in 2013,** down 2% compared to 2012, with gross margin of 31.4% (compared to 38.5% in 2012), 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;

✓ **Mar/14/14:** Disclosure of the report on the periodic **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) 22% decrease in inventories of finished products at Dec/31/13 (compared to Dec/31/12) and 17% decrease in total inventories, which may be further improved; (ii) improvement in average payment term of accounts receivable and inventory; and (iii) 14% decrease in taxes recoverable;

✓ **Focus on Quality Project:** Indicators of non-compliance in production lines in 2013 presented continuous improvement in the inspections of products in Brazil and the USA;

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

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

✓ **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.

✓ Organization of a Non-Statutory **Special Committee** by the Board of Directors, in order to analyze and recommend applicable measures subsequent to the restatements for 2012 and 2013.

1– Economic and Financial Performance

1.1 Main Economic and Financial Indicators

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

												Variation %		
Ratios	**4Q13**	**3Q13**	**2Q13**	**1Q13**	**4Q12**	**3Q12**	**2Q12**	**1Q12**	**2013**	**2012**	**2011**	**2013/2012**	**4Q13/4Q12**	**4Q13/3Q13**
Net revenue	**156.1**	**218.7**	**203.9**	**228.7**	**196.2**	**151.1**	**175.4**	**178.4**	**807.3**	**701.0**	**618.0**	**15.2%**	**-20.4%**	**-28.6%**
Domestic market	59.0	73.0	71.9	56.2	91.3	54.6	74.8	69.8	260.0	290.4	288.9	-10.5%	-35.4%	-19.2%
Foreign market	97.1	145.7	132.0	172.5	104.9	96.5	100.6	108.6	547.3	410.6	329.1	33.3%	-7.4%	-33.3%
COGS	120.6	150.9	143.4	150.7	139.2	81.3	101.5	112.2	565.6	434.2	353.7	30.3%	-13.4%	-20.1%
Gross Profit	35.5	67.8	60.5	78.0	57.0	69.8	73.9	66.1	241.7	266.7	264.3	-9.4%	-37.7%	-47.6%
Gross Margin - %	**22.7%**	**31.0%**	**29.7%**	**34.1%**	**29.0%**	**46.2%**	**42.1%**	**37.1%**	**29.9%**	**38.1%**	**42.8%**	**-8.1 p.p.**	**-6.3 p.p.**	**-8.3 p.p.**
Operating Expenses	-87.8	-44.8	-52.2	-40.9	-71.3	-39.1	-36.4	-35.8	-225.7	-182.6	-163.3	23.6%	23.1%	96.2%
Operating Profit (EBIT)	-52.3	23.0	8.3	37.0	-14.4	30.6	37.5	30.4	16.0	84.2	101.0	-81.0%	264.6%	-327.4%
EBIT Margin - %	**-33.5%**	**10.5%**	**4.1%**	**16.2%**	**-7.3%**	**20.3%**	**21.4%**	**17.0%**	**2.0%**	**12.0%**	**16.3%**	**-0.8 p.p.**	**3.6 p.p.**	**-4.2 p.p.**
Net Financial Income	-20.2	-21.4	-19.0	-13.0	-13.8	-10.8	-18.0	-1.9	-73.6	-44.5	-47.6	65.2%	46.0%	-5.7%
Depreciation and amortization (1)	9.1	8.5	9.6	8.1	15.5	0.3	7.9	7.6	35.3	31.2	27.6	13.0%	-41.1%	7.0%
Net Income - Continuing Operations	-70.2	1.1	-20.4	9.2	-23.0	11.4	12.1	17.3	-80.3	17.8	73.0	-551.7%	205.5%	-6348.5%
Net Income Margin - Cont. Operations	**-45.0%**	**0.5%**	**-10.0%**	**4.0%**	**-11.7%**	**7.5%**	**6.9%**	**9.7%**	**-9.9%**	**2.5%**	**11.8%**	**-12.5 p.p.**	**-33.3 p.p.**	**-45.5 p.p.**
Net Income - Descontinuing Operations	0.0	0.0	0.0	0.0	0.0	-2.8	-127.1	-5.2	0.0	-135.0	-35.7	NS	NS	NS
Net Income - Consolidated	-70.2	1.1	-20.4	9.2	-23.0	8.6	-114.9	12.1	-80.3	-117.2	37.3	NS	NS	NS
Net Income Margin - Consolidated	**-45.0%**	**0.5%**	**-10.0%**	**4.0%**	**-11.7%**	**5.7%**	**-65.5%**	**6.8%**	**-9.9%**	**-16.7%**	**6.0%**	**6.8 p.p.**	**-33.3 p.p.**	**-45.5 p.p.**
Adjusted EBITDA (2)	-12.6	35.6	30.1	47.0	11.6	37.9	44.5	36.2	100.0	130.3	139.4	-100.0%	-208.6%	-135.4%
Adjusted EBITDA Margin - %	**-8.1%**	**16.3%**	**14.8%**	**20.5%**	**5.9%**	**25.1%**	**25.4%**	**20.3%**	**12.4%**	**18.6%**	**22.6%**	**-6.2 p.p.**	**-14.0 p.p.**	**-24.3 p.p.**
Total Assets	1,184.1	1,261.7	1,266.9	1,150.9	1,114.3	1,147.7	1,059.8	1,126.9	1,184.1	1,114.3	1,114.3	-100.0%	6.3%	-6.2%
Equity	146.0	206.9	204.8	209.9	201.8	229.7	228.9	334.3	146.0	201.8	325.2	-100.0%	-27.6%	-29.4%
Investiments (CAPEX)	7.6	3.5	6.3	10.9	27.2	10.5	31.3	21.2	28.2	90.2	47.4	-100.0%	-72.2%	117.4%

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

(2) 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

4Q13

Total consolidated net revenue for 4Q13 totaled R$ 156.1 million, down 20.4% compared to 4Q12 and down 28.6% compared to 3Q13. The performance below expectations in 4Q13 is due to (i) non-materialization of expected demand for public and private security in the Brazilian market for the sports events from 2014 to 2016; and (ii) high base of comparison of 4Q12 as regards exports to the North American market.

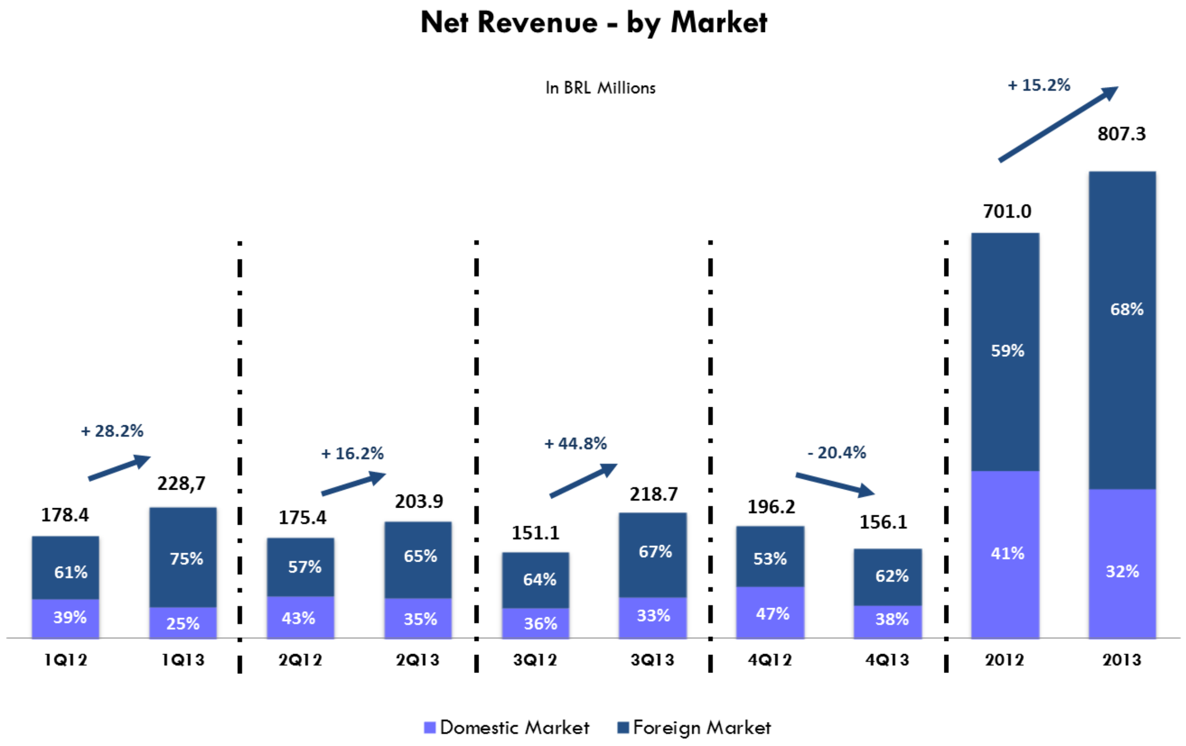
2013

In 2013, the Company posted consolidated net revenue of R$ 807.3 million, up 15.2% compared to R$ 701.0 million in 2012, amount that had already been up 13.4% compared to 2011. The increase in net revenue is mainly due to the 33.3% increase in exports due to the exchange rate devaluation. Net revenue in the domestic market was down 10.5% in the year.

The scenario for increase in exports is positive, since consumption in the American market continues favorable, having increased 7.4% in 2013 compared to 2012, according to the National Instant Criminal Background System (NICS*)* of FBI, adjusted by the National Shooting Sports Foundation (NSSF*)*, which measures consumer intention of purchasing weapons in the retail market.

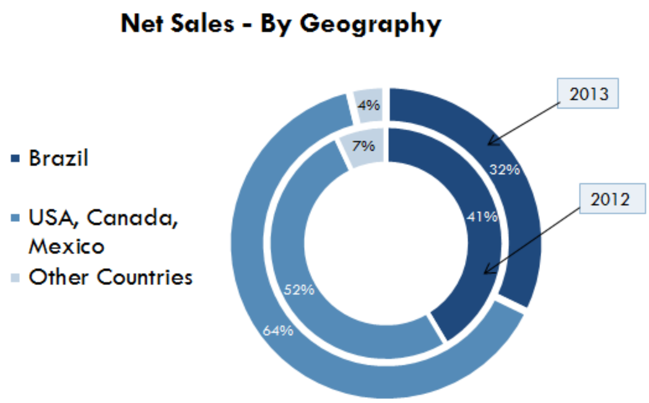
The strategy of acquisitions and commercial partnering agreements has been successful, thus allowing the offer of products of several marks administered by us, namely: Taurus, Rossi, Heritage and DiamondBack in the North American market.

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 4Q13, which was atypical due to the exceptionally high demand in 4Q12:



The share of sales to foreign market in relation to total net revenue increased from 59% in 2012 to 68% in 2013, representing R$547.3 million (compared to R$410.6 million in 2012).

Distribution of consolidated net revenue by geographic region illustrated in the graph below shows that the North American market (USA, Mexico and Canada) continues accounting for the main percentage of exports, representing 64% of total revenue in 2013, followed by Brazil - 32% and other countries – 4% to which we export.



1.3 - Segment information

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

RESULTS BY BUSINESS SEGMENT
Consolidated amount in millions of reais

Comparative - Year over Year

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

Comparative Quarter - Year over Year

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	4Q13	**Part. %**	**4Q12**	**Part. %**	**Var.**	**4Q13**	**4Q12**	**Var.**	**4Q13**	**4Q12**	**Var.p.p**	**4Q13**	**4Q12**	**Var.**
Firearms	117.9	75.5%	151.0	77.0%	-21.9%	30.0	51.2	-41.4%	25.5%	33.9%	-8.5	(50.0)	1.1	NS
Helmets	30.3	19.4%	26.6	13.6%	13.9%	8.8	7.4	17.8%	28.9%	28.0%	1.0	1.4	3.0	-51%
Others	7.9	5.0%	18.6	9.5%	-57.6%	(3.3)	(1.7)	91.0%	-42.1%	-9.3%	-32.8	(23.9)	(32.3)	-26%
Total	**156.1**	**100.0%**	**196.2**	**100.0%**	-20.4%	**35.5**	**57.0**	-37.7%	**22.7%**	**29.0%**	**-6.3**	**(72.5)**	**(28.2)**	NS

Comparative Quarter - Current Quarter x Previous Quarter

	Net Revenue					Gross Income			Gross Margin			Income before taxes		
	4Q13	**Part. %**	**3Q13**	**Part. %**	**Var.**	**4Q13**	**3Q13**	**Var.**	**4Q13**	**3Q13**	**Var.p.p**	**4Q13**	**3Q13**	**Var.**
Firearms	117.9	75.5%	170.0	77.8%	-30.7%	30.0	56.4	-46.8%	25.5%	33.2%	-7.7	(50.0)	5.0	NS
Helmets	30.3	19.4%	33.8	15.4%	-10.3%	8.8	13.0	-32.7%	28.9%	38.6%	-9.7	1.4	7.1	-80%
Others	7.9	5.0%	14.9	6.8%	-47.0%	(3.3)	(1.7)	93.9%	-42.1%	-11.5%	-30.6	(23.9)	(10.5)	128%
Total	**156.1**	**100.0%**	**218.7**	**100.0%**	-28.6%	**35.5**	**67.8**	-47.6%	**22.7%**	**31.0%**	**-8.3**	**(72.5)**	**1.6**	NS

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

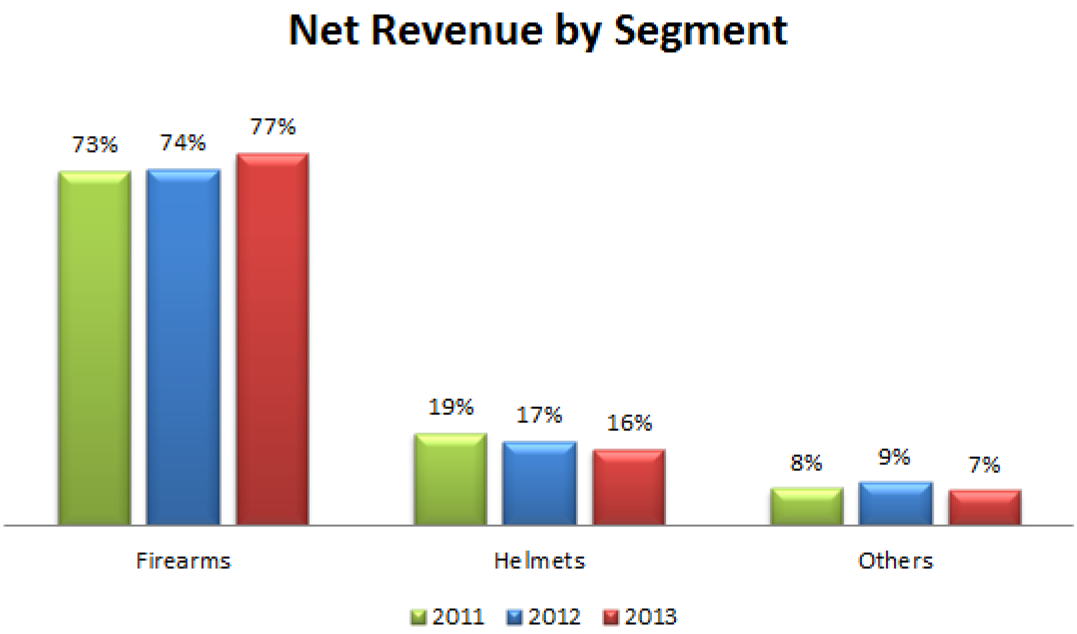
(ii) Helmets for motorcyclists – operations conducted by Taurus Blindagens Ltda., Taurus Helmets Indústria Plástica Ltda. and Taurus Blindagens Nordeste Ltda.;

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

I. Defense and Security Segment (Weapons)

This is the Company's main business segment accounting for 77% of total consolidated net revenue and 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).

There was 20.3% increase in revenue of the segment, totaling R$ 621.2 million in 2013. Gross profit was down 2.0% due to the 30.3% increase in cost of products sold in 2013 compared to 2012, due to the following: (i) change in the product mix; (ii) unproductivity resulting from noncompliant products, which has reduced; and (ii) pressure from costs: raw materials and labor. Consequently, gross margin decreased from 38.5% in 2012 to 31.4% in 2013.

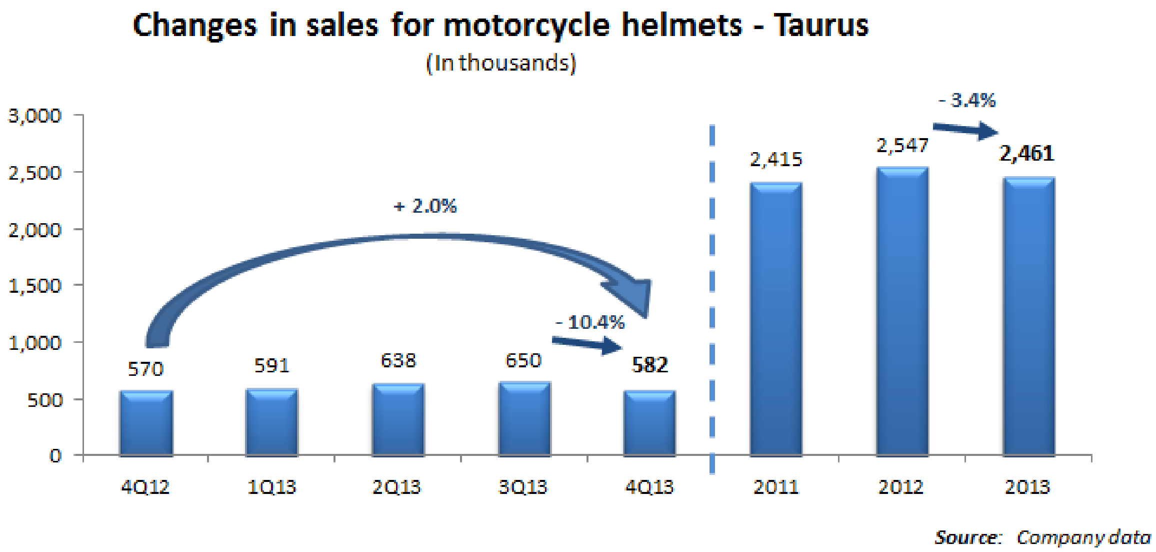


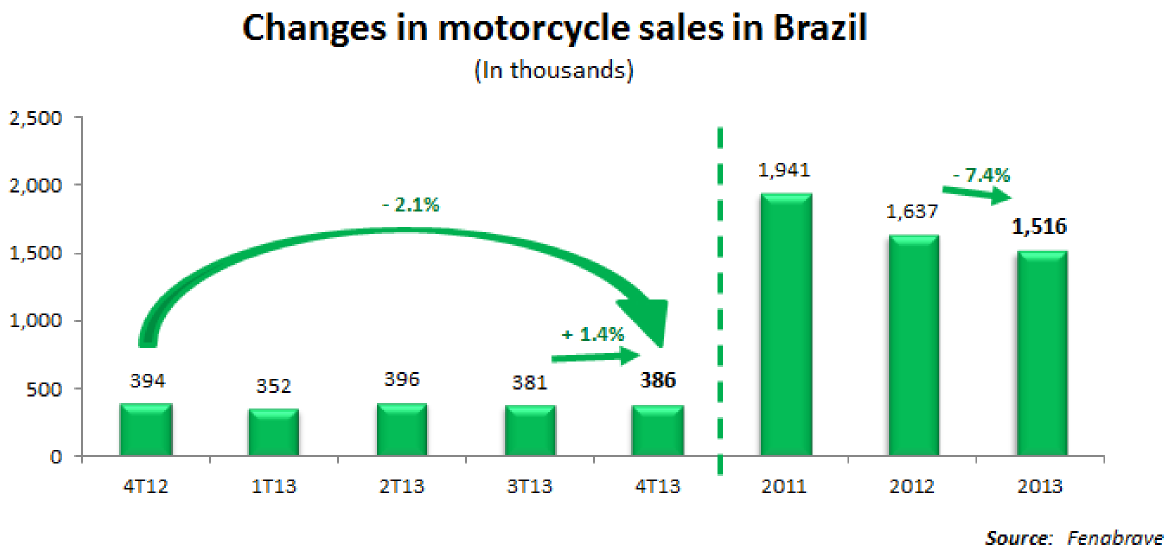
II. Metallurgy and Plastics Segment

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

(i) Helmets for motorcyclists

There was 5% increase in net revenue from helmets, which represents 15.8% of total net revenue, amounting to R$127.6 million. Gross profit amounted to R$ 45.6 million, with gross margin of 35.7% in 2013, representing a decrease of 4% in gross profit and margin, that was 39.1% in 2012. The margin decrease is due to the following: (i) decrease in the demand for helmets in 2013 compared to 2012 due to the decrease in the offer of consumer credit; and (ii) cost of raw materials and labor.





The graphs above show that despite the 7.4% decrease in motorcycle sales in Brazil, Taurus helmet sales decreased proportionally less by 3.4%, however with lower average price, since there was 5% revenue increase in 2013, gaining market share of competitors and reaching 51% market share in Brazil.

The 10.4% decrease in Taurus helmet sales in 4Q13 compared to 3Q13 is due to early purchases by certain customers due to the communication of year-end and Christmas holidays. This is evident in the performance for 3Q13, which was up 2.0% compared to 2Q13, with total helmet sales of 650 thousand units, period in which there was 3.8% decrease in motorcycle sales in the market.

(ii) Other products from the Metallurgy and Plastics segment

Revenue reached R$58.6 million in 2013, down 7% compared to 2012. The main products from this segment are: bulletproof vests, plastic containers in the shielding area and plastics as well as metallurgy products.

Gross profit amounted to R$1.1 million with margin of 2% due to the process for decommissioning forging for third parties started in April/13 and concluded in November/13 and also because sales volume of other products was not sufficient to offset the business decommissioning.

1.4 – Gross profit and gross margin

4Q13

Gross margin for 4Q13 was of 22.7%, down 6.3 percentage points compared to 4Q12 and down 8.3 percentage points compared to 3Q13. The decrease in gross margin is partially due to the segment of (i) Defense & Security: increase in competition in the North American weapons market; mix of products sold to this market (USA); increase in cost of raw materials transferred to the final price only in Nov/13; and partially due to the segment of (ii) Metallurgy & Plastics: due to the contract terminations due to the decommissioning of the forging for third parties segment; non-realization of budget sales for the MIM for third parties segment (it should be pointed out that the hourly cost of this segment is already at the levels before the transfer from Caixas do Sul to São Leopoldo, i.e. back to normal); decrease in helmet sales compared to prior quarter.

2013

Consolidated gross profit reached R$ 241.7 million in 2013, down 9.4% compared to 2012 (R$ 266.7 million), resulting in gross margin of 29.9% in 2013, 8.1 percentage points below gross margin of 38.1% of 2012. The 15.2% increase in net revenue was not enough to offset the 30.3% increase in cost of products sold in 2013, due to the following: (i) decrease in production volume generated by noncompliant products in the segment of weapons, due to increased quality requirements, thus generating unproductivity; (ii) decommissioning of forging for third parties; and (iii) effect from foreign exchange rate on cost of raw materials.

1.5 – Adjusted EBITDA and adjusted EBITDA Margin

4Q13

Consolidated adjusted EBITDA in 4Q13 was negative of R$12.6 million with margin of -8.1%. Cash generation in the quarter was impacted by the points that explain the decrease in gross profit as well as by the increase in net operating expenses from R$ 44.8 in 3Q13 to R$ 87.8 million in 4Q13. This increase is due to (i) increase of R$ 25 million in selling expenses; and (ii) increase of R$ 12.7 million in other operating expenses.

2013

Consolidated cash generation in 2013, measured by adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) defined by CVM Rule No. 527/12, totaled R$ 100.0 million with adjusted EBITDA margin of 12.4% (R$ 130.3 million and adjusted EBITDA margin of 18.6% for 2012).

Adjusted EBITDA was calculated eliminating non-recurrent revenues and expenses for 2013.

The 18.9% decrease is mainly due to the following factors: (i) 30.3% increase in CPS; (ii) 23.6% increase in operating expenses resulting from commitments in the areas of business management, administration, finance and personnel (but which were mostly eliminated for not being recurrent).

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

CONSOLIDATED EBITDA
In thousands of BRL

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

(1) *Net result from discontinued operations duly discounting the effects from depreciation, amortization, taxes, net financial result, according to EBITDA calculation method*

(2) *Loss of Taurus Máquinas Ferramenta Ltda. for 4Q12, period in which the operation was no longer discontinued.*

1.6 – Financial income (expenses)

Net financial expenses in 2013 totaled R$ 73.6 million compared to R$44.5 million in 2012. This increase is mainly due to the increase in negative net interest and negative net exchange variation (US$ appreciation to the other currencies generated exchange loss on onerous liabilities), despite the decrease in average financial cost of loans and financing, with extension of debt repayment term.

1.7 – Consolidated Net Income/Loss

4Q13

Consolidated loss for 4Q13 amounted to R$70.2, which is the result from continuing operations since there are no effects from discontinued operations in the quarter. This loss is due to the decrease in gross profit and increase in operating expenses.

2013

In 2013, Forjas Taurus S.A. and subsidiaries posted loss from continuing operations of R$ 80.3 million, compared to net income of R$ 17.8 million in 2012.

Due to restatement of the financial statements for 2012, all the effect from TMFL disposal (write-down of asset value and additional provisions) was retroactively recorded in 2Q12, thus generating loss of R$ 135 million in 2012, with reclassification and elimination of the impact in 2013.

Consolidated loss for 2013 amounted to R$ 80.3 million, compared to R$117.2 million in 2012. The factors that led to this loss in 2013 were: (i) 33.3% increase in CPS, above the increase in revenue; (ii) decrease in production volume due to unproductivity; and (iii) increase in operating expenses.

1.8 – Consolidated investments – *CAPEX – Capital Expenditures*

Consolidated investments in 2013 totaled R$ 28.2 million (R$ 90.2 million in 2012). These were allocated on a 28% basis to expand the production capacity of the Company and its subsidiaries; 59% to modernization of industrial facilities and 13% to ongoing improvement and other investments. Depreciation and amortization totaled R$35.3 million in 2013 compared to R$31.2 million in 2012.

The capital budget that had been approved for 2013 amounted to R$39.6 million. The positive difference of R$ 11.4 million between budget and actual for 2013 is due to the carry-over of amounts for 2013 that were paid in 2014.

See below consolidated capital budget in 2013 by company:

Forjas Taurus S.A. Consolidated

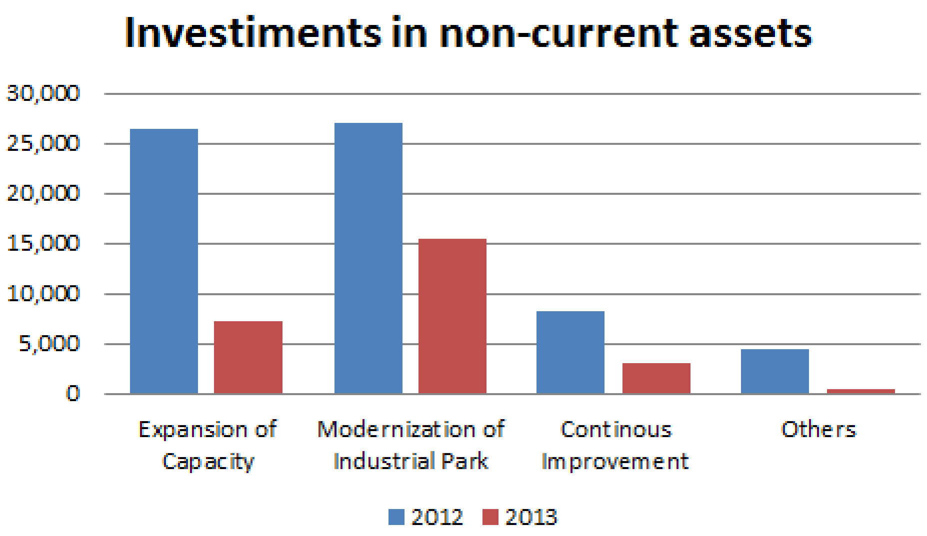
Investiments (CAPEX) until 2013

In thousands of BRL

Description	Sources of Funds	Investiments	
Forjas Taurus - Unit of Porto Alegre (RS)		**Thousands of BRL**	**Thousands of USD**
Research and development of products and processes	Debt	3,813	1,628
Modernization and expansion of production capacity	Debt	3,542	1,512
	Total	**7,355**	**3,140**
Forjas Taurus - Unit of São Leopoldo (RS) - Long Guns - Branch 5			
Research and development of products and processes	Debt	152	65
Improving productivity of manufacturing processes	Debt	180	77
	Total	**332**	**142**
Taurus Blindagens Ltda. - Unit of Mandirituba (PR) and Simões Filho (BA)			
Modernization and / or automation	Debt	1,818	776
	Total	**1,818**	**776**
Polimetal Metalurgia e Plásticos Ltda. - São Leopoldo (RS)			
Modernization and expansion of production capacity	Debt	9,389	4,008
Transfer Steelinject to Polimetal's plant		2,898	1,237
	Total	**12,287**	**5,245**
Total Investments (CAPEX) of the Consolidated Forjas Taurus S.A. in Brazil		**21,792**	**9,302**
Taurus Holdings, Inc. and Subsidiaries - Miami - Florida (EUA)			
Modernization and expansion of production capacity	Debt	**4,479**	1,912
Total Global Investiments (CAPEX) of the Forjas Taurus S.A. (Consolidated)		**26,271**	**11,214**

* Dolar R$/USD 2.34

In analyzing investments in property, plant and equipment in 2013, the distribution may be seen in the graph below:



The Board of Directors' meeting held on March 25, 2014 approved the Company's capital budget for 2014, in the amount of R$ 55.2 million, as shown below, which will be proposed in the next Ordinary General Meeting to be held on April 30, 2014.

Forjas Taurus S.A. Consolidated

Investments (CAPEX) for 2014

Description	Sources of Funds	Investments	
Forjas Taurus - Unit of Porto Alegre (RS)		**Thousands of BRL**	**Thousands of USD**
Research and development of products and processes	Debt	8,971	3,738
Modernization and expansion of production capacity	Debt	7,031	2,930
Licensing, improvements and deployment of new ERP modules	Debt	10,854	4,522
	Total	**26,856**	**11,190**
Forjas Taurus - Unit of São Leopoldo (RS) - Long Guns - Branch 5			
Research and development of products and processes	Debt	1,866	778
Improving productivity of manufacturing processes	Debt	1,315	548
	Total	**3,181**	**1,325**
Taurus Blindagens Ltda. - Unit of Mandirituba (PR) and Simões Filho (BA)			
Modernization and / or automation	Debt	6,000	2,500
	Total	**6,000**	**2,500**
Polimetal Metalurgia e Plásticos Ltda. - São Leopoldo (RS)			
Modernization and expansion of production capacity	Debt	8,367	3,486
Transfer Branch 5 to Polimetal's plant		4,553	1,897
	Total	**12,920**	**5,383**
Total Investments (CAPEX) of the Consolidated Forjas Taurus S.A. in Brazil		**48,957**	**20,399**
Taurus Holdings, Inc. and Subsidiaries - Miami - Florida (EUA)			
Modernization and expansion of production capacity	Debt	**6,226**	**2,594**
Total Global Investiments (CAPEX) of the Forjas Taurus S.A. (Consolidated)		**55,182**	**22,993**

* Dolar R$/USD 2.40

1.9 – Financial position

Cash and short-term investments totaled R$ 281.1 million at Dec/31/13, down 14% compared to R$ 327.8 at Sep/30/13 (and up 56% compared to R$ 180.8 million at Dec/31/12), being remunerated by variable rates from 98% to 103% of CDI, by first tier financial institutions.

Consolidated short and long-term loans and financing totaled R$ 819.2 million at Dec/31/13, down 5% compared to Sept/30/13, which are mainly destined to: (i) working capital and (ii) investments in industrial modernization.

Net debt after cash and cash equivalents amounted to R$ 538.1 million, up 1% compared to Sept/30/13 and up 2% compared to Dec/31/12, with efforts to optimize working capital, including inventory reduction; improvement of maturity schedule of accounts payable and receivable and increase in tax recovery.

As an ongoing objective, we seek to extend payment term of our debts. However, due to the restatement of the financial statements, there was transfer of loans (R$ 388.5 million), debentures (R$ 57.6 million) and mortgage credits (R$ 19.6 million) to current liabilities, even when maturing within long term, owing to existence of contracts with covenants not complied with.

The balance of debentures at 12/31/13 including 1st and 2nd issue amounted to R$ 57.6 million in current liabilities compared to R$ 77.1 million at 09/30/13. With the reclassification to the short term portion, the maturity schedule presented below encumbered 2013. Final maturity of 1st issue debentures is April/14 and 2nd issue debentures mature in 2016.

With the voluntary restatement of the Financial Statements, the result of calculation of financial ratios (Net Debt/EBITDA and EBITDA/Net Financial Expenses) changed, and there was noncompliance with covenants, reason why loans and financing related to these contracts were automatically transferred to the short term portion.

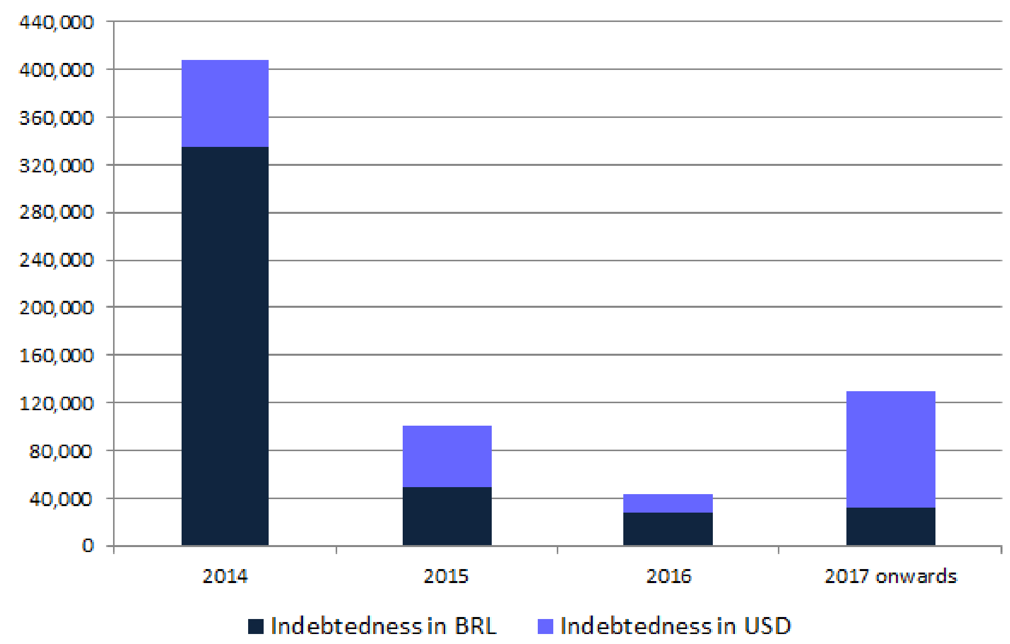
Consequently, the balances of debentures, financing and advance on mortgage credits that had contractual covenants were classified in current liabilities (transferred from long-term to short-term portion), owing to the noncompliance with the ratios if we do not eliminate the non-recurrent effects (renegotiation 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.

In addition, we started to consider advance on receivables as debt, even without right to indemnity, meeting the request of debenture holders in their General Meeting held on Nov/12/13 to vote about early settlement of 1st and 2nd issues.

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

See below the maturity schedule temporarily concentrated within short term:

Maturity of consolidated debt – In thousands of reais



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

In millions BRL

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

Consequently, the Company's general indebtedness indices for 2013 changed compared to 2012.

2 – Capital market

Forjas Taurus S.A. is Brazilian publicly-traded company that has been listed on BM&FBOVESPA for more than 30 years and since July 2011 it has been listed at Corporate Governance Level 2 on BM&FBOVESPA.

The organizational restructuring was concluded in December 2013, with extinction of the Institutional Relations and Strategic Projects Officer and Vice CEO position, and the substitution of the CEO in November/13 and hiring of two Officers and Vice-CEOs; namely the Administrative and Financial Officer and Vice CEO in August/13, and the Sales and Marketing Officer and Vice CEO in December/13, besides several substitutions in mid and top management positions.

We highlight below the Investor Relations program and the commitments and targets assumed together with Company management in 2013, both in qualitative and quantitative terms:

- Visit to the main investors, brokers and investment banks (sellers / sell side analysts and managers / buy side analysts) in the Brazilian and foreign market;
- Several visits to the plant by investors/fund managers/analysts;
- Holding of three collective meeting in the year (in Porto Alegre, Rio de Janeiro and São Paulo);
- Expansion and diversification of the shareholders base, significantly changing the profile of institutional shareholders and new shareholders;

At Dec/31/13 the Company had 141,412,617 issued shares, being ex-treasury, totaling 128,976,510 outstanding shares, highlighting that dividends per share are calculated deducting treasury shares since they are not entitled to dividends.

Performance of Shares in 2013

TAURUS	2013	2012	2011	2013 x 2012	2013 x 2011	2012 x 2011
1. Share Price						
ON - FJTA3*	R$ 2.66	R$ 3.25	R$ 1.49	-18%	79%	118%
PN - FJTA4*	R$ 2.28	R$ 2.90	R$ 1.42	-21%	61%	104%
IBOVESPA*	51,507	60,952	56,754	-15%	-9%	7%
*** cotação do último pregão do ano**						
2. Market Value - In thousands of BRL						
ON - FJTA3	R$ 125,386	R$ 153,197	R$ 70,235	-18%	79%	118%
PN - FJTA4	R$ 214,947	R$ 273,398	R$ 133,871	-21%	61%	104%
TOTAL	R$ 340,333	R$ 426,595	R$ 204,106	-20%	67%	109%
3. Liquidity Index						
ON - FJTA3						
Number of Trades*	9	12	10	-21%	-6%	19%
Financial Volume in BRL*	29,640	26,004	46,708	14%	-37%	-44%
Number of shares trades*	10,067	10,931	22,698	-8%	-56%	-52%
*** period averages**						
PN - FJTA4						
Number of Trades*	233	163	74	42%	213%	120%
Financial Volume in BRL*	540,736	639,017	378,049	-15%	43%	69%
Number of shares trades*	220,992	274,407	167,176	-19%	32%	64%
*** period averages**						

At Dec/31/13, capital comprised 47,137,539 common shares, representing 33.3% of total capital and 94,275,078 preferred shares representing the remaining 66.7%. There are 2,827,206 common shares in treasury and 9,608,901 preferred shares, which may be cancelled, disposed of or used in a Stock Options Plan at any time by operation of Board of Director's resolution.

3 – Guidance 2014

The Company had provided growth projections for 2013 based on the prospects for its two main business segments, namely Defense & Security and Metallurgy & Plastics and had made a review thereof upon the original presentation for the 3Q13.

Due to the restatement of the Quarterly Information (ITRs) for 2013, we are comparing the amounts originally projected, those restated for 2012 and the review of projections for 2013:

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

Considering the transition moment, not only of the manufacturing management model as well as of the new executive board, inaugurated in 4Q13, management elected not to provide estimates of revenue and EBITDA for 2014, until the production levels have stabilized, its processes have been reviewed and new management tools have been introduced to render the Company's strategic planning feasible.

In relation to CAPEX, capital budget for 2014 proposed by Management, to be submitted to the Ordinary General Meeting for approval, amounted to R$ 55.2 million, with good allocation to best manufacturing practices, which is fundamental upon review of its management model.

Management continues confident in relation to medium and long term results from the actions currently in progress at the Company. We will monitor the results and keep the market informed about: (i) evolution of the action plans presented; (ii) any corrections in strategic directives; and (iii) the consequences from the restatement of financial information for 2012 and the 2013 balance sheet.