Performance comment

RELEASE

1Q15

Performance comment

Porto Alegre, May 15, 2015 - Forjas Taurus S.A. (**BM&FBOVESPA:** FJTA3, FJTA4), a company in the segments of (i) Defense and Security – as the largest firearm manufacturer in Latin America and one of the largest in the world; and of (ii) Metallurgy and Plastics – as market leader in the production of helmets 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 **1st quarter of 2015 (1Q15).**

1. Highlights for the 1st quarter of 2015 (1Q15)

- ✓ **Consolidated net revenue** amounts to R$ 173.5 million, 3.2% up as compared with 1Q14 and 4.0% up as compared with 4Q14;
- ✓ **Breakdown of net revenue in 1Q15:** 35% - domestic market; 57% - US market; and 8% - other countries;
- ✓ **Exports amounting to R$ 113.0 million in the quarter**, 14.1% up as compared with 4Q14 with signs of US market recovery and strong performance of sales to other countries, reaching 11% of participation in Taurus firearms sales in 1Q15;
- ✓ **Revenue from the firearms segment amounts to R$ 132.9 million in 1Q15**, as compared with R$ 124.0 million in 4Q14, increasing participation to 77% of new revenue in 1Q15;
- ✓ **Net sales of firearms in 1Q15 in the domestic market.** In this quarter, the performance of sales in the Southeast region is noteworthy, having grown 179.8% and 4.3% respectively, as compared with 4Q14.
- ✓ **Revenue from helmets amounts to R$ 31.0 million** in 1Q15, as compared with R$ 33.3 million in 4Q14 and R$ 32.6 million in 1Q14, reducing the its share to 18% of net revenue in the first three months of the year;
- ✓ **Market share of helmets** remained stable as compared with the prior quarter, around 45% in Mar/15;
- ✓ **Consolidated gross profit amounted to R$ 35.2 million**, having presented operating income both in the firearms segment and in the helmets segment, with margins of 16.4% and 33.1%, respectively;
- ✓ O**perating expenses, adjusted** (net of non-recurring expenses for the periods) decreased by 24.2% in 1Q15 as compared with 4Q14, and increased by 6.6% as compared with 1Q14;
- ✓ **Significant improvement** (i) in the firearms/man/year productivity index both for pistols and revolvers; mainly in the last month of first quarter (Mar/15); (ii) in quality reflected in products compliance; and (iii) in production levels; and
- ✓ **Visible recovery of arms sales to the US,** with the Company's sales (+ 6.5%) growing above the market (+ 1.9%), compared to the same period of last year.

Performance comment

2. Consolidated Economic and Financial Performance

The table below shows the consolidated economic and financial performance of the Company in the first months of 2015 compared with the performance recorded in 4Q14 and 1Q14.

Consolidated Economic and Financial Performance

In millions of Brazilian reais, unless otherwise stated

Indicators	1Q15	4Q14	1Q14	Variation % 1Q15/1Q14	Variation % 1Q15/4Q14
Net revenue	**173.5**	**166.9**	**168.1**	**3.2%**	**4.0%**
Domestic market	60.5	67.9	62.4	-2.9%	-10.8%
Foreign market	113.0	99.1	105.8	6.8%	14.1%
COGS	138.4	115.8	122.4	13,0°%	19.5%
Gross profit	35.2	51.1	45.7	-23,1°%	-31.2%
Gross margin -%	**20.3%**	**30.6%**	**27.2%**	**-6.9 p.p.**	**-10.4 p.p.**
Operating expenses	-110.3	-69.2	-41.2	167.8%	59.2%
Operating profit (EBIT)	-75.1	-18.1	4.5	-1755.2%	314.7%
EBIT Margin - %	**-43.3%**	**-10.8%**	**2.7%**	**-46.0 p.p.**	**-32.4 p.p.**
Net financial income	-68.3	-35.6	-9.9	591.3%	91.9%
(1) Depreciation and amortization	8.5	8.4	8.1	5.2%	0.9%
Net Income/loss - Consolidated	-149.9	-60.7	-4.5	3201.6%	147.1%
Net Income Margin - Consolidated	**-86.4%**	**-36.3%**	**-2.7%**	**-83.7 p.p.**	**-50.0 p.p.**
Adjusted EBITDA (2)	9.0	2.3	29.2	-69.0%	293.3%
Adjusted EBITDA Margin - %	**5.2%**	**1.4%**	**17.3%**	**-12.1 p.p.**	**3.8 p.p.**
Total assets	1,000.9	979.8	1,089.2	-8.1%	2.2%
Equity	-56.4	52.1	134.7	-141.8%	-208.2%
Investments (CAPEX)	4.6	3.4	3.1	49.3%	35.3%

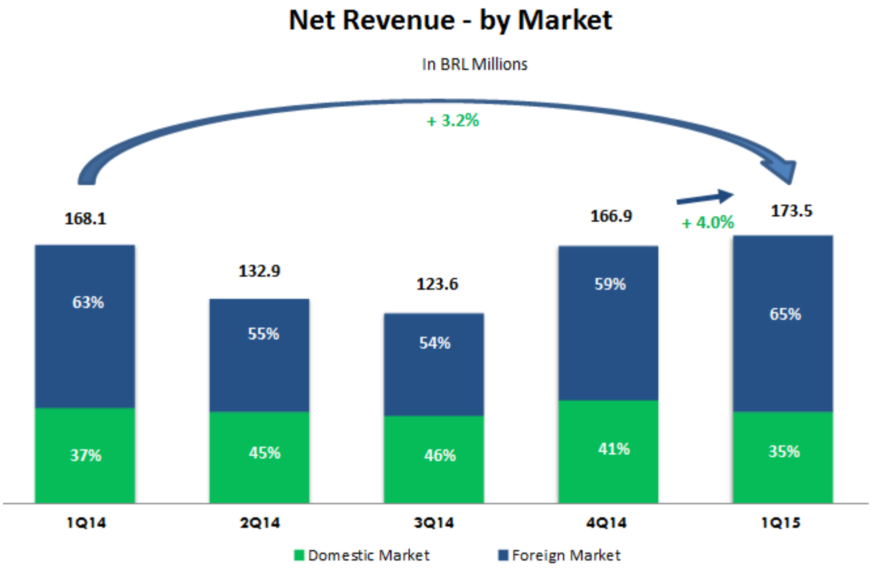
(1) Depreciation and amortization: these amounts include total depreciation and amortization based on cash flow for ITR.

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

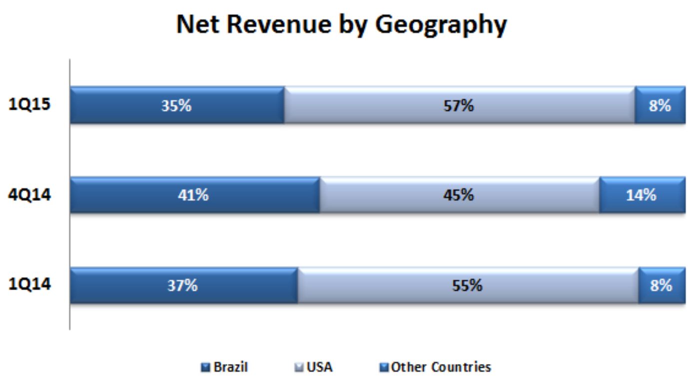
Net revenue

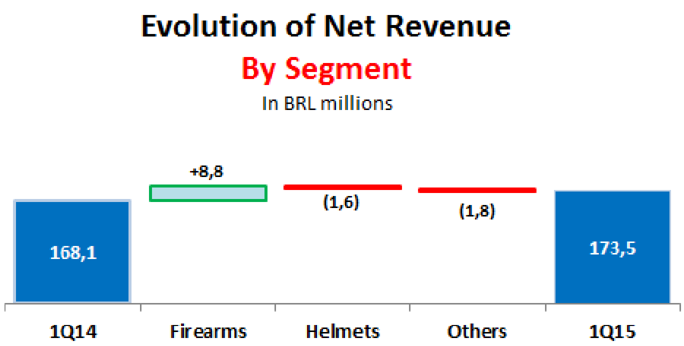
In 1Q15, Forjas Taurus S.A. presented consolidated net revenue of R$ 173.5 million, which represented an increase of 3.2% as compared to the R$ 168.1 million in the same period of 2014, and of 4.0% in relation to the prior quarter, underscored by the return of growth trend of the Company's largest consumer market, the US.

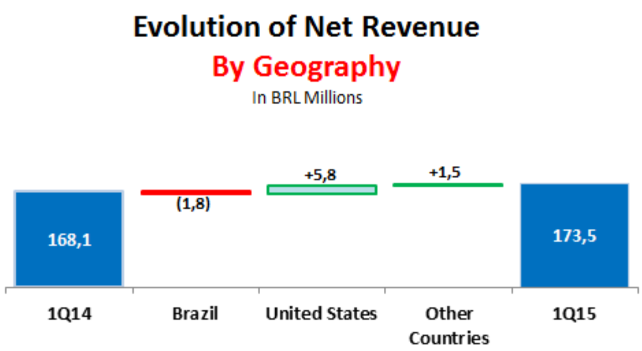
Performance comment



As a consequence, the geographic distribution of Company sales was significantly changed. Brazil's participation in net revenue returned to early 2014 levels, around 35%. Sales in the Brazilian market amounted to R$ 60.5 million in 1Q15, approximately R$ 7.4 million below prior quarter. However, the sales of firearms in the domestic market increased in 1Q15 over 1Q14, which was negatively offset by the decrease in revenue from helmets and other products, such as Metal Injection Molding (M.I.M.) parts.



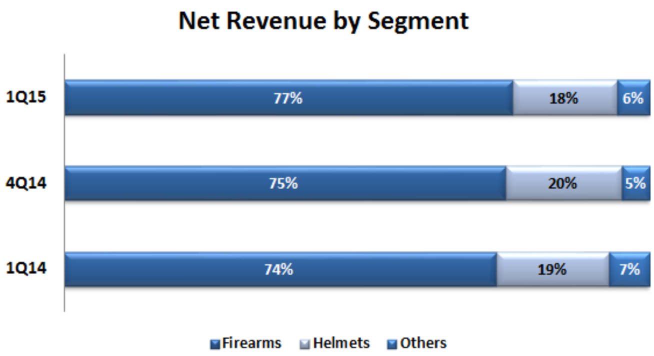




Performance comment

Sales to other countries for which the Taurus exports grew 11.5% over the same period of last year, and decreased by 39.1% compared to 4Q14, due to strong sales in Nov/14. This market reached 8% participation in consolidated net revenue and confirms the strategy of diversifying markets which aims at diversifying Company export markets.

Consolidated net revenue per business segment is distributed as follows and shows that the segment of hand guns and long guns continues to represent the largest market share of Taurus (77%), followed by helmets (18%) and other products (6%) such as containers, motorcycle trucks, M.I.M. (Metal Injection Molding) and vests.



Segment information

The table below sets out consolidated financial highlights by segment:

RESULTS BY BUSINESS SEGMENT

Consolidated amount in millions of reais

Comparative Quarter - Year over Year

	Net revenue					Gross income			Gross margin		
	1Q15	Part. %	1Q14	Part. %	Var.	1Q15	1Q14	Var.	1Q15	1Q14	Var.p.p
Firearms	132.9	76.6%	124.0	73.8%	7.1%	21.8	30.2	-27.8%%	16.4%	24.3%	-7.9
Helmets	31.0	17.9%	32.6	19.4%	-4.9%	10.3	11.6	-11.4%	33.1%	35.6%	-2.5
Other	9.6	5.6%	11.5	6.8%	-16.1%	3.1	3.9	-21.0%%	32.0%	34.0%	-2.0
Total	**173.5**	**100.0%**	**168.1**	**100.0%**	3.2%	**35.2**	**45.7**	-23.1%%	**20.3%**	**27.2%**	**-6.9**

Comparative Quarter - Current Quarter x Previous Quarter

	Net revenue					Gross income			Gross margin		
	1Q15	Part. %	4Q14	Part. %	Var.	1Q15	4Q14	Var.	1Q15	4Q14	Var.p.p
Firearms	132.9	76.6%	125.7	75.3%	5.7%	21.8	41.8	-47.9% %	16.4%	33.3%	-16.9
Helmets	31.0	17.9%	33.3	20.0%	-6.9%	10.3	11.2	-7.9%	33.1%	33.5%	-0.4
Other	9.6	5.6%	7.9	4.7%	22.5%	3.1	(1.9)	NS	32.0%	-23.7%	55.7
Total	**173.5**	**100.0%**	**166.9**	**100.0%**	4.0%	**35.2**	**51.1**	-31.2% %	**20.3%**	**30.6%**	**-10.4**

I. Firearms

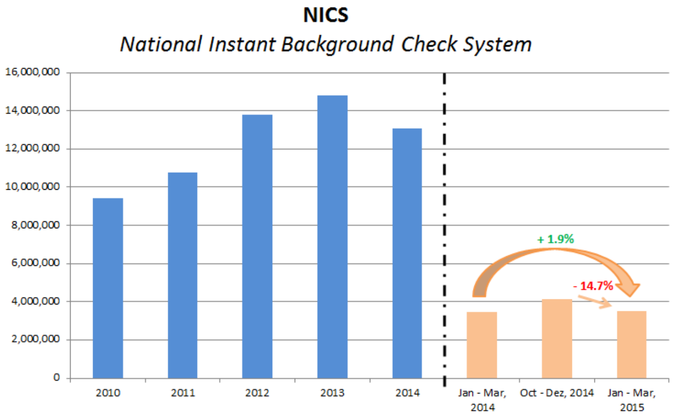
This segment includes handguns (revolvers and pistols for public and private security, and for military and civil restricted use), long guns (rifles and carbines) and submachine guns. Operations in this segment are conducted by Forjas Taurus S.A. in Porto Alegre/RS, Polimetal Metalurgia e Plásticos Ltda.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

Performance comment

NET REVENUE	1Q15	4Q14	1Q14	Variation % 1Q15/1Q14	Variation % 1Q15/4Q14
Firearms	**132.9**	**125.7**	**124.0**	**7.1%**	**5.7%**
Brazil	**20.8**	**27.9**	**19.4**	**7.1%**	**-25.5%**
Southeast	9.7	9.3	3.5	179.8%	4.3%
South	3.8	5.7	7.6	-49.3%	-33.2%
Northeast	3.1	7.0	4.2	-25.3%	-55.4%
North	0.9	1.9	2.8	-69.5%	-55.5%
Midwest	3.3	3.9	1.4	132.9%	-17.0%
United States	**98.0**	**74.6**	**92.0**	**6.5%**	**31.3%**
Other countries	**14.1**	**23.1**	**12.6**	**11.6%**	**-39.2%**
Exports	**112.1**	**97.8**	**104.6**	**7.1%**	**14.6%**

Net sales of firearms in 1Q15 amounted to R$ 132.9 million, 5.7% above the R$ 124.0 million in the prior quarter and 7.1% above the same period of prior year. In the domestic market, it is worth mentioning the Southeast region, which increased both as compared with 4Q14 (+4.3%) and as compared with 1Q14 (+179.8%), reaching participation of 47% in the sales of firearms in Brazil in 1Q15. Also in relation to the domestic market, it is important to highlight this duality in the macroeconomic environment that makes the announced cuts in the public budget decrease the availability of resources to equip the states, but, on the other hand, there is an increase of social movements and in crime rates, which increases the need for investment in public security in the country and, consequently, in the products we manufacture, such as Firearms, vests, shields and helmets for the Brazilian police.

In the foreign market, the main highlight is the resumption of sales to the US market, showing evidence of recovery, increasing 6.5% compared to 1Q14 and 31.3% compared to 4Q14. These increases are even more significant when compared to the ratios of the American arms market. The NICS index, which measures the firearm purchasing intentions in the US fell by 14.7% in relation 4Q14, and grew 1.9% compared to 1Q14, which shows a significant recovery in Taurus' market share earlier this year.



Gross profit amounted to R$ 21.8 million, approximately R$ 8.4 million down as compared with the same period of previous year, which represents a decrease of 27.8%. Consequently, gross margin was 7.9 p.p. down, from 24.3% in 1Q14 and 33.3% in 4Q14 to %16.4% in 1Q15. Pre-tax income was strongly impacted by the recognition of Carter Case agreement in other operating expenses, according to item 7.1 of Subsequent events, and the exchange rate for the period impacting net financial expenses.
Despite total income for 1Q15 has been below expectations, the monthly evolution of profitability and increased operational efficiency are visible. January and February, since they are traditionally the lower sales volume months, and due to the Company's high operating cycle, were important in

the development of operational efficiency, but without generating immediate impact in income. On the other hand, March 2015 managed to record significant productivity gain effects and positive operating income generation. Productivity increase reached approximately 54% in March 2015 when compared to the production of December 2014, and 30% compared with February 2015, the immediately preceding month.

II. Helmets

The helmet segment is Company's second largest, accounting for 18% of net sales in the first months of 2015. Taurus helmets are produced by Taurus Blindagens Ltda. in Mandirituba/PR, as well as in the unit which serves the Northern and Northeastern regions of Brazil, Taurus Blindagens Nordeste Ltda. in Simões Filho/BA. Taurus supplies basically the domestic market and sells to Latin American countries from time to time.

				Variation %	
NET REVENUE	**1Q15**	**4Q14**	**1Q14**	**1Q15/1Q14**	**1Q15/4Q14**
Helmets	**31.0**	**33.3**	**32.6**	**-4.9%**	**-6.9%**
Brazil	**31.0**	**33.3**	**32.6**	**-4.9%**	**-7.0%**
Southeast	9.2	8.7	8.5	8.5%	5.2%
South	1.5	1.7	1.5	2.6%	-10.3%
Northeast	10.0	11.1	11.8	-15.2%	-10.0%
North	5.4	5.9	5.9	-9.3%	-8.3%
Midwest	4.9	5.9	4.9	0.1%	-16.9%
Exports	**0.04**	**0.03**	**0.05**	**-12.8%**	**57.7%**

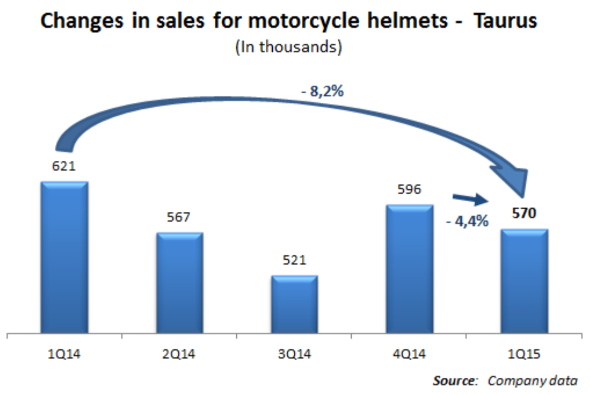
Net sales of helmets in 1Q15

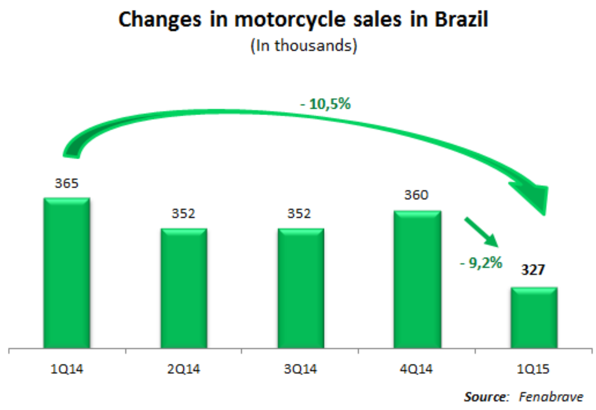
amounted to R$ 31.0 million, 6.9% down as compared with R$ 33.3 million of the prior quarter and 4.9% down as compared with the same period of the prior year. In this quarter, the performance of sales in the Southeast and South region is noteworthy, having grown 8.5% and 2.6%, respectively, as compared with 1Q14. Additionally, gross profit of the segment in 1Q15 amounted to R$ 10.3 million, below the R$ 11.2 million of the prior quarter and 11.4% below the R$ 11.6 million as compared with the same period of the prior year. This performance decreased gross margin of the segment by 0.4 p.p. as compared with 4Q14 and by 2.5 p.p. as compared with 1Q14.

This segment was heavily affected by the decrease in the demand for motorcycles in Brazil, which is obviously highly correlated with the results of this business unit. The margin decrease may be explained by the following factors: (i) decrease in the number of working days from January to March 2015 compared to the same period of prior year and compared to the previous quarter; (ii) decrease in sale prices in order to increase volume, maintenance of market share and inventory turnover; and (iii) decrease in the average price of helmets also due to the mix sold.

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

Performance comment





In the charts above, it may be noted that the decrease in the number of helmets sold in the beginning of 2015 (-4.4%) was lower than the slowdown in the Brazilian motorcycle market (-9.2%), which caused Company market share, which was 45% at period-end, to be maintained.

III. Other

In addition to firearms and helmets, Taurus also has other segments such as manufacture of bulletproof vests, anti-riot shields, plastic containers, motorcycle trucks and M.I.M. (Metal Injection Molding) pieces. Polimetal Metalurgia e Plásticos Ltda. em São Leopoldo/RS is exclusively dedicated to metal injecting molding (M.I.M.). All the other products are manufactured in the Paraná units – Taurus Blindagens Ltda. and TaurusPlast Produtos Plásticos Ltda.

				Variation %	
NET REVENUE	**1Q15**	**4Q14**	**1Q14**	**1Q15/1Q14**	**1Q15/4Q14**
Other	**9.6**	**7.9**	**11.5**	**-16.1%**	**22.5%**
BRAZIL	**8.7**	**6.6**	**10.4**	**-15.7%**	**32.1%**
EXPORTS	**0.9**	**1.2**	**1.1**	**-19.3%**	**-28.5%**

In 1Q15, the other Company segments, represented by aforementioned products, recorded net sales amounting to R$ 9.6 million, representing an increase of 22.5% as compared with prior quarter. Regarding 1Q14, there was a decrease of 16.1% explained by the winding up of the forging to third parties business at the beginning of 2014. Currently forging services are provided only to meet Company internal demand relating to firearms manufacturing.
Gross profit amounted to R$ 3.1 million and gross margin was 32.0% in 1Q15, which represents a decrease of 2.0 p.p. as compared with the same period of prior year. This decrease in profitability results from the product mix sold in 2014, which was less favorable to the Company.

Performance comment

Operating expenses

Operating expenses totaled R$ 110.3 million in 1Q15, 59.2 above expenses in 4Q14, and 167.8% above 1Q14. In order to maintain the degree of comparability, the following table presents the operating expenses eliminating those considered non-recurring by the Company, and in the first quarter of 2015 they are mainly represented by the provision recognized in relation to contingencies of Carter Case. When performing this adjustment, there was a reduction in the share of operating expenses in net revenue, from 31.0% in 4Q14 to 22.6% in 1Q15.

SG&A	1Q15	4Q14	1Q14	1Q15/4Q14	1Q15/1Q14
Total operating expenses	110.3	69.2	41.2	59.2%	167.8%
Non-recurring operating expenses	71.0	17.5	4.4	305.6%	1527.9%
Operating expenses, adjusted	39.9	51.7	36.8	-24.2%	6.6%
Net revenue	173.5	166.9	168.1	4.0%	3.2%
% Operating expenses	**63.5%**	**41.5%**	**24.5%**	22.1 p.p.	39.0 p.p.
% Operating expenses, adjusted	***22.6%***	**31.0%**	**21.9%**	-8.4 p.p.	0.7 p.p.

It is worth highlighting that the main increase in operating expenses is recorded in “Other operating expenses” account. This increase is explained by the provision formed due to the Carter Case agreement, according to item 7.1 of the Subsequent Events. In essence, approved agreement proposal results from intense negotiations and, based on the opinion of its North-American legal advisors, Taurus management understands that this agreement is the most effective measure to end said lawsuit, as well as that lawsuit involving a lower financial and cash flow impact to the Company, avoiding risks and possible additional adverse effects to which it would be exposed in case dispute continues. Impact of this provision in the Company’s income for 1Q15 was R$67.3 million and refers to insurance, fees and disclosure expenses. Of this total, 58% was accounted for in the short term and 42% in the long term.

ADJUSTED EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), defined by CVM Ruling No. 527/12, was calculated eliminating nonrecurring expenses, as well as P&L of subsidiary Taurus Máquinas-Ferramenta Ltda., since it is a non-operating company. Nonrecurring expenses basically include severance pay, inventory adjustments, expenses with technical consulting and legal advisory related to atypical events, not related to the Company’s business.

Performance comment

PERIOD:	1Q14	1Q15
= LOSS FOR THE YEAR	(4,540)	(149,893)
(+) IR/CSLL	(807)	6,470
(4) Net financial expense	46,965	106,610
(-) Ne financial income	(37,081)	(38,284)
(4) Depreciation/Amortization	8,078	8,503
= EBITIDA FOR THE PERIOD CVM Reg. 527/12	12,615	(66,594)
(4) Operating income of TMFL	2,047	1,503
(+) Non-Recurring costs and expenses	14,492	74,120
(+) Carter Proceeding (Total)	-	69,354
(+) Employee terminations	3,563	3,808
(+) Advisoryi and Consulting services	513	958
(+) Improductivity and Idle Capacity	7,796	-
(+) Other	2,620	-
= ADJUSTED EBITDA	29,154	9,029

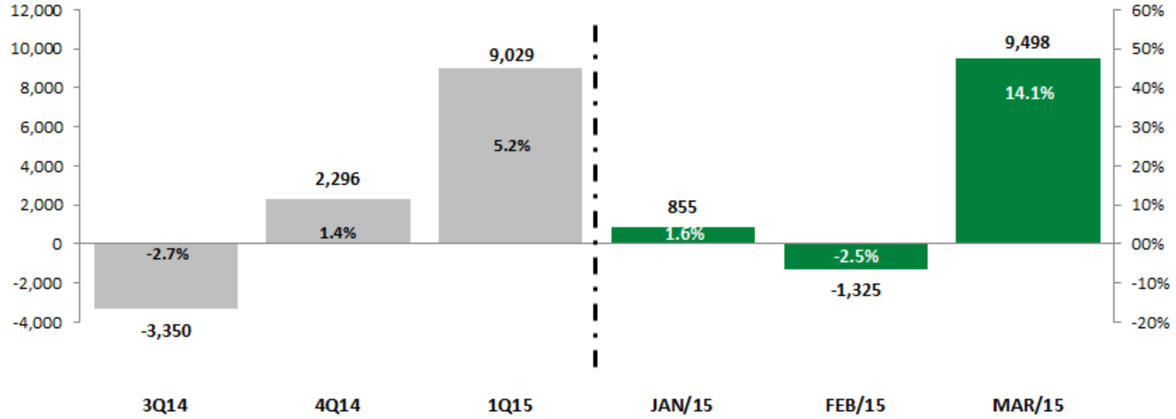
(1) The Company's management considered the operating income of the subsidiary Taurus Máquinas-Ferramenta Ltda. as non-recurring in view of its operational divestment.

Consolidated cash generation in 1Q15,
measured by adjusted EBITDA, amounted to R$ 9.0 million, reaching a margin of 5.2%. This performance was in excess of adjusted EBITDA for prior quarter (R$ 2.3 million and margin of 1.4%) and below that of 1Q14 (R$ 29.2 million and margin of 17.3%).

In this quarter, exceptionally, the Company's management decided to monthly disclose Adjusted EBITDA and adjusted EBITDA margin to allow the market to understand effects from projects in progress for improving productivity, reduce level of loss in production process, increase the number of Firearms/man/day and positive consequences that may been seen in the Company's income.

Adjusted EBITDA and Adjusted EBITDA Margin

In thousands of R$



Accordingly, it is possible to verify that the Company's performance in the first three months was built in March 2015, with adjusted EBITDA margin of 14.1%, corresponding to 105% of Adjusted EBITDA for the quarter. No doubt that, in addition to operating improvement impacts, rise of foreign exchange rate, which went from US$1.00 to R$3.20 (quotation on March 31, 2015) greatly contributed to improve operating results. Concomitantly to highlight of the month, it is clear that operating resumption occurred beginning as of 3Q14. Taurus' management understands that this resumption is essential for accomplishment of the Company's business plan and, accordingly, reduce leverage level.

Financial income (loss)

In 1Q15 there was net financial expenses of R$ 68.3 million compared to R$ 35.6 million in 4Q14 and R$ 9.9 million in 1Q14, an 19% increase in the exchange rate in Mar/15 compared to Dec/14. In addition, there was SELIC rate increase from 11.75% in Dec/14 to 12.75% in Mar/15. Therefore, this increase is due to the increase in the basic interest rate and the net negative exchange variation from Taurus' asset and liability exposure.

Approximately 55% of the Company's gross indebtedness is related to the US dollar, mostly protected by hedge operations. Thus, mark-to-market of these operations results in the recording of financial expenses, even if there are no disbursements. On the other hand, approximately 65% of net revenue results from exports, which positively influences in a scenario of Brazilian currency devaluation.

Consolidated income (loss)

In 1Q15, Forjas Taurus S.A. and subsidiaries posted loss of R$ 149.9 million, compared to loss of R$ 60.7 million in 4Q14, and loss of R$ 4.5 million in the same quarter of prior year. The reasons for posting such result were described and detailed in the previous items of this report, the main being as follows: (i) costs and non-recurring expenses of R$74.1 million referring to effects from Carter lawsuit, labor rescissions and advisories, and (ii) financial expenses of R$68.3 with the highlight of net foreign exchange variation of R$54.3 million and loan interest of R$14.3 million.

3. Financial position

Total cash and cash equivalents and financial investments was R$108.8 million on March 31, 2015 - 32% below the balance of R$159.8 million as of March 31, 2014 and 53% lower than the R$232.8 million on March 31, 2014 – mostly remunerated by rates varying from 98% to 103% of CDI (interbank deposit certificates) contracted from prime financial institutions.

Short- and long term consolidated loans and financing totaled R$727.1 million on March 31, 2015, which means a reduction of 6% in relation to position on March 31, 2014 and an increase of 4% in relation to prior year final position, in line with the Company's operating moment that requires turnover investment to support production increase. Accordingly, net debt after cash and cash equivalents was R$618.2 million, representing an increase of 15% over balance as of December 31, 2014 and of 14% in relation to March 31, 2014. The Company's financial position on March 31, 2015 compared to balances as of December 31, 2014 and March 31, 2014, as well as main covenants are as follows:

Performance comment

	03/31/2015	12/31/2014	03/31/2014	Var. Mar 2015 x Dec 2014	Var. Mar/15 x Mar/14
					In millions of BRL
Short-term indebtedness	220.2	258.9	358.6	-15%	-39%
Short term indebtedness	255.3	231.8	250.5	10%	2%
Foreign exchange withdrawals	118.5	57.9	62.3	105%	90%
Debentures	125.7	125.8	54.4	0%	131%
Advance on real estate credits	5.4	8.5	17.0	-36%	-68%
Advance of receivables	36.9	25.1	53.9	47%	-32%
Derivatives	-34.9	-12.2	-19.7	186%	78%
Gross indebtness	727.1	695.8	777.1	4%	-6%
(-) Cash and cash equivalents and interest earning bank deposits	108.8	159.8	232.8	-32%	-53%
Net indebtedness	618.2	536.1	544.3	15%	14%
Adjusted EBITDA	22.0	42.1	82.2	-48%	-73%
Net Indebtedness/Adjusted EBITDA	28.15x	12.74x	6.62x		
Adjusted EBITDA/Financial Expenses Net	0.15x	0.46x	1.17x		

Debentures totaled R$ 125.7 million at 03/31/15, adding the 2nd and 3rd issues. From 2010 to 2014, Taurus issued three series of debentures of R$ 103 million, R$ 50 million and R$ 100 million, respectively:

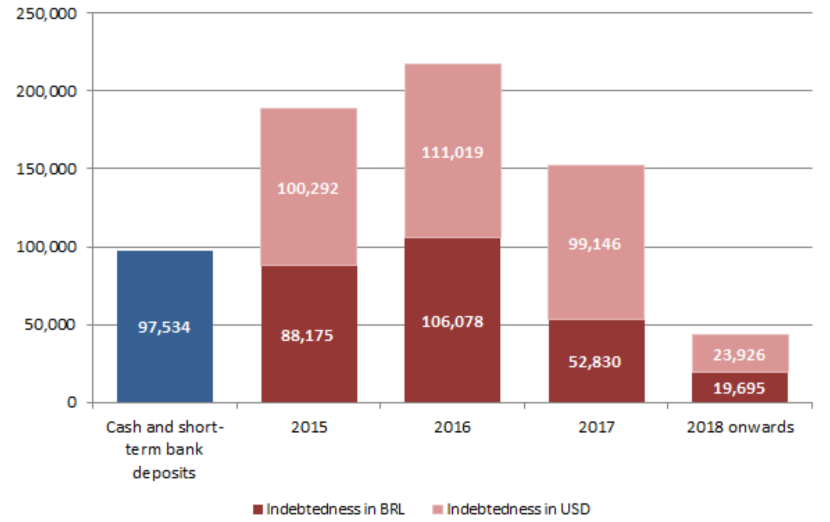
- The 1st issue, in April 2010 bearing DI + 4.1%, was settled in April 2014 (balance of R$ 15.7 million);
- The 2nd issue, in August 2011 bearing DI + 2.8%, still has 7 remaining quarterly installments, started in August 2013 and the balance of R$ 23.4 million at 03/31/15; and
- The 3rd issue in June 2014 bearing DI + 3.25% and market financial covenants, measured annually. The total period is of three years, with grace period of two years, in connection with the process of extending debt payment term, with balance of R$ 102.3 million at 03/31/15.

During the first quarter of 2015, the Company held meetings with debenture holders to decide for waiver of accelerated maturity due to the noncompliance with financial ratios. The Company succeeded in the negotiations, reflecting in the financial position proper classification of maturity of its debts. The graph below sets out the maturity schedule of the consolidated debt.

Performance comment

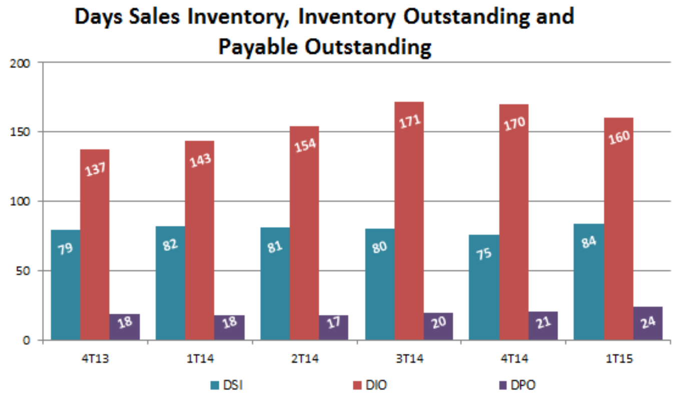
Maturity of Consolidated Debt

In thousands of reais

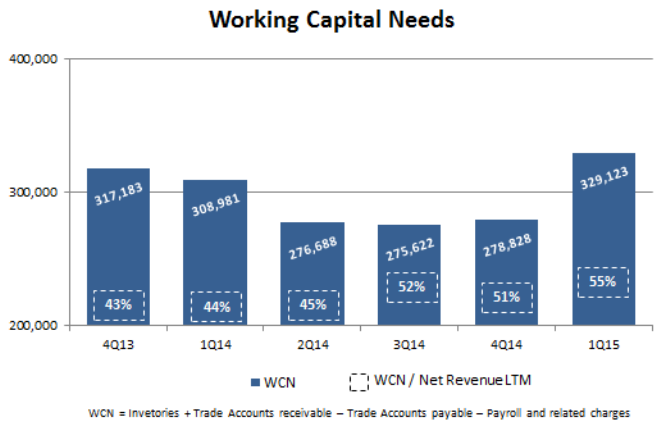


4. Working Capital

Company operating cycle in 1Q15 was 244 days, 160 days of which referred to inventories and 84 days to day sales outstanding (DSO). As compared to the end of 2014, inventory days decreased by 6% (170 days in 4Q14) and DSO increased by 12% (75 days in 4Q14). Regarding the financial cycle, represented by the operating cycle less supplier payment terms, advances in average payment to suppliers over 21 days in 2014 to 24 days in 1Q15 allowed the reduction of 2% in the Company's financial cycle as compared to 224 days recorded in 4Q14.



The funds which the Company needs to finance its operations, measured by the Working Capital Investment Needs (NIG), amounted to R$ 329.1 million in 1Q15, an increase of 18% over the last quarter. When compared with annualized net revenue, NIG 17 represented 55 in 1Q15, whereas in 4Q14 and 1Q14, it represented 51 and 44%, respectively. This increase in Company NIG is represented mainly by the significant increase in consolidated Accounts receivable, from R$ 139.7 million in Dec/14 to R$ 193.5 million in Mar/15. This increase originates from greater sales volume in this quarter, especially in March



2015, which, on the other hand, represents a cash challenge, given operating and financial cycles practiced by the Company and presented above. Certainly, Management's work in managing these deadlines, as well as capital increase in progress, will be essential for success of ongoing operating resumption.

5. Cash flow

In 1Q15, the Free Cash Flow (FCF) generated after investing and financing activities was negative by R$ 36.6 million, whereas in 1Q14 FCF was negative by R$ 48.3 million. Detailed information on cash flow and the changes in major accounts for 1Q15 and 1Q14 are as follows:

CASH FLOW – CONSOLIDATED	1Q15	1Q14	VAR %
CASH AT THE BEGINNING OF THE PERIOD	**104,536**	**281,119**	**-62.8%**
CASH FLOW FROM OPERATING ACTIVITIES	**-35,036**	**12,973**	**-370.1%**
Loss before income and social contribution taxes	-143,423	-5,347	2582.3%
Depreciation and amortization	8,503	8,078	5.3%
Cost of fixed assets written-off	859	1,116	-23.0%
Equity pickup	174	322	-46.0%
Provision for financial charges	56,198	8,223	583.4%
Provision for contingencies	74,237	138	53694.9%
Allowance for doubtful accounts	-2,097	-665	215.3%
Provision for guarantees	3,270	-	-
Changes in assets and liabilities	-29,954	2,212	-1454.2%
Income and social contribution taxes paid	-2,803	-1,104	153.9%
INVESTMENT ACTIVITIES	**9,673**	**-2,675**	**-461.6%**
In property, plant and equipment	-4,389	-2,566	71.0%
In intangible assets	-200	-506	-60.5%
Interest earning bank deposits	14,343		-
Other receivables	-81	397	-
FINANCING ACTIVITIES	**-11,212**	**-58,608**	**-80.9%**
Borrowings	129,067	34,339	275.9%
Payments of loans	-128,029	-77,279	65.7%
Payment of interest on loans	-12,839	-12,451	3.1%
Other	589	-3,217	-118.3%
INCREASE (DECREASE) IN CASH	**-36,575**	**-48,310**	**-24.3%**
CASH AT END OF THE PERIOD	**67,961**	**232,809**	**-70.8%**

Performance comment

Performance comment

6. Capital market and corporate governance

Forjas Taurus S.A. is Brazilian publicly-traded company that has been listed on BM&FBOVESPA for more than 30 years and since July 2011 has been listed at Corporate Governance Level 2 on BM&FBOVESPA. The Company closed March 2015 with 16,144,038 issued shares, being 8,439,322 common shares and 7,704,716 preferred shares.

6.1 Capital increase

In order to strengthen the capital structure of the Company and reduce its level of indebtedness, a call for capital increase was proposed by the Executive Board and approved by the Board of Directors Meeting on April 28, 2015. Proposed capital increase is R$100,000,000.00 and was carried out through private issuance of 20,028,798 new common shares and 18,285,379 new preferred shares at issuance price of R$2.61 per share; also, a subscription bonus issued by the Company is assigned as additional benefit to subscribers of each new share.

Funds from capital increase are intended to strengthen the Company's capital structure, improve its financial ratios and permit compliance with short-term commitments for working capital, management of financial indebtedness, and payments due to contingent agreements, especially the amount related to lawsuit filed by Hunter Douglas N.V. and possible agreement in lawsuit by Chris Carter v. Forjas Taurus, S.A. et. al., as described in item 7.1 of Subsequent Events.

6.2 Performance of shares

Evolution of main liquidity indicators of shares issued by the Company, such as number of deals, financial volume and number of negotiated shares, as well as Taurus market value, are show below. Devaluation is due to operating and market aspects, together with events that generated extraordinary expenses already evidenced in this report, thus expanding risk perception by the market, reflected in share prices.

Performance comment

Performance of shares

		1Q15		4Q14		1Q14	1Q15 x 4Q14	1Q15 x 1Q14
1. Stock Price								
ON - FJTA3*	R$	4.20	R$	8.36	R$	20.13	-50%	-79%
PN - FJTA4*	R$	3.10	R$	5.17	R$	16.61	-40%	-81%
IBOVESPA*		51,150		50,007		50,415	2%	1%
* last quotation for the period								
2. Market Cap - in thousands of BRL								
ON - FJTA3	R$	35,445	R$	70,553	R$	169,884	-50%	-79%
PN - FJTA4	R$	23,885	R$	39,833	R$	127,975	-40%	-81%
TOTAL	R$	59,330	R$	110,386	R$	297,859	-46%	-80%

7.Subsequent events

7.1 Carter Case

The Board of Directors' meeting held on April 17, 2015 approved the execution of a preliminary agreement to end lawsuit proposed in the U.S. District Court for the Southern District of Florida against Taurus and its subsidiaries in the USA, Taurus Holdings. Inc. and Taurus International Manufacturing, Inc. (together the, "Companies"). Said preliminary agreements results from individual lawsuit by Chris Carter v. Forjas Taurus, S.A. et. al., related to alleged faults presented by some pistol models manufactured by the Companies, and classified as possible risk of loss by its legal advisors. However, possible developments of this lawsuit led to the decision, in April 2015, of entering such an agreement for the purpose of minimizing possible future risks related to change in lawsuit level and considering specific characteristics of the US legal environment, even though the history of faults reported by the Company's customers is not very long. Updated agreement value is R$68,775, referring to expenses with insurance, fees, and disclosure. Of this total, 58% were accounted for in the short term and 42% in the long term. Agreement is pending approval by the court and accounted for amounts represent the best Management's estimate regarding probable disbursements for this lawsuit.

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

7.2 Capital increase approved by Management

The Board of Directors' meeting held on April 28, 2015 approved proposal presented by the Executive Board to increase the Company's capital in up to R$100,000,000.00 through private issuance of 20,028,798 new common shares and 18,285,379 new preferred shares, at issuance price of R$2.61 per share; a subscription bonus issued by the Company is assigned as an additional benefit to subscribers of each new share. Detailed information on capital increase and issuance of subscription bonus may be found in the minutes of the Board of Directors' meeting and in communication provided for in Appendix 30 - XXXII of CVM (Brazilian exchange and securities commission) Instruction no. 480/2009, which were made available in CVM website and in website for the Company's investor relations.