Individual and Consolidated Interim Financial Information

Eternit S.A.

Quarter ended June 30, 2013 with Independent Auditor’s Review Report

Contents

INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2013 **ETERNIT SA**

Information from company / Paid-up capital

Number of shares (Thousands)	**Current Quarter 06/30/2013**
Paid-in Capital	
Common	89,500
Preferred	0
Total	**89,500**
Trasury shares	
Common	29
Preferred	0
Total	**29**

INTERIM FINANCIAL STATEMENTS (ITR) - 06/30/2013 **ETERNIT SA**

Information from company / Paid-up capital

Dividends aproved and/or paid during and after quarter

Event	Approval	Profit	Date of payment	Type of share	Class of share	Amount per share
Board of directors meeting	04/17/2013	Dividends	05/10/2013	Common		0,13600
Board of directors meeting	04/17/2013	Interest on capital	05/10/2013	Common		0,06400
Board of directors meeting	08/07/2013	Dividends	08/27/2013	Common		0,13600
Board of directors meeting	08/07/2013	Interest on capital	08/27/2013	Common		0,06400

Individual FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2013	Previous financial year 12/31/2012
1	Total Assets	690,910	653,693
1.01	Current Assets	254,051	250,801
1.01.01	Cash and Cash Equivalents	1,536	3,852
1.01.02	Short-term investments	16,636	48,612
1.01.03	Accounts receivable	77,800	79,158
1.01.03.01	Clients	77,800	79,158
1.01.04	Inventory	112,320	81,925
1.01.06	Recoverable Taxes	11,257	11,167
1.01.07	Prepaid expenses	698	178
1.01.08	Other Current assets	33,804	25,909
1.01.08.03	Other	33,804	25,909
1.01.08.03.01	Related parties	28,613	21,648
1.01.08.03.02	Other	5,191	4,261
1.02	Non-current asset	436,859	402,892
1.02.01	Long-term assets	57,721	55,402
1.02.01.03	Accounts receivable	487	440
1.02.01.03.02	Other Accounts Receivable	487	440
1.02.01.06	Deferred Taxes	20,767	19,994
1.02.01.06.01	Defferred Income Tax And Social Contribution	20,767	19,994
1.02.01.08	Credits with Related Parties	7,423	7,214
1.02.01.08.02	Credits with Subsidiaries	7,423	7,214
1.02.01.09	Other noncurrent assets	29,044	27,754
1.02.01.09.03	Recoverable taxes	21,590	21,114
1.02.01.09.04	Escrow deposits and tax incentives	7,454	6,640
1.02.02	Investments	238,813	221,916
1.02.02.01	Shareholdings	238,813	221,916
1.02.02.01.02	Shareholding in Subsidiaries	238,813	221,916
1.02.03	Fixed	138,224	123,060
1.02.03.01	Non-current in Operation	105,871	110,341
1.02.03.01.01	Non-current in Operation	111,013	115,678
1.02.03.01.02	Provision for Loss with Non-current	(5,142)	(5,337)
1.02.03.03	Non-current in progress	32,353	12,719
1.02.04	Intangible	2,101	2,514
1.02.04.01	Intangible	2,101	2,514
1.02.04.01.02	Software	2,090	2,503
1.02.04.01.03	Other intangible assets	11	11

Individual FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2013	Previous financial year 12/31/2012
2	Total Liabilities	690,910	653,693
2.01	Current liabilities	99,707	91,450
2.01.01	Labor and Social Obligations	19,131	17,310
2.01.01.01	Social obligations	5,908	5,931
2.01.01.02	Labor Obligations	13,223	11,379
2.01.02	Trade accounts payable	35,908	30,417
2.01.02.01	National Trade accounts payable	20,650	22,361
2.01.02.02	Foreign Trade accounts payable	15,258	8,056
2.01.03	Tax obligations	10,847	11,801
2.01.03.01	Federal Taxes Obligations	5,034	5,469
2.01.03.01.02	Other Federal Taxes	5,034	5,469
2.01.03.02	State tax obligations	5,813	6,332
2.01.04	Loans and financing	1,908	1,519
2.01.04.01	Loans and financing	1,908	1,519
2.01.05	Other Obligations	30,268	28,758
2.01.05.01	Liabilities with Related Parties	10,328	8,281
2.01.05.02	Other	19,940	20,477
2.01.05.02.01	Payable Dividends and INTEREST ON CAPITAL	17,850	18,133
2.01.05.02.04	Other accounts payable	2,090	2,344
2.01.06	Provisions	1,645	1,645
2.01.06.01	Labor and Civil Social Security Tax Provisions	1,645	1,645
2.01.06.01.05	Provision for future benefits to former employees	1,645	1,645
2.02	Noncurrent liabilities	98,858	82,723
2.02.01	Loans and financing	19,357	7,266
2.02.01.01	Loans and financing	19,357	7,266
2.02.02	Other Obligations	37,051	34,537
2.02.02.01	Liabilities with Related Parties	28,045	27,252
2.02.02.01.02	Debts with Controlled	28,045	27,252
2.02.02.02	Other	9,006	7,285
2.02.02.02.03	Taxes, fees and contributions payable	9,006	7,285
2.02.04	Provisions	42,450	40,920
2.02.04.01	Labor and Civil Social Security Tax Provisions	42,450	40,920
2.02.04.01.02	Labor and Social Security Provisions	17,760	17,214
2.02.04.01.04	Civil Provisions	5,596	5,443
2.02.04.01.05	Provision for future benefits to former employees	19,094	18,263
2.03	Net Property	492,345	479,520
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,388	19,388
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,365	19,365
2.03.04	Profit reserves	125,881	125,881
2.03.04.01	Legal reserve	25,513	25,513
2.03.04.02	Statutory Reserve	21,873	21,873
2.03.04.05	Retained Profits Reserve	78,303	78,303
2.03.04.07	Reserve for Tax Incentive	366	366
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	12,825	-

Individual FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Same Quarter of Previous financial year 04/01/2012 to 06/30/2012	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
3.01	Revenue from Sale of Goods and/or Services	121,197	239,950	106,199	218,973
3.02	Cost of Goods and/or Services Sold	(88,678)	(174,774)	(75,243)	(153,290)
3.03	Gross Income	32,519	65,176	30,956	65,683
3.04	Operational Expenses/Revenues	(5,426)	(15,911)	(6,429)	(10,738)
3.04.01	Sale expenses	(14,508)	(28,501)	(13,497)	(26,527)
3.04.02	General and administrative expenses	(13,758)	(27,115)	(13,827)	(27,184)
3.04.04	Other Operational Incomes	450	1,371	511	1,658
3.04.05	Other Operational Expenses	(1,624)	(3,718)	(1,618)	(3,290)
3.04.06	Result of equity equivalence	24,014	42,052	22,002	44,605
3.05	Result Before Financial Result and Taxes	27,093	49,265	24,527	54,945
3.06	Financial Results	(1,352)	(1,425)	587	2,059
3.06.01	Financial income	2,345	5,307	2,900	6,826
3.06.02	Financial expenses	(3,697)	(6,732)	(2,313)	(4,767)
3.07	Result Before Income Taxes	25,741	47,840	25,114	57,004
3.08	Income Tax and Social Contribution on Profit	1,399	773	1,899	(84)
3.08.01	Current	-	-	1,961	2,162
3.08.02	Deferred	1,399	773	(62)	(2,246)
3.09	Net result from continued operations	27,140	48,613	27,013	56,920
3.11	Profit/Loss for the Period	27,140	48,613	27,013	56,920
3.99.01.01	ON	0.30	0.54	0.30	0.64
3.99.02.01	ON	0.30	0.54	0.30	0.64

Individual FSs / Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Same Quarter of Previous financial year 04/01/2012 to 06/30/2012	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
4.01	Net Income for the Period	27,140	48,613	27,013	56,920
4.02	Other Comprehensive Results	-	-	-	-
4.03	Comprehensive Result for the Period	27,140	48,613	27,013	56,920

Individual FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
6.01	Net Cash Operational Activities	24,772	34,268
6.01.01	Cash Generated by Operations	14,987	20,265
6.01.01.01	Income before income and social contribution	47,840	57,004
6.01.01.02	Result of equity equivalence	(42,052)	(44,605)
6.01.01.03	Depreciation, amortization and exhaustion	5,517	6,012
6.01.01.04	Result on discharge of fixed assets	(50)	(107)
6.01.01.05	Provision for credits of doubtful payment	220	250
6.01.01.06	Provision for risks	699	1,416
6.01.01.07	Miscellaneous Provisions	802	262
6.01.01.08	Financial charges, monetary variation and exchange rate	2,604	930
6.01.01.09	Incomes from temporary investments	(1,364)	(1,101)
6.01.01.10	Net changes in prepaid expenses	771	204
6.01.02	Variations in assets e liabilities	9,785	14,003
6.01.02.01	Accounts receivable from clients	1,098	2,545
6.01.02.02	Receivables from Related parties	161	1,178
6.01.02.03	Dividends received	33,622	32,035
6.01.02.04	Inventory	(30,395)	(16,499)
6.01.02.05	Taxes recoverable	(290)	(7,006)
6.01.02.07	Legal deposits	(814)	(855)
6.01.02.08	Other assets	(2,248)	(2,037)
6.01.02.09	Trade accounts payable	5,560	-1,046
6.01.02.10	Tax obligations payable	(247)	5,741
6.01.02.11	Labor and Social Obligations	1,821	2,650
6.01.02.13	Other liabilities	(314)	490
6.01.02.14	Interest paid	(200)	(27)
6.01.02.15	Paid income tax and social contribution	(16)	(689)
6.01.02.16	Payables to Related parties	2,047	(2,477)
6.02	Net Cash Investing Activities	(3,141)	(2,104)
6.02.01	Acquisition of fixed and intangible assets	(20,555)	(3,353)
6.02.03	Cash receipt from the sales of property. plant, and equipment	337	165
6.02.07	Temporary investments	-	2,915
6.02.08	Loan to related company to receive	(246)	(1,471)
6.02.09	Investment Acquisition/Capital increase	(16,017)	(360)
6.02.10	Short-term investments	(60,083)	-
6.02.11	Redemption of short-term investments	93,423	-
6.03	Net Cash from Financing Activities	(23,947)	(37,593)
6.03.01	Capture of financings - third parties	10,838	78
6.03.02	Loan to related company	(139)	(173)
6.03.05	Amortization of financing	(109)	(2,665)
6.03.06	Payments dividends and interest on equity	(34,537)	(34,833)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(2,316)	(5,429)
6.05.01	Initial Balance of Cash and Cash Equivalents	3,852	21,352
6.05.02	Final Balance of Cash and Cash Equivalents	1,536	15,923

Individual FSs / Changes in Equity - 06/30/2013

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
5.01	Initial Balance	334,251	19,214	126,055	-	-	479,520
5.03	Initial Adjusted Balance	334,251	19,214	126,055	-	-	479,520
5.04	Transactions with Capital from the Partners	-	-	-	(35,788)	-	(35,788)
5.04.06	Dividends	-	-	-	(24,336)	-	(24,336)
5.04.07	Interest on equity	-	-	-	(11,452)	-	(11,452)
5.05	Total Comprehensive Result	-	-	-	48,613	-	48,613
5.05.01	Net Income for the Period	-	-	-	48,613	-	48,613
5.06	Internal Changes of Equity	-	-	-	-	-	-
5.06.01	Transfer to reserves	-	-	-	-	-	-
5.07	Final Balances	334,251	19,214	126,055	12,825	-	492,345

Individual FSs / Changes in Equity - 06/30/2012

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
5.01	Initial Balance	334,251	18,573	85,269	-	-	438,093
5.03	Initial Adjusted Balance	334,251	18,573	85,269	-	-	438,093
5.04	Transactions with Capital from the Partners	-	-	-	(35,788)	-	(35,788)
5.04.06	Dividends	-	-	-	(23,179)	-	(23,179)
5.04.07	Interest on equity	-	-	-	(12,609)	-	(12,609)
5.05	Total Comprehensive Result	-	-	-	56,920	-	56,920
5.05.01	Net Income for the Period	-	-	-	56,920	-	56,920
5.07	Final Balances	334,251	18,573	85,269	21,132	-	459,225

Individual FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
7.01	Revenues	325,167	297,518
7.01.01	Sales of goods, products and services	325,052	297,740
7.01.02	Other revenues	314	100
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(199)	(322)
7.02	Inputs Purchased From Third Parties	(234,103)	(206,168)
7.02.01	Costs Prods., Mercs. and servs. Sold	(200,270)	(159,330)
7.02.02	Materials, energy and services from third parties and others	(30,818)	(43,189)
7.02.03	Loss / Recovery of asset values	(2,946)	(3,094)
7.02.04	Other	(69)	(555)
7.03	Gross Added Value	91,064	91,350
7.04	Retentions	(5,517)	(6,012)
7.04.01	Depreciation, amortization and exhaustion	(5,517)	(6,012)
7.05	Net added value produced	85,547	85,338
7.06	Added value received in transfer	49,421	52,932
7.06.01	Result of equity equivalence	42,052	44,605
7.06.02	Financial income	5,307	6,826
7.06.03	Other	2,062	1,501
7.07	Total Added Value To Distribute	134,968	138,270
7.08	Distribution Of Value Added	134,968	138,270
7.08.01	Personal	41,234	42,043
7.08.01.01	Direct compensation	26,383	26,809
7.08.01.02	Benefits	12,413	12,737
7.08.01.03	F.G.T.S.	2,438	2,497
7.08.02	Taxes, fees and contributions	34,277	31,474
7.08.02.01	Federal	25,156	24,453
7.08.02.02	State	8,603	6,504
7.08.02.03	Municipal	518	517
7.08.03	Remuneration of capital from third parties	10,844	7,832
7.08.03.01	Interest	6,733	4,767
7.08.03.02	Rentals	4,111	3,065
7.08.04	Remuneration of own capital	48,613	56,921
7.08.04.01	Interest on equity	11,452	12,610
7.08.04.02	Dividends	24,336	23,179
7.08.04.03	Retained Profit/Loss for the Period	12,825	21,132

Consolidated FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2013	Previous financial year 12/31/2012
1	Total Assets	834,296	810,120
1.01	Current Assets	418,304	426,031
1.01.01	Cash and Cash Equivalents	6,556	16,656
1.01.02	temporary investments	49,515	78,930
1.01.03	Accounts receivable	171,773	177,982
1.01.03.01	Clients	171,773	177,982
1.01.04	Inventory	163,851	127,560
1.01.06	Recoverable Taxes	14,389	13,881
1.01.06.01	Current and Recoverable Taxes	14,389	13,881
1.01.07	Prepaid expenses	744	462
1.01.08	Other Current assets	11,476	10,560
1.01.08.03	Other	11,476	10,560
1.01.08.03.02	Other	11,476	10,560
1.02	Non-current asset	415,992	384,089
1.02.01	Long-term assets	95,925	92,563
1.02.01.03	Accounts receivable	3,209	3,162
1.02.01.03.02	Other Accounts Receivable	3,209	3,162
1.02.01.06	Deferred Taxes	54,029	51,820
1.02.01.06.01	Defferred Income Tax And Social Contribution	54,029	51,820
1.02.01.09	Other noncurrent assets	38,687	37,581
1.02.01.09.03	Taxes Recoverable	24,763	24,534
1.02.01.09.04	Escrow deposits and tax incentives	13,924	13,047
1.02.02	Investments	27,304	13,029
1.02.02.01	Shareholdings	27,304	13,029
1.02.02.01.01	Shareholding in Affiliates	27,304	13,029
1.02.03	Fixed	267,160	252,457
1.02.03.01	Non-current in Operation	229,970	236,381
1.02.03.01.01	Non-current in Operation	235,264	241,869
1.02.03.01.02	Provision for Loss with Non-current	(5,294)	(5,488)
1.02.03.03	Non-current in progress	37,190	16,076
1.02.04	Intangible	25,603	26,040
1.02.04.01	Intangible	5,608	6,045
1.02.04.01.02	Software	4,168	4,814
1.02.04.01.03	Other intangible assets	1,440	1,231
1.02.04.02	Goodwill	19,995	19,995

Consolidated FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2013	Previous financial year 12/31/2012
2	Total Liabilities	834,296	810,120
2.01	Current liabilities	204,686	208,094
2.01.01	Labor and Social Obligations	34,205	34,938
2.01.01.01	Social obligations	7,256	7,735
2.01.01.02	Labor Obligations	26,949	27,203
2.01.02	Trade accounts payable	54,317	48,968
2.01.02.01	National Trade accounts payable	38,727	40,476
2.01.02.02	Foreign Trade accounts payable	15,590	8,492
2.01.03	Tax obligations	28,971	36,932
2.01.03.01	Federal Taxes Obligations	19,996	27,827
2.01.03.01.01	Payable income tax and social contribution	10,211	17,504
2.01.03.01.02	Other Federal Taxes	9,785	10,323
2.01.03.02	State tax obligations	8,975	9,105
2.01.04	Loans and financing	55,559	55,839
2.01.04.01	Loans and financing	55,559	55,839
2.01.05	Other Obligations	28,381	28,491
2.01.05.02	Other	28,381	28,491
2.01.05.02.01	Payable Dividends and INTEREST ON CAPITAL	17,850	18,133
2.01.05.02.04	Other accounts payable	10,876	10,358
2.01.06	Provisions	3,253	2,926
2.01.06.01	Labor and Civil Social Security Tax Provisions	3,253	2,926
2.01.06.01.05	Provision for future benefits to former employees	3,253	2,926
2.02	Noncurrent liabilities	137,249	122,492
2.02.01	Loans and financing	34,394	24,107
2.02.01.01	Loans and financing	34,394	24,107
2.02.01.01.01	In national currency	34,394	24,107
2.02.02	Other Obligations	19,015	17,250
2.02.02.02	Other	19,015	17,250
2.02.02.02.03	Taxes, fees and contributions payable	9,991	8,139
2.02.02.02.04	Reassembling of the mine	8,493	8,201
2.02.02.02.05	Other accounts payable	531	910
2.02.04	Provisions	83,840	81,135
2.02.04.01	Labor and Civil Social Security Tax Provisions	83,840	81,135
2.02.04.01.02	Labor and Social Security Provisions	26,486	26,321
2.02.04.01.04	Civil Provisions	26,255	24,795
2.02.04.01.05	Provision for future benefits to former employees	31,099	30,019
2.03	Consolidated Equity	492,361	479,534
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,388	19,388
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,365	19,365
2.03.04	Profit reserves	125,881	125,881
2.03.04.01	Legal reserve	25,513	25,513
2.03.04.02	Statutory Reserve	21,873	21,873
2.03.04.05	Retained Profits Reserve	78,303	78,303
2.03.04.07	Reserve for Tax Incentive	366	366
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	12,825	-
2.03.09	Participation of non-controlling shareholders	16	14

Consolidated FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Same Quarter of Previous financial year 04/01/2012 to 03/31/2012	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
3.01	Revenue from Sale of Goods and/or Services	241,500	452,763	211,025	421,269
3.02	Cost of Goods and/or Services Sold	(142,582)	(269,289)	(119,077)	(235,313)
3.03	Gross Income	98,918	183,474	91,948	185,956
3.04	Operational Expenses/Revenues	(60,150)	(114,742)	(59,622)	(113,540)
3.04.01	Sale expenses	(29,542)	(56,208)	(27,351)	(52,858)
3.04.02	General and administrative expenses	(28,294)	(54,018)	(30,532)	(57,540)
3.04.04	Other Operational Incomes	1,648	3,607	1,745	3,708
3.04.05	Other Operational Expenses	(3,039)	(6,381)	(3,484)	(6,850)
3.04.06	Result of equity equivalence	(923)	(1,742)	-	-
3.05	Result Before Financial Result and Taxes	38,768	68,732	32,326	72,416
3.06	Financial Results	(1,559)	(1,769)	2,345	4,762
3.06.01	Financial income	10,570	19,187	13,891	25,185
3.06.02	Financial expenses	(12,129)	(20,956)	(11,546)	(20,423)
3.07	Result Before Income Taxes	37,209	66,963	34,671	77,178
3.08	Income Tax and Social Contribution on Profit	(10,069)	(18,350)	(7,658)	(20,258)
3.08.01	Current	(12,674)	(20,559)	(9,840)	(20,594)
3.08.02	Deferred	2,605	2,209	2,182	336
3.09	Net result from continued operations	27,140	48,613	27,013	56,920
3.11	Profit/Loss Consolidated for the Period	27,140	48,613	27,013	56,920
3.11.01	Assigned to Partners of the Parent Company	27,138	48,611	27,013	56,920
3.11.02	Assigned to Non-Controlling Partners	2	2	-	-
3.99.01.01	ON	0.30	0.54	0.30	0.54
3.99.02.01	ON	0.30	0.54	0.30	0.54

Consolidated FSs /Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current Quarter 04/01/2013 to 06/30/2013	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Same Quarter of Previous financial year 04/01/2012 to 06/30/2012	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
4.01	Net Profit Consolidated for the Period	27,140	48,613	27,013	59,920
4.03	Consolidated Comprehensive Income for the Period	27,140	48,613	27,013	59,920
4.03.01	Assigned to Partners of the Parent Company	27,138	48,611	27,013	59,920
4.03.02	Assigned to Non-Controlling Partners	2	2	-	-

Consolidated FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/203 to 06/30/2013	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
6.01	Net Cash Operational Activities	30,488	46,025
6.01.01	Cash Generated by Operations	88,776	91,777
6.01.01.01	Income before income and social contribution	66,963	77,178
6.01.01.02	Result of equity equivalence	1,742	-
6.01.01.03	Depreciation, amortization and exhaustion	17,685	13,059
6.01.01.04	Result on discharge of fixed assets	(97)	353
6.01.01.05	Provision for credits of doubtful payment	458	925
6.01.01.06	Provision for risks	1,625	2,021
6.01.01.07	Reversal (provision) for sundry losses	1,715	810
6.01.01.08	Financial charges, monetary and exchange variation	(137)	(2,180)
6.01.01.09	Incomes from temporary investments	(2,254)	(1,101)
6.01.01.10	Net changes in prepaid expenses	1,076	712
6.01.02	Variations in assets e liabilities	(58,288)	(45,752)
6.01.02.01	Accounts receivable from Customers	5,660	(3,697)
6.01.02.04	Inventory	(36,291)	(27,202)
6.01.02.05	Taxes recoverable	(461)	(8,011)
6.01.02.07	Legal deposits	(877)	(2,269)
6.01.02.08	Other assets	(2,602)	(4,305)
6.01.02.09	Trade accounts payable	5,424	8,829
6.01.02.10	Taxes payable	(292)	3,524
6.01.02.11	Provision for staff, salaries and social fees	(733)	3,496
6.01.02.13	Other liabilities	(260)	2,295
6.01.02.14	Interest paid	(287)	(71)
6.01.02.15	Paid income tax and social contribution	(27,569)	(18,341)
6.02	Net Cash Investing Activities	(16,202)	(17,837)
6.02.01	Acquisition of fixed and intangible assets	(32,253)	(20,557)
6.02.03	Receipt of sale of fixed and intangible assets	399	165
6.02.04	Temporary investments	-	2,915
6.02.09	Investment Acquisition/Capital increase	(16,017)	(360)
6.02.10	Short-term investments	(149,501)	-
6.02.11	Redemption of short-term investments	181,170	-
6.03	Net Cash from Financing Activities	(24,386)	29,728
6.03.01	Capture of financings - third parties	91,617	149,926
6.03.05	Amortization of financing	(81,466)	(85,365)
6.03.06	Payments dividends and interest on equity	(34,537)	(34,833)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(10,100)	57,916
6.05.01	Initial Balance of Cash and Cash Equivalents	16,656	42,333
6.05.02	Final Balance of Cash and Cash Equivalents	6,556	100,249

Consolidated FSs / Changes in Equity - 06/30/2013

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
5.01	Initial Balance	334,251	19,214	126,055	-	-	479,52	14	479,534
5.03	Initial Adjusted Balance	334,251	19,214	126,055	-	-	479,52	14	479,534
5.04	Transactions with Capital from the Partners	-	-	-	(35,788)	-	(35,788)	-	(35,788)
5.04.06	Dividends	-	-	-	(24,336)	-	(24,336)	-	(24,336)
5.04.07	Interest on equity	-	-	-	(11,452)	-	(11,452)	-	(11,452)
5.05	Total Comprehensive Result	-	-	-	48,613	-	48,613	2	48,615
5.05.01	Net Income for the Period	-	-	-	48,613	-	48,613	2	48,615
5.06	Internal Changes of Equity	-	-	-	-	-	-	-	-
5.06.01	Transfer to reserves	-	-	-	-	-	-	-	-
5.07	Final Balances	334,251	19,214	126,055	12,825	-	492,345	16	492,361

Consolidated FSs / Changes in Equity - 06/30/2012

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
5.01	Initial Balance	334,251	18,573	85,269	-	-	438,093	13	438,106
5.03	Initial Adjusted Balance	334,251	18,573	85,269	-	-	438,093	13	438,106
5.04	Transactions with Capital from the Partners	-	-	-	(35,788)	-	(35,788)	-	(35,788)
5.04.06	Dividends	-	-	-	(23,179)	-	(23,179)	-	(23,179)
5.04.07	Interest on equity	-	-	-	(12,609)	-	(12,609)	-	(12,609)
5.05	Total Comprehensive Result	-	-	-	56,920	-	56,920	-	56,920
5.05.01	Net Income for the Period	-	-	-	56,920	-	56,920	-	56,920
5.07	Final Balances	334,251	18,573	85,269	21,132	-	459,225	13	459,238

Consolidated FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2013 to 06/30/2013	Accumulated of Previous financial year 01/01/2012 to 06/30/2012
7.01	Revenues	601,769	545,286
7.01.01	Sales of goods, products and services	579,129	545,205
7.01.02	Other revenues	23,030	1,037
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(390)	(956)
7.02	Inputs Purchased From Third Parties	(362,770)	(311,595)
7.02.01	Costs Prods., Mercs. and servs. Sold	(297,806)	(257,651)
7.02.02	Materials, energy and services from third parties and oth	(61,435)	(49,763)
7.02.03	Loss / Recovery of asset values	(2,947)	(3,094)
7.02.04	Other	(582)	(1,087)
7.03	Gross Added Value	238,999	233,691
7.04	Retentions	(17,685)	(13,059)
7.04.01	Depreciation, amortization and exhaustion	(17,685)	(13,059)
7.05	Net added value produced	221,314	220,632
7.06	Added value received in transfer	19,183	26,549
7.06.01	Result of equity equivalence	(1,742)	-
7.06.02	Financial income	19,187	25,184
7.06.03	Other	1,738	1,365
7.07	Total Added Value To Distribute	240,497	247,181
7.08	Distribution Of Value Added	240,497	247,181
7.08.01	Personal	84,257	76,67
7.08.01.01	Direct compensation	55,130	48,797
7.08.01.02	Benefits	24,805	23,626
7.08.01.03	F.G.T.S.	4,322	4,247
7.08.02	Taxes, fees and contributions	77,141	72,879
7.08.02.01	Federal	54,323	52,351
7.08.02.02	State	21,874	19,804
7.08.02.03	Municipal	944	724
7.08.03	Remuneration of capital from third parties	30,486	40,712
7.08.03.01	Interest	20,955	20,182
7.08.03.02	Rentals	9,531	20,530
7.08.04	Remuneration of own capital	48,613	56,920
7.08.04.01	Interest on equity	11,452	12,609
7.08.04.02	Dividends	24,336	23,179
7.08.04.03	Retained Profit/Loss for the Period	12,825	21,132

A free translation from Portuguese into English of individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and of 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.

Eternit S.A.

Balance sheets
June 30, 2013 and December 31, 2012
(In thousands of reais)

		Company		Consolidated	
	Note	**6/30/2013**	**12/31/2012**	**6/30/2013**	**12/31/2012**
Assets					
Current assets					
Cash and cash equivalents	4	**1,536**	3,852	**6,556**	16,656
Short-term investments	5	**16,636**	48,612	**49,515**	78,930
Trade accounts receivable	6	**77,800**	79,158	**171,773**	177,982
Inventories	7	**112,320**	81,925	**163,851**	127,560
Taxes recoverable	8	**11,257**	11,167	**14,389**	13,881
Related parties	10	**28,613**	21,648	**-**	-
Other current assets		**5,889**	4,439	**12,220**	11,022
Total current assets		**254,051**	250,801	**418,304**	426,031
Non-current assets					
Judicial deposits		**7,454**	6,640	**13,924**	13,047
Taxes recoverable	8	**21,590**	21,114	**24,763**	24,534
Deferred income and social contribution taxes	20.b	**20,767**	19,994	**54,029**	51,820
Related parties	10	**7,423**	7,214	**-**	-
Investments	9	**238,813**	221,916	**27,304**	13,029
Property, plant and equipment	11	**138,224**	123,060	**267,160**	252,457
Intangible assets	12	**2,101**	2,514	**25,603**	26,040
Other non-current assets		**487**	440	**3,209**	3,162
Total non-current assets		**436,859**	402,892	**415,992**	384,089
Total assets		**690,910**	653,693	**834,296**	810,120

	Note	Company 6/30/2013	Company 12/31/2012	Consolidated 6/30/2013	Consolidated 12/31/2012
Liabilities and shareholders equity					
Current liabilities					
Trade accounts payable	13	**35,908**	30,417	**54,317**	48,968
Related parties	10	**10,328**	8,281	**-**	-
Loans and financing	14	**1,908**	1,519	**55,559**	55,839
Provisions and social charges	15	**19,131**	17,310	**34,205**	34,938
Dividends and interest on equity payable	18.e	**17,850**	18,133	**17,850**	18,133
Provision for future benefits to former employees	17.b	**1,645**	1,645	**3,253**	2,926
Taxes, charges and contributions payable	16	**10,847**	11,801	**28,971**	36,932
Other current liabilities		**2,090**	2,344	**10,531**	10,358
Total current liabilities		**99,707**	91,450	**204,686**	208,094
Non-current liabilities					
Provision for future benefits to former employees	17.b	**19,094**	18,263	**31,099**	30,019
Loans and financing	14	**19,357**	7,266	**34,394**	24,107
Related parties	10	**28,045**	27,252	**-**	-
Provision for tax, civil and labor risks	21	**23,356**	22,657	**52,741**	51,116
Taxes, charges and contributions payable	16	**9,006**	7,285	**9,991**	8,139
Environmental restoration of degraded mining areas	30	**-**	-	**8,493**	8,201
Other non-current liabilities		**-**	-	**531**	910
Total non-current liabilities		**98,858**	82,723	**137,249**	122,492
Shareholders equity					
Capital	18.a	**334,251**	334,251	**334,251**	334,251
Capital reserve		**19,388**	19,388	**19,388**	19,388
Treasury shares		**(174)**	(174)	**(174)**	(174)
Income reserves		**126,055**	126,055	**126,055**	126,055
Retained earnings		**12,825**	-	**12,825**	-
Net equity attributable to non-minority shareholders		**492,345**	479,520	**492,345**	479,520
Minority shareholders		**-**	-	**16**	14
Total shareholders equity		**492,345**	479,520	**492,361**	479,534
Total liabilities and shareholders equity		**690,910**	653,693	**834,296**	810,120

See accompanying notes.

Eternit S.A.

Income statements
Six month periods ended June 2013 and 2012
(In thousands of reais (R$) except net earnings per share)

		Company		Consolidated	
	Note	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Net operating revenue	23	**239,950**	218,973	**452,763**	421,269
Cost of goods sold	24	**(174,774)**	(153,290)	**(269,289)**	(235,313)
Gross profit		**65,176**	65,683	**183,474**	185,956
Operating income (expenses)					
Selling expenses	24	**(28,501)**	(26,527)	**(56,208)**	(52,858)
General and administrative expenses	24	**(23,124)**	(23,908)	**(48,450)**	(52,781)
Management compensation		**(3,991)**	(3,276)	**(5,568)**	(4,759)
Other operating income (expenses), net	25	**(2,347)**	(1,632)	**(2,774)**	(3,142)
Equity pickup	9	**42,052**	44,605	**(1,742)**	-
Total operating income (expenses):		**(15,911)**	(10,738)	**(114,742)**	(113,540)
Financial expenses	26	**(6,732)**	(4,767)	**(20,956)**	(20,423)
Financial income	26	**5,307**	6,826	**19,187**	25,185
Financial result, net		**(1,425)**	2,059	**(1,769)**	4,762
Income before income and social contribution taxes		**47,840**	57,004	**66,963**	77,178
Income and social contribution taxes					
Current taxes	20	**-**	2,162	**(20,559)**	(20,594)
Deferred	20	**773**	(2,246)	**2,209**	336
Net income for the period		**48,613**	56,920	**48,613**	56,920
Attributable to:					
Non-minority shareholders		**48,613**	56,920	**48,611**	56,920
Minority shareholders		**-**	-	**2**	-
Net income for the period		**48,613**	56,920	**48,613**	56,920
Diluted earnings per share					
Basic and diluted - R$	18	**0.54**	0.64	**0.54**	0.64

See accompanying notes.

Eternit S.A.

Statements of comprehensive income
Six month periods ended June 2013 and 2012
(In thousands of reais)

	Company		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Net income for the period	**48,613**	56,920	**48,613**	56,920
Other comprehensive income	**-**	-	**-**	-
Comprehensive income for the period	**48,613**	56,920	**48,613**	56,920
Attributed to non-minority shareholders	**48,613**	59,920	**48,611**	56,920
Attributed to minority shareholders	**-**	-	**2**	-

See accompanying notes.

Eternit S.A.

Statements of changes in equity
Six month periods ended June 2013 and 2012

			Capital reserve			Income reserves							
	Notes	Capital	Subsidies for investment	Goodwill in the acquisition of shares	Treasury shares	Statutory	Legal	Income retention	Retained earnings	Other comprehensive income	Total Company	Minority shareholders	Total equity
Balances at January 1, 2012		334,251	18,724	23	(174)	16,223	19,863	49,183	-	-	438,093	13	438,106
Net income for the period		-	-	-	-	-	-	-	56,920	-	56,920	-	56,920
Setting up of reserves		-	-	-	-	-	-	-	-	-	-	-	-
Allocation of net income:													
Interest on equity - R$0.066 per outstanding share	18	-	-	-	-	-	-	-	(12,609)	-	(12,609)	-	(12,609)
Dividends - R$0.134 per outstanding share	18	-	-	-	-	-	-	-	(23,179)	-	(23,179)	-	(23,179)
Balances June 30, 2012		**334,251**	**18,724**	**23**	**(174)**	**16,223**	**19,863**	**49,183**	**23,132**	**-**	**459,225**	**13**	**459,238**
Balances at January 1, 2013		**334,251**	**19,365**	**23**	**(174)**	**21,873**	**25,513**	**78,669**	**-**	**-**	**479,520**	**14**	**479,534**
Net income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,613**	**-**	**48,613**	**2**	**48,615**
Setting up of reserves	18	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of net income:		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest on equity - R$0.064 per outstanding share	18	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,452)**	**-**	**(11,452)**	**-**	**(11,452)**
Dividends - R$0.136 per outstanding share	18	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(24,336)**	**-**	**(24,336)**	**-**	**(24,336)**
Balances at June 30, 2013		**334,251**	**19,365**	**23**	**(174)**	**21,873**	**25,513**	**78,669**	**12,825**		**492,345**	**16**	**492,361**

See accompanying notes

Eternit S.A.

Cash flow statements
Six month periods ended June 30, 2013 and 2012
(In thousands of reais)

		Company		Consolidated	
	Note	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Cash flows from operating activities					
Income before income and social contribution		**47,840**	57,004	**66,963**	77,178
Adjustments to reconcile pre-tax income with net cash generated by (used in) operating activities:					
Equity pickup	9	**(42,052)**	(44,605)	**1,742**	-
Depreciation and amortization	11/12	**5,517**	6,012	**17,685**	13,059
Result from disposal of permanent assets	25	**(50)**	(107)	**(97)**	353
Provision for impairment of accounts receivable	6	**220**	250	**458**	925
Provision for civil, tax and labor risks	21	**699**	1,416	**1,625**	2,021
Reversal (provision) for sundry losses		**802**	262	**1,715**	810
Financial charges, monetary and foreign exchange variation		**2,604**	930	**(137)**	(2,180)
Short-term investment yield		**(1,364)**	(1,101)	**(2,254)**	(1,101)
Net changes in prepaid expenses		**771**	204	**1,076**	712
		14,987	20,265	**88,776**	91,777
(Increase) decrease in operating assets:					
Trade accounts receivable	6	**1,098**	2,545	**5,660**	(3,697)
Related parties – accounts receivable		**161**	1,178	**-**	-
Inventories	7	**(30,395)**	(16,499)	**(36,291)**	(27,202)
Taxes recoverable	8	**(290)**	(7,006)	**(461)**	(8,011)
Judicial deposits		**(814)**	(855)	**(877)**	(2,269)
Dividends received	9	**33,622**	32,035	**-**	-
Other assets		**(2,248)**	(2,037)	**(2,602)**	(4,305)
Increase (decrease) in operating liabilities					
Trade accounts payable	13	**5,560**	(1,046)	**5,424**	8,829
Related parties – accounts payable	10	**2,047**	(2,477)	**-**	-
Taxes, fees and contributions	16	**(247)**	5,741	**(292)**	3,524
Provisions and social charges		**1,821**	2,650	**(733)**	3,496
Other liabilities		**(314)**	490	**(260)**	2,295
Interest paid		**(200)**	(27)	**(287)**	(71)
Income and social contribution taxes paid		**(16)**	(689)	**(27,569)**	(18,341)
Net cash generated by (used in) operating activities		**9,785**	14,003	**(58,288)**	(45,752)
Cash flow from investing activities					
Loan from related party receivable	10	**(246)**	(1,471)	**-**	-
Cash receipt from the sales of property. plant, and equipment	25	**337**	165	**399**	165
Additions to property, plant and equipment and intangible assets	11/12	**(20,555)**	(3,353)	**(32,253)**	(20,557)
Capital increase in subsidiaries	9	**(16,017)**	(360)	**(16,017)**	(360)
Temporary investments		**-**	2,915	**-**	2,915
Short-term investments		**(60,083)**	-	**(149,501)**	-
Redemption of short-term investments		**93,423**	-	**181,170**	-
Net cash generated by (used in) investing activities		**(3,141)**	(2,104)	**(16,202)**	(17,837)
Cash flows from financing activities					
Loans and financing raised	14	**10,838**	78	**91,617**	149,926
Amortization of loans and financing	14	**(109)**	(2,665)	**(81,466)**	(85,365)
Loan with related party	10	**(139)**	(173)	**-**	-
Payments dividends and interest on equity	18	**(34,537)**	(34,833)	**(34,537)**	(34,833)
Net cash (used in) and generated by financing activities		**(23,947)**	(37,593)	**(24,386)**	29,728
(Decrease) increase in cash and cash equivalents		(2,316)	(5,429)	**(10,100)**	**57,916**
(Decrease) increase in cash and cash equivalents					
At beginning of the period	4	**3,852**	21,352	**16,656**	42,333
At the end of the period	4	**1,536**	15,923	**6,556**	100,249
(Decrease) increase in cash and cash equivalents		**(2,316)**	(5,429)	**(10,100)**	57,916

See accompanying notes.

Eternit S.A.

Statements of value added
Six month periods ended June 2013 and 2012
(In thousands of reais)

	Note	Company		Consolidated	
		6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenues					
Sales of goods, products and services	23	**325,052**	297,740	**579,129**	545,205
Other income		**314**	100	**23,030**	1,037
Provision for accounts receivable impairment losses		**(199)**	(322)	**(390)**	(956)
Total		**325,167**	297,518	**601,769**	545,286
Inputs product from third parties					
Cost of goods, products and services sold		**(200,270)**	(159,330)	**(297,806)**	(257,651)
Materials, energy, third-party services and other		**(30,818)**	43,189	**(61,435)**	(49,763)
Loss/recovery of asset values		**(2,946)**	(3,094)	**(2,947)**	(3,094)
Other donations		**(69)**	(555)	**(582)**	(1,087)
		(234,103)	(206,168)	**(362,770)**	(311,595)
Gross value added		**91,064**	91,350	**238,999**	233,691
Depreciation, amortization and depletion	11/12	**(5,517)**	(6,012)	**(17,685)**	(13,059)
Net value added produced by the entity		**85,547**	85,338	**221,314**	220,632
Value added received in transfer					
Equity pickup	9	**42,052**	44,605	**(1,742)**	-
Financial income	26	**5,307**	6,826	**19,187**	25,184
Other		**2,062**	1,501	**1,738**	1,365
		49,421	52,932	**19,183**	26,549
Total value added to be distributed		**134,968**	138,270	**240,497**	247,181
Distribution of value added		**134,968**	138,270	**240,497**	247,181
Personnel					
Direct remuneration		**26,383**	26,809	**55,130**	48,797
Benefits		**12,413**	12,737	**24,805**	23,626
Government Severance Fund (FGTS)		**2,438**	2,497	**4,322**	4,247
		41,234	42,043	**84,257**	76,670
Taxes, charges and contributions					
Federal		**25,156**	24,453	**54,323**	52,351
State		**8,603**	6,504	**21,874**	19,804
Municipal		**518**	517	**944**	724
		34,277	31,474	**77,141**	72,879
Remuneration of third-party capital					
Interest		**6,733**	4,767	**20,955**	20,182
Rent		**4,111**	3,065	**9,531**	20,530
		10,844	7,832	**30,486**	40,712
Remuneration of third-party capital:					
Dividends	18	**24,336**	23,179	**24,336**	23,179
Interest on equity	18	**11,452**	12,610	**11,452**	12,609
Retained profits	18	**12,825**	21,132	**12,825**	21,132
		48,613	56,921	**48,613**	56,920

See accompanying notes.

1. Operations

Eternit S.A. (“Company” or “Eternit”), incorporated in Brazil and headquartered at Rua Dr. Fernandes Coelho, 85 - 8º andar, in the city of São Paulo, São Paulo state, originally set up on January 30, 1940, is a publicly- traded company, with no controlling shareholder, registered in the special stock market segment of São Paulo State Stock Exchange - BM&FBOVESPA, known as the New Market, under ticker ETER3. Its shareholders are individuals, legal entities, investment clubs, investment funds and foundations (see Note 18).

The business purpose of the Company and its subsidiaries (“Group”) is the production and sale of fiber cement, cement, concrete, plaster and plastic products, as well as other construction materials and related accessories.

The Group is composed as follows:

- The Company has four plants in the Bahia, Goiás, Paraná and Rio de Janeiro states.

- Subsidiary Sama S.A. Minerações Associadas (“Sama”), a privately held corporation, located in Goiás state, is the only chrysotile mining company in Brazil, with the business purpose of chrysotile ore mining and processing, which is sold in Brazil and abroad.

- Subsidiary Tégula Soluções para Telhados Ltda. (“Tégula”) has six plants in the Bahia, Goiás, Rio Grande do Sul, Santa Catarina and São Paulo states. Its main business purpose is the manufacture and sale of concrete roofing and roofing accessories.Subsidiary Precon Goiás Industrial Ltda. (“Precon”) has a plant in Anápolis in Goiás state with the business purpose of production and sale of fiber cement products.

- Subsidiary Prel Empreendimentos e Participações Ltda. (“Prel”), located in São Paulo in the São Paulo state, has as business purpose the participation in industrial and commercial companies.

- Subsidiary Engedis Distribuição Ltda. (“Engedis”), located in Minaçu in Goiás state, does not have any economic activity.

- Subsidiaries Wagner Ltda. (“Wagner”) and Wagner da Amazônia Ltda. (“Wagner da Amazônia”) located in São Paulo - São Paulo State do not have any economic activity.

1. Operations (Continued)

- Jointly-controlled subsidiary Companhia Sulamericana de Cerâmica S.A., located in the city of Caucaia in the Ceará state, with the business purpose of import, production, sale, export and distribution of sanitary wares and related accessories in general.

- The subsidiary, Eternit da Amazônia Ltda, located in Manaus in Amazonas State, has the main business activity of performing input development research for the construction industry.

The main products manufactured and/or sold by the Group are described in Note 27.

2. Summary of significant accounting practices

2.1. Statement of compliance and basis for preparation

The presentation of the interim financial information was approved and authorized on August 7, by the Company's Board of Directors and Fiscal Council for publication on August 8, 2013.

The Company's interim financial statements contained in the quarterly financial information ITR, for the quarter ended June 30, 2013, include:

- The consolidated interim financial information prepared in accordance with CPC 21 - Interim Financial Reporting and IAS 34 - Interim Financial Reporting issued by the International Accounting Standard Board - IASB and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission - CVM applicable to ITR preparation.

- The individual interim financial information prepared in accordance with CPC 21 - Interim Financial Reporting and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission - CVM applicable to ITR preparation.

2. Summary of significant accounting practices (Continued)

2.1. Statement of compliance and basis for preparation (Continued)

The individual interim financial information presents investments in subsidiaries, joint ventures and affiliates by the equity method, in accordance with ruling Brazilian current legislation. Therefore the Company's individual interim financial statements are not considered to be in accordance with the IFRS, which require the valuation of these investments in separate financial statements from the parent company at fair value or cost of acquisition.

The interim financial statements were prepared based on historic cost, except for certain financial instruments measured at fair value, as described in the following accounting practices. Historic cost is generally based on fair value of consideration paid in exchange for the assets. The main accounting practices applied in the preparation of this consolidated interim financial information are disclosed in Note 2 to the Company's annual financial statements for the year ended December 31, 2012, disclosed on March 15, 2013. These practices were consistently applied in the presented prior year.

2.2. Basis on consolidation and investments in subsidiaries

Consolidated interim financial information includes interim financial information of the Company and its subsidiaries. Control is obtained when the Company has the power to control the financial and operational policies and appoint or dissolve the greater majority of the board of directors of an entity in order to earn benefits from its activities.

The Company's management based on shareholder statutes and agreements, controls the companies listed in Note 1 and therefore fully consolidated these entities with the exception of Companhia Sulamericana de Cerâmica S.A (CSC) which is considered based on the parameters described in the prior paragraph as an unconsolidated jointly controlled subsidiary given that its income is considered in the consolidated interim financial statements based on the equity method as provided in CPC 19R2 (IFRS 11).

The holdings of minority shareholders of fully consolidated companies are carried in the consolidated income statements and in the statements of changes in equity.

2. Summary of significant accounting practices (Continued)

2.2. Basis on consolidation and investments in subsidiaries (Continued)

In the Company's individual financial information, the interim financial information of the subsidiaries is recognized by the equity method.

The main consolidation adjustments include the following eliminations:

- Asset and liability balance as well as revenue and expense amounts are divided between the parent company and subsidiaries in such a way that the consolidated financial statements represent the effective balances of accounts payable and receivables with third parties.
- Participation in capital and net income (loss) for the period of the subsidiaries.

The financial year of the subsidiaries in the consolidated financial information is the same as that of the parent company and the parent company's accounting policies were applied uniformly and are consistent with those used in the prior year. All transactions and balances between the companies were eliminated from the consolidated financial statements. Transactions between the Company and subsidiaries are realized under conditions established between the parties.

The subsidiaries' income (loss) earned or written-off during the year are included in the consolidated income statements as from the effective date of acquisition up to the effective date of disposal, as applicable.

When necessary, the interim financial information of subsidiaries is adjusted to meet the accounting practices established by the Group. All transactions, balances, revenues and expenses between the companies of the Group are totally eliminated from the consolidated interim financial information.

2.3. Reclassification for comparability purposes

In order to improve the information presented in the financial statements and to ensure better comparability between balances, the Company made the following reclassifications in the balances at December 31, 2012, the balance in trade accounts payable under noncurrent liabilities, amounting to R$8,281 - Company, was reclassified to related parties in current liabilities. For the quarter ended June 30, 2013, some amounts were reclassified to improve the information presented in the statement of cash flows and in the statement of value added.

2. Summary of significant accounting practices (Continued)

2.4. Standards, amendments and interpretations of standards

a) Standards, amendments and interpretation of existing standards with first time adoption as from January 1, 2013

IFRS 10 - Consolidated financial statements

The Company adopted IFRS 10 that establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more companies. IFRS 10 replaced the consolidation requirements of SIC-12 Consolidation of Special Purpose Entities and of IAS 27 Consolidated and Separate Financial Statements. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

IFRS 11 - Joint Arrangements

IFRS 11 provides a more realistic reflection of joint arrangements, focusing on rights and obligations of the arrangement instead of its legal form. The standard addresses inconsistencies in the treatment of a joint arrangement, requiring a sole method to treat jointly controlled entities, through the equity pickup method. IFRS 11 replaced IAS 31 Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Shareholders. The main effects resulting from adoption of IFRS 11 will be the end of proportional consolidation, fact which will not affect the Company’s consolidated information. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

IFRS 12 - Disclosure of interests in other entities

IFRS 12 is a new comprehensive standard about the disclosure requirements of all the forms of interests in other entities, including subsidiaries, joint ventures, associates and unconsolidated structured entities. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

2. Summary of significant accounting practices (Continued)

2.4. Standards, amendments and interpretations of standards (Continued)

a) Standards, amendments and interpretation of existing standards with first time adoption as from January 1, 2013 (Continued)

IFRS 13 – Fair Value Measurement

It substitutes and consolidates all guidelines and requirements related to fair value measurement contained in the other IFRS pronouncements into a single pronouncement. IFRS 13 defines fair value and provides guidance as to how to determine fair value and the disclosure requirements related to fair value measurement. However, it does not introduce any new requirement or change in relation to items that should be measured at fair value, which remain in the original pronouncements. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

Changes in IAS 1 – Presentation of financial statements

These introduce the requirement that items recorded in other comprehensive income be segregated and totalized between items that are and those that are not subsequently reclassified to profit and loss. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

Changes in IAS 16 – Property, Plant and Equipment

This improvement explains that the major spare parts and equipment to render services that meet the definition of property, plant and equipment do not form part of inventories. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

Changes in IAS 19 – Employee Benefits

Elimination of the corridor approach, with actuarial gains or losses being recognized as other comprehensive income for pension plans and the result for other long term benefits, when incurred, among other changes. The impact of application of the referred to standard will be presented upon revaluation of the actuarial liability during the year.

2. Summary of significant accounting practices (Continued)

2.4. Standards, amendments and interpretations of standards (Continued)

a) Standards, amendments and interpretation of existing standards with first time adoption as from January 1, 2013 (Continued)

IAS 27 – Individual and consolidated financial statements (Revised 2011)

As a consequence of the recent IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for of subsidiaries, jointly controlled entities and associates in separate financial statements. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

IAS 28 – (Revised in 2011) Investments in Associates and Jointly Controlled Entities

As a consequence of the recent IFRS 10 and IFRS 12, what remains in IAS 28 is limited to accounting for of subsidiaries, jointly controlled entities and associates in separate financial statements. Adoption of this IFRS did not have any significant effect on the reported amounts for the current six-month period and prior year.

2.5. Standards, amendments and interpretation of existing standards with first time adoption as from January 1, 2014

IAS 32 – Offsetting financial assets and financial liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

These amendments should not have an impact on the Company’s financial position, performance or disclosures.

2. Summary of significant accounting practices (Continued)

2.6. Standards, amendments and interpretation of existing standards with first time adoption as from January 1, 2015

IFRS 9 - Financial Instruments

Classification and Measurement closed the first part of a project to substitute "IAS 39 – Financial Instruments: Recognition and Measurement". This new standard uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value, based on the manner in which an entity manages its financial instruments (its business model) and the contractual cash flow characteristic of financial assets. IFRS 9 further requires adoption of only one method to determine impairment losses of assets.

The Group intends to adopt standards IAS 32 and IFRS 9 when they become effective, disclosing and recognizing the impacts in the financial statements that may take place upon application of such new adoptions.

Considering the current operations of the Group and its subsidiaries, management does not expect that these new standards, interpretations and amendments will have a significant effect on the financial statements as from the adoption thereof.

The Committee of Accounting Pronouncements (CPC) has not yet edited the related pronouncements and amendments related to standards IAS 32 and IFRS 9. As a consequence of the commitment from the CPC and CVM to keep an updated set of standards issued based on the amendments made by IASB, it is expected that these pronouncements and amendments will be edited by CPC and approved by CVM until the date of their mandatory application.

There are no other standards and interpretations issued but not yet adopted, further to those mentioned above, which may, in the opinion of management, have a significant impact on the income or equity disclosed by the Group.

(In thousands of reais - R$, except when otherwise stated)

3. Significant accounting judgment and sources of uncertainties in estimates

In the application of the Group's significant accounting practices, management has to make judgments and estimates about book value of assets and liabilities when this is not easily obtainable from other sources. Estimates and assumptions are based on historic experience and other relevant factors. Actual results may differ from these estimates.

Accounting estimates and assumptions are periodically evaluated and are based on historic experience among other factors, including expectation relating to future events considered reasonable in the circumstances. Such estimates and assumptions may differ from actual results, also the effects from reviews of accounting estimates are recognized in the period of the review.

The main assumptions about future and other sources of uncertainties in estimates at the end of each reporting period that may lead to significant adjustments in the book value of assets and liabilities in the next period are set out below.

3.1. Goodwill recoverability considering expected future profitability

In order to determine whether there is goodwill impairment, it is necessary to estimate the value in use of cash generating units to which goodwill was allocated. Calculation of value in use requires that management estimate expected future cash flows from the cash generating units and the adequate discount rate for calculation of present value.

No evidence of goodwill impairment was identified.

	Consolidated	
Subsidiary	**6/30/13**	**12/31/12**
Sama	**16,559**	16,559
Tégula	**3,436**	3,436
	19,995	19,995

3.2. Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment items on an annual basis at the end of each year.

3. Significant accounting judgment and sources of uncertainties in estimates (Continued)

3.3. Income and social contribution taxes and other taxes

The Group recognizes deferred assets and liabilities based on differences between the book value presented in the financial statements and the tax base of assets and liabilities using tax rates in force. Group management periodically reviews deferred tax assets in terms of possibility of recovery, considering generated historic profit and projected future taxable profit, based on a technical feasibility study.

3.4. Provision for civil, tax and labor risks

The Group is party to several judicial and administrative proceedings, as described in Note 21. Provisions are set up for all contingencies related to judicial proceedings involving probable losses estimated with reasonable certainty. Assessment of the likelihood of loss includes an evaluation of available evidence, hierarchy of laws, available case laws, most recent court rulings and their relevance in the legal system, as well as the external legal counsel's opinion. Group management believes that these provisions for contingencies are correctly presented in the interim financial information.

3.5. Provision for future benefits to former employees

The current value of the provision for future benefits to former employees depends on a series of factors that are determined based on actuarial calculation, which restates a series of assumptions such as, for instance, the discount and inflation rate, among others, which are disclosed in Note 17. Any change in these estimates may affect the results presented.

3.6. Environmental restoration of degraded mining areas

The subsidiary, Sama, in accordance with the Recovery of Degraded Area Program (PRAD), recorded a provision for possible environmental liabilities, based on best estimates of clean up and repair costs. The subsidiary has a specialist environmental team to manage all the phases of the environmental program and resorts to external specialists, when required.

(In thousands of reais - R$, except when otherwise stated)

4. Cash and cash equivalents

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Cash and banks	**1,536**	1,801	**2,764**	3,585
Investment in bank deposit certificates	**-**	2,051	**3,792**	13,071
Total	**1,536**	3,852	**6,556**	16,656

At June 30, 2013, investment funds yield is on average of 103% of the Interbank Deposit Certificate - CDI (103% at December 31, 2012), basically including in its portfolio repurchase agreements. The balances are readily redeemable, in order to meet short-term cash commitments, and subject to an insignificant risk of change in value.

5. Short-term investments

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Investment funds (i)	**16,636**	31,873	**49,515**	62,191
Temporary investment funds (ii)	**-**	16,739	**-**	16,739
Total	**16,636**	48,612	**49,515**	78,930

Investment funds mainly include fixed income investments and repurchase agreements remunerated at average rate of 103% of CDI (103% at December 31, 2012).

(i) The investments are immediately redeemable as there is no grace period for the redemption of the units. The units can be redeemed with earnings, as required by the Company.

(ii) The investments are intended to finance investment in property, plant and equipment or for future investments to be made by the Company. The amount is defined in accordance with the Company investment plan.

6. Trade accounts receivable

	Company		Consolidated	
	6/30/2013	**12/31/2012**	**6/30/2013**	**12/31/2012**
Trade accounts receivable	**81,528**	82,728	**121,898**	124,241
Trade accounts receivable from foreign customers	**-**	-	**57,808**	61,228
(-) Adjustment to present value	**(368)**	(328)	**(1,060)**	(969)
Provision for impairment of accounts receivable	**(3,360)**	(3,242)	**(6,873)**	(6,518)
Total	**77,800**	79,158	**171,773**	177,982

Expenses related to the provision for impairment of accounts receivable are recorded in "selling expenses".

(In thousands of reais - R$, except when otherwise stated)

6. Trade accounts receivable (Continued)

Aging of trade accounts receivable

	Company		Consolidated	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Not due	**74,557**	75,208	**159,787**	162,284
Falling due				
Up to 30 days	**2,721**	3,569	**10,141**	13,094
From 30 to 60 days	**349**	225	**526**	1,480
Over 60 days	**173**	156	**1,319**	1,124
	77,800	79,158	**171,773**	177,982

Changes in the provision for impairment of accounts receivable

	Company		Consolidated	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Opening balance	**(3,242)**	(2,832)	**(6,518)**	(6,470)
Additions	**(220)**	(572)	**(458)**	(1,546)
Reversals	**-**	6	**-**	581
Write-off	**102**	156	**103**	917
Total	**(3,360)**	(3,242)	**(6,873)**	(6,518)

7. Inventories

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
Finished goods	**45,538**	35,082	**74,688**	59,957
Semi-finished goods	**-**	-	**1,655**	2,757
Resale	**16,763**	20,862	**21,724**	26,005
Raw material	**45,521**	22,117	**45,686**	21,110
Support materials	**4,498**	3,864	**21,033**	18,666
(-) Provision for losses (*)	**-**	-	**(935)**	(935)
	112,320	81,925	**163,851**	127,560

(*) The matching entry for the provision for losses is recorded in the heading "cost of goods sold" in the income statement.

Changes in the provision for losses	**Consolidated**
Balance at January 1, 2012	(739)
(+) supplement to provision for the year	(196)
Balance at December 31, 2012	(935)
(+) supplement to provision for the period	-
Balance at June 30, 2013	**(935)**

(In thousands of reais - R$, except when otherwise stated)

8. Taxes recoverable

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
Current:				
State VAT (ICMS)	**847**	1,067	**1,781**	1,946
Withholding income tax (IRRF)	**1,155**	284	**1,323**	518
Corporate income tax (IRPJ)	**4,455**	4,862	**4,927**	5,650
Social contribution tax (CSLL)	**519**	1,415	**685**	1,602
Withholding Income Tax on interest on equity	**-**	2,169	**-**	2,169
FOMENTAR fund (ICMS) *	**901**	729	**901**	729
Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and others	**3,380**	641	**4,772**	1,267
	11,257	11,167	**14,389**	13,881
Noncurrent:				
State Value-Added Tax (ICMS)	**904**	840	**4,077**	4,260
Withholding Income Tax (IRRF)	**13,163**	13,004	**13,163**	13,004
Corporate Income Tax (IRPJ)	**7,523**	7,206	**7,523**	7,206
Others	**-**	64	**-**	64
	21,590	21,114	**24,763**	24,534

(*) Development and Industrialization of the State of Goiás Fund - FOMENTAR, intended to increase the implementation and expansion of activities that promote the industrial development of the State of Goiás.

9. Investment

Subsidiaries and jointly-controlled subsidiary of the Company are as follows:

	Company	
Subsidiaries	Ownership held by the Company - %	
	6/30/13	12/31/12
Precon	**99.99**	99.99
Prel	**99.99**	99.99
Sama	**99.99**	99.99
Tégula	**99.99**	99.99
Wagner	**99.85**	99.85
Companhia Sulamericana de Cerâmica S.A. (“CSC”) (i)	**60**	60
Engedis (ii)	**99.94**	99.94
Eternit da Amazônia (iii)	**99.99**	-

(i) Jointly controlled subsidiary

(ii) Indirect subsidiary

(iii) Venture at a pre-operating phase

(In thousands of reais - R$, except when otherwise stated)

9. **Investment** (Continued)

Summary of main information about subsidiaries and jointly controlled subsidiary:

Subsidiary	Location	Main activity
Sama	Minaçu/GO	Mining and processing of chrysotile asbestos ore
Engedis	Minaçu/GO	No economic activity
Precon	Anápolis/GO	Production and sale of fiber cement products and devices
Prel	São Paulo/SP	Participation in industrial and commercial companies, among others.
Wagner	São Paulo/SP	No economic activity
Wagner da Amazônia	São Paulo/SP	No economic activity
Tégula	Atibaia/SP	Production and sale of concrete roof tiles and accessories
Companhia Sul Americana de Cerâmica	Porto de Caucaia/CE	The main business purpose of jointly controlled subsidiary Companhia Sulamericana de Cerâmica, located in the city of Caucaia, State of Ceará, is import, production, sale, export, distribution of sanitary wares and related accessories in general.
Eternit da Amazônia	Manaus/AM	Research and development of inputs for construction material. The Company is in start-up operation until the end of the quarter.

Investments are comprised as follows:

	Company						
	Precon	Prel	Sama	CSC	Tégula	Wagner	Total
Investment	**18,611**	**9,241**	**90,206**	**27,304**	**72,864**	**4,028**	**222,254**
Goodwill	**-**	**-**	**16,559**	**-**	**-**	**-**	**16,559**
Balance at June 30, 2013	**18,611**	**9,241**	**106,765**	**27,304**	**72,864**	**4,028**	**238,813**

	Precon	Prel	Sama	CSC	Tégula	Wagner	Total
January 1, 2012	15,694	7,866	102,116	-	53,752	4,059	183,487
Dividends	(7,927)	(1,896)	(62,958)	-	-	(104)	(72,885)
Interest on equity	(640)	-	(5,158)	-	(2,839)	-	(8,637)
Equity pickup	10,451	1,851	73,183	(531)	4,333	104	89,391
Organization of jointly controlled subsidiary	**-**	**-**	**-**	13,560	-	-	13,560
Capital increase	-	-	-	-	17,000	-	17,000
December 31, 2012	17,578	7,821	107,183	13,029	72,246	4,059	221,916
Dividends	**(3,311)**	**-**	**(35,036)**	**-**	**-**	**-**	**(38,347)**
Interest on equity	**(439)**	**-**	**(2,386)**	**-**	**-**	**-**	**(2,825)**
Equity pickup	**4,783**	**1,442**	**37,009**	**(1,742)**	**623**	**(31)**	**42,084**
Supplementary monetary restatement - IFRS	**-**	**(22)**	**(5)**	**-**	**(5)**	**-**	**(32)**
Capital increase	**-**	**-**	**-**	**16,017**	**-**	**-**	**16,017**
At June 30, 2013	**18,611**	**9,241**	**106,765**	**27,304**	**72,864**	**4,028**	**238,813**

The balance of investments in the consolidated interim financial information at June 30, 2012, amounting to R$27,304, refers to investment in the jointly controlled CSC.

(In thousands of reais - R$, except when otherwise stated)

9. **Investment** (Continued)

We set out below the balances of subsidiaries at June 30, 2013:

	Precon	Prel	Sama	CSC	Tégula	Wagner
Assets	33,932	9,367	268,171	68,026	102,554	5,597
Liabilities	15,320	125	172,450	22,519	29,684	1,563
Equity	18,612	9,242	95,721	45,507	72,870	4,034
Net operating revenue	30,312	-	186,641	-	41,821	-
Net income (loss) for the period	4,783	1,420	37,421	(2,903)	618	(31)

10. Related parties

a) Company balances and transactions with related parties

	Company	
	6/30/13	12/31/12
Balances:		
Current assets		
Trade accounts receivable:		
Precon (i) and (ii)	**1,321**	1,376
Sama (ii)	**160**	132
Tégula (i) and (ii)	**153**	269
Wagner (ii)	**-**	18
	1,634	1,795
Dividends and interest on equity receivable:		
Sama	**22,589**	15,396
Prel	**-**	702
Precon	**3,684**	3,038
Tégula	**706**	706
Wagner	**-**	11
	26,979	19,853
	28,613	21,648
Noncurrent assets (Loan - Tégula): (iii)	**7,423**	7,214
Current liabilities		
Trade accounts payable (i)		
Sama	**10,221**	8,174
Other accounts payable		
Prel	**83**	83
Sama	**24**	23
Tégula	**-**	1
	10,328	8,281
Non-current liabilities (iii)		
Loans		
Sama	**28,045**	27,252
Total	**28,045**	27,252

(In thousands of reais - R$, except when otherwise stated)

10. Related parties (Continued)

a) Company balances and transactions with related parties (Continued)

(i) There are purchases and sales between related parties, therefore the balances refer to supplies of raw materials (chrysotile) and finished products, which were eliminated in the consolidated interim financial information of the Company, according to CPC 26.

(ii) These basically refer to refund of expenses with no predetermined maturity.

(iii) These refer to intercompany loans subject to Tax on Financial Operations – IOF and Withholding Income Tax - IRRF levy, and bear interest of 100% of CDI, for repayment within 24 months as from loan agreement execution date, term which may be extended for further 24 months.

	Company	
	6/30/13	**6/30/12**
Transactions:		
Sales:		
Precon	**5,713**	5,754
Tégula	**160**	126
Total	**5,873**	5,880
Purchases:		
Precon	**-**	5
Sama	**35,359**	38,157
Discounts obtained – Sama	**-**	122
Administrative expenses – Prel	**500**	465
Total	**35,859**	38,749
Interest on loan:		
Expense – Sama	**932**	1,167
Total	**932**	1,167
Revenues:		
Interest on loan – Tégula	**247**	471
Interest on equity:		
Sama	**2,387**	2,683
Precon	**439**	334
Tégula	**-**	1,015
Total	**3,073**	4,503

Purchases and sale transactions between related parties are realized under conditions established between the parties.

At June 30, 2013, and December 31, 2012, there were no outstanding guarantees with related parties and no provisions reducing the balance of accounts receivable from related parties.

(In thousands of reais - R$, except when otherwise stated)

10. Related parties (Continued)

b) Remuneration of key management personnel

The Group paid its officers short-term benefits, salaries and variable remuneration as follows:

	Company		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Salaries, fees and benefits	**2,092,956**	1,619,769	**2,536,063**	2,131,749
Social charges	**647,268**	585,674	**790,691**	763,334
Profit sharing (PLRE)	**4,260,878**	3,251,489	**5,263,717**	3,929,828
Post-employment benefit	**180,578**	184,533	**291,386**	275,642
Total	**7,181,680**	5,641,465	**8,881,857**	7,100,553

The Group's Board of Directors approved a plan for the purchase of Company shares by its officers. The Group grants additional bonus to officers that invest up to 100% of their profit sharing net amount for the purchase of Company shares. This bonus is proportional to the net amount of profit sharing that is so invested and must be fully used to acquire Company shares. The plan establishes specific share purchase and sale rules, such as minimum term of three years after share purchase for purposes of share sale, limited to 30% after the third year, 30% after the fourth year, 30% after the fifth year, and the remaining 10% may only be sold upon officer's dismissal/retirement. Share purchase and sale guidelines in CVM Rule No. 358/02 must also be followed by officers.

In the six-month period ended June 30, 2013, officers acquired 1,409,855 shares - ETER3 (1,369,755 shares - ETER3 at December 31, 2012).

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Notes to interim individual and consolidated financial information (Continued)
June 30, 2013
(In thousands of reais - R$, except when otherwise stated)

11. Property, plant and equipment

	Company									
	Land	Buildings and improvements	Machinery and equipment	Tools and molds	Facilities	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Total
Cost										
Balances at January 1, 2012	701	31,805	89,797	12,772	76,780	3,498	3,950	3,223	6,726	229,252
Additions	-	-	437	-	-	-	-	-	13,241	13,678
Write-offs	-	-	(14)	-	(35)	(270)	(14)	(30)	-	(363)
Transfers	-	360	4,719	105	364	350	1,173	179	(7,250)	-
Balances at December 31, 2012	701	32,165	94,939	12,877	77,109	3,578	5,109	3,372	12,717	242,567
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,555**	**20,555**
Write-offs	**-**	**-**	**(367)**	**-**	**(272)**	**(711)**	**(35)**	**(84)**	**-**	**(1,469)**
Transfers	**-**	**-**	**720**	**-**	**133**	**-**	**62**	**5**	**(920)**	**-**
Balances at June 30, 2013	**701**	**32,165**	**95,292**	**12,877**	**76,970**	**2,867**	**5,136**	**3,293**	**32,352**	**261,653**
Average rates of depreciation	-	4%	8.6%	15%	10%	20%	10%	20%	-	
Accumulated depreciation										
Balances at January 1, 2012	-	(17,928)	(42,380)	(7,574)	(34,815)	(2,391)	(1,985)	(2,306)	-	(109,379)
Additions	-	(703)	(1,786)	(1,077)	(5,863)	(341)	(336)	(304)	-	(10,410)
Write-offs	-	-	14	-	35	201	11	21	-	282
Balances at December 31, 2012	-	(18,631)	(44,152)	(8,651)	(40,643)	(2, 531)	(2,310)	(2,589)	-	(119,507)
Additions	**-**	**(358)**	**(844)**	**(574)**	**(2,788)**	**(170)**	**(218)**	**(152)**	**-**	**(5,104)**
Write-offs	**-**	**-**	**347**	**-**	**72**	**653**	**26**	**84**	**-**	**1,182**
Balances at June 30, 2013	**-**	**(18,989)**	**(44,649)**	**(9,225)**	**(43,359)**	**(2,048)**	**(2,502)**	**(2,657)**	**-**	**(123,429)**
Residual value										
January 1, 2012	701	13,877	47,417	5,198	41,965	1,107	1,965	917	6,726	119,873
December 31, 2012	701	13,534	50,787	4,226	36,466	1,047	2,799	783	12,717	123,060
June 30, 2013	**701**	**13,176**	**50,643**	**3,652**	**33,611**	**819**	**2,634**	**636**	**32,352**	**138,224**

(In thousands of reais - R$, except when otherwise stated)

11. Property, plant and equipment (Continued)

	Consolidated													
	Land	Buildings and Improvements	Machinery and equipment	Excavators equipment	Tools and molds	Facilities	Vehicles	Vehicles Off-road vehicles	Furniture and fixtures	IT equipment	Renovation of mining area	Mineral resources	Construction in progress	Total
Cost														
Balances at January 1, 2012	4,084	78,077	171,193	16,360	25,597	203,317	13,086	4,105	12,554	7,045	1,847	13,387	9,406	560,058
Additions	-	860	3,282	-	565	551	479	-	757	165	-	-	47,708	54,367
Write-offs	-	(9)	(512)	-	(32)	(109)	(363)	(47)	(147)	(112)	-	-	-	(1,331)
Transfers	-	1,657	7,529	8,250	349	4,639	11,849	222	2,202	416	3,931	-	(41,044)	-
Balances at December 31, 2012	4,084	80,585	181,492	24,610	26,479	208,398	25,051	4,280	15,366	7,514	5,778	13,387	16,070	613,094
Additions	-	172	2,695	-	45	102	-	-	805	56	-	-	28,049	31,924
Write-offs	-	-	(748)	-	(215)	(272)	(771)	-	(422)	(199)	-	-	-	(2,627)
Transfers	-	-	2,110	1,541	-	2,354	-	259	468	203	-	-	(6,935)	-
Balances at June 30, 2013	4,084	80,757	185,549	26,151	26,309	210,582	24,280	4,539	16,217	7,574	5,778	13,387	37,184	642,391
Average depreciation rates	-	4%	8.6%	28.4%	15%	10%	20%	25%	10%	20%	2.9%	5.3%	-	
Accumulated depreciation														
Balances at January 1, 2012	-	(44,466)	(97,460)	(13,276)	(15,120)	(137,155)	(8,809)	(3,820)	(6,343)	(5,326)	(211)	(2,183)	-	(334,169)
Additions	-	(1,629)	(4,343)	(1,758)	(2,585)	(10,445)	(3,346)	(83)	(1,316)	(615)	(614)	(696)	-	(27,430)
Write-offs	-	9	265	-	30	107	294	47	109	101	-	-	-	962
Transfers	-	(140)	-	-	140	-	-	-	-	-	-	-	-	-
Balances at December 31, 2012	-	(46,226)	(101,538)	(15,034)	(17,535)	(147,493)	(11,861)	(3,856)	(7,550)	(5,840)	(825)	(2,879)	-	(360,637)
Additions	-	(869)	(2,556)	(2,183)	(1,360)	(5,460)	(2,912)	(91)	(739)	(318)	(82)	(349)	-	(16,919)
Write-offs	-	-	727	-	207	72	714	-	409	196	-	-	-	2,325
Transfers	-	-	29	-	-	-	-	-	(29)	-	-	-	-	-
Balances at June 30, 2013	-	(47,095)	(103,338)	(17,217)	(18,688)	(152,881)	(14,059)	(3,947)	(7,909)	(5,962)	(907)	(3,228)	-	(375,231)
Residual value														
January 1, 2012	4,084	33,611	73,733	3,084	10,477	66,162	4,277	285	6,211	1,719	1,636	11,204	9,406	225,889
December 31, 2012	4,084	34,359	79,954	9,576	8,944	60,905	13,190	424	7,816	1,674	4,953	10,508	16,070	252,457
June 30, 2013	4,084	33,662	82,211	8,934	7,621	57,701	10,221	592	8,308	1,612	4,871	10,159	37,184	267,160

Due to judicial proceedings, the subsidiary Sama gave in warranty PP&E items (machinery and equipment) with a residual value of R$1,283.

(In thousands of reais - R$, except when otherwise stated)

12. Intangible assets

Company	Software	Other	Total
Cost			
Balance at January 1, 2012	6,770	11	6,781
Additions	-	436	436
Write-offs	(21)	-	(21)
Transfers	436	(436)	-
Balance at December 31, 2012	7,185	11	7,196
Balance at June 30, 2013	**7,185**	**11**	**7,196**
Useful life (in years)	5	-	-
Amortization			
Balance at January 1, 2012	(3,928)	-	(3,928)
Additions	(774)	-	(774)
Write-offs	20	-	20
Balance at December 31, 2012	(4,682)	-	(4,682)
Additions	**(413)**	**-**	**(413)**
Balance at June 30, 2013	**(5,095)**	**-**	**(5,095)**
Residual value			
Balance January 1, 2012	2,842	11	2,853
Balance at December 31, 2012	2,503	11	2,514
Balance June 30, 2013	**2,090**	**11**	**2,101**

Consolidated	Software	Goodwill	Trademarks and patents	Intangible assets in progress	Other	Total
Cost						
Balance at January 1, 2012	11,722	19,995	1,156	-	90	32,963
Additions	200	-	-	1,227	-	1,427
Write-offs	(21)	-	-	-	-	(21)
Transfers	1,242	-	-	(1,227)	(15)	-
Balance at December, 31 2012	13,143	19,995	1,156	-	75	34,369
Additions	**69**	**-**	**210**	**50**	**-**	**329**
Transfers	**50**	**-**	**-**	**(50)**	**-**	**-**
Balance at June 30, 2013	**13,262**	**19,995**	**1,366**	**-**	**75**	**34,698**
Useful life (in years)						
Amortization						
Balance at January 1, 2012	(7,006)	-	-	-	(1)	(7,007)
Additions	(1,343)	-	-	-	-	(1,343)
Write-offs	21	-	-	-	-	21
Balance at December 31, 2012	(8,328)	-	-	-	(1)	(8,329)
Additions	**(766)**	**-**	**-**	**-**	**-**	**(766)**
Balance at June 30, 2013	**(9,094)**	**-**	**-**	**-**	**(1)**	**(9,095)**
Residual value						
Balance at January 1, 2012	4,716	19,995	1,156	-	89	25,956
Balance at December 31, 2012	4,815	19,995	1,156	-	74	26,040
Balance at June 30, 2013	**4,168**	**19,995**	**1,366**	**-**	**74**	**25,603**

(In thousands of reais - R$, except when otherwise stated)

13. Trade accounts payable

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
Domestic market	**20,831**	22,473	**38,941**	40,615
Foreign market	**15,258**	8,056	**15,590**	8,492
(-) Present value adjustment (internal/ external market)	**(181)**	(112)	**(214)**	(139)
Total	**35,908**	30,417	**54,317**	48,968

14. Loans and financing

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
Current:				
Loans and financing (a), (d) and (e)	**1,908**	1,519	**10,397**	9,091
ACE (b)	**-**	-	**45,162**	26,319
ACC (c)	**-**	-	**-**	20,429
	1,908	1,519	**55,559**	55,839
Noncurrent:				
Loans and financing (a), (d) and (e)	**19,357**	7,266	**34,394**	24,107
Total	**21,265**	8,785	**89,953**	79,946
Noncurrent repayment schedule:				
2014	**12,596**	7,202	**16,451**	13,756
2015	**6,667**	37	**13,488**	5,471
2016	**60**	22	**3,269**	3,513
2017	**34**	5	**1,186**	1,367
Total	**19,357**	7,266	**34,394**	24,107

(a) At June 30, 2013 financing raised from BNDES/Finame for the purchase of vehicles (trucks) at average interest rate of 6.171% and 4.430% p.a. plus TJLP was fully repaid.

(b) Advance on Export Contracts – ACE – These are funds to increase working capital of subsidiary Sama, raised in US dollars at average exchange rate of R$ 2.2150 and restated by the current exchange rate of R$ 2.2156 at June 30, 2013. The average PRIME lending rate is of 3.25% p.a. and, owing to the characteristics of the transaction; such advances mature within up to 360 days. The Company is guarantor of part of the ACE operations, the value of which at June 30, 2013, was R$ 45,162.

(c) At June 30, 2013 advances on foreign exchange contracts – ACC, which were obtained to increase working capital of subsidiary SAMA and maturing within 360 days, were settled with exports for the period.

(d) The Company raised Finimp 5 financing for the acquisition of machinery and equipment for operating activities at an interest rate of 2.94% p.a., referring to the PTAX US Dollar rate of 2.0464 and restated at the current rate of R$2.2156 at June 30, 2013 maturing within 24 months, with monthly amortization and payment of annual interest. At June 30, 2013, all obligations specified in the agreement were met.

(e) The Company raised Finimp 6 financing for the acquisition of machinery and equipment for operating activities at an interest rate of 2.936% p.a referring to the PTAX US Dollar rate of 1,9902 and restated at the current rate of R$ 2.2156 at June 30, 2013 maturing within 36 months, with monthly amortization and payment of annual interest. At June 30, 2013, all obligations specified in the agreement were met.

(In thousands of reais - R$, except when otherwise stated)

15. Provisions and social charges

	Company		Consolidated	
	6/30/13	12/31/12	6/30/13	12/31/12
13th monthly salary	**2,605**	-	**4,816**	-
Vacation accrual	**6,566**	6,699	**12,399**	12,291
Profit sharing (a)	**4,051**	4,680	**9,258**	14,388
Unemployment Compensation Fund - FGTS	**444**	537	**708**	995
INSS - Social security contribution tax	**1,897**	1,832	**3,269**	3,227
Private pension plan (b)	**3,566**	3,557	**3,749**	3,985
Syndicate contribution	**2**	5	**6**	52
Total	**19,131**	17,310	**34,205**	34,938

(a) Profit sharing

The Group grants profit sharing to its employees, which is calculated in accordance with the agreement entered into by Group companies with the Labor Union. Recorded profit sharing amounts are as follows:

	Profit sharing	
	6/30/13	6/30/12
Company	**3,810**	3,505
Consolidated	**7,925**	7,300

(b) Private pension plan

The Group offers a private pension plan to its employees, administered by a financial institution authorized to operate by the Central Bank of Brazil, independently from the Group. It is a pension plan deductible for income tax purposes (PGBL) for defined contributions. See details about this plan in Note 22.

16. Taxes, charges and contributions payable

	Company		Consolidated	
Current:	6/30/13	12/31/12	6/30/13	12/31/12
Income taxes				
Corporate Income Tax (IRPJ)	**-**	-	**8,072**	14,101
Social contribution tax on net profit (CSLL)	**-**	-	**2,139**	3,402
Other				
State Value Added Tax - ICMS	**5,813**	6,332	**8,975**	9,105
Industrialized Products Tax - IPI	**2,199**	2,138	**2,393**	2,367
Social Contribution Tax on Gross Revenue for Social Security Funds Tax	**1,070**	1,970	**3,036**	3,835
Social Integration Program Tax	**211**	358	**638**	764
Withholding Income Tax - IRRF	**1,386**	908	**1,797**	1,722
CFEM	**-**	-	**1,558**	1,358
Other	**168**	95	**363**	278
Total	**10,847**	11,801	**28,971**	36,932
Noncurrent:				
ICMS(*)	**9,006**	7,285	**9,991**	8,139

(*) ICMS deriving from the PRODUZIR and DESENVOLVE tax incentive programs related to the Company, and the FOMENTAR tax incentive program related to subsidiary Precon, as well as FUNDOPEM E PRODUZIR for the subsidiary Tégula.

(In thousands of reais - R$, except when otherwise stated)

17. Provision for future benefits to former employees

The Group, based on an actuarial report prepared by a specialized independent company, records a provision for future health benefits (health care and laboratory exams) to former employees. The assumptions adopted are reviewed and the calculations are made on an annual basis.

At June 30, 2013, the Group presented a provision for actuarial liability referring to this plan in the amount of R$20,739 and R$34,352 Company and consolidated respectively.

At June 30, 2013, the plan had 310 participants - Company and 527 - Consolidated.

a) Main actuarial assumptions used to determine benefit present value

	12/31/12
Actual actuarial annual interest rate	**3.5%**
Actual annual medical cost increase rate	**1%**
Annual projected inflation rate	**5.2%**
General mortality table	**GAM83**

b) Reconciliation of liabilities

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Book balance at the beginning of the period	**19,908**	21,137	**32,945**	29,273
Expense incurred in the period	**(966)**	(2,499)	**(1,770)**	(3,933)
Provision supplementation, interest and service cost for the period	**1,797**	1,270	**3,177**	7,605
Book balance at the end of the period	**20,739**	19,908	**34,352**	32,945
Current	**1,645**	1,645	**3,253**	2,926
Non-current	**19,094**	18,263	**31,099**	30,019
Total	**20,739**	19,908	**34,352**	32,945

(In thousands of reais - R$, except when otherwise stated)

18. Equity

a) Capital

At June 30, 2013, Company capital amounting to R$334,251 was divided into 89,500,000 common voting shares, with no par value and with voting rights during the general meeting deliberations, held as follows:

	6/30/13		12/31/12	
Shareholding structure	**Shareholders**	**Shares**	**Shareholders**	**Shares**
Individuals	**7,136**	**54,495,989**	6,745	54,404,983
Legal entities	**91**	**1,595,101**	91	1,752,168
Foreign individuals	**141**	**11,110,264**	131	9,732,774
Clubs, funds and foundations	**152**	**22,269,280**	177	23,580,709
Subtotal	**7,520**	**89,470,634**	7,144	89,470,634
Treasury shares	**-**	**29,366**		29,366
Total	**7,520**	**89,500,000**	7,144	89,500,000

b) Treasury shares

At June 30, 2013, the market value of treasury shares was R$ 278 (R$ 288 at December 31, 2012).

c) Earnings per share

In accordance with Standard IAS 33 (equivalent to Accounting Pronouncement CPC 41 – Earnings per Share) the following table reconciles net income to the amounts used to calculate basic and diluted earnings per share.

Company

	6/30/13	6/30/12
Effect of dilution		
Net income for the year attributable to nonminority shareholders	**48,613**	56,920
Weighted average number of outstanding common shares, deducting average number of common shares in treasury	**89,470**	89,470
Basic and diluted earnings per share - R$	**0.54**	0.64

No dilutive effect should be considered in the prior calculation.

(In thousands of reais - R$, except when otherwise stated)

18. Equity (Continued)

d) Dividends

Shareholders are assured of minimum mandatory dividend of 25% of net income for each year, after deducting profit allocation to legal reserve of 5% and to statutory reserve of 5%, as prescribed by Brazilian Corporation Law. In addition, remaining profit of profit reserves shall be fully distributed to shareholders.

The Company's charter allows dividend distribution based on annual, bi-annual or interim balance sheets.

Dividends proposed for the quarter ended June 30, 2013 were as follows:

Dividends

Event	Beginning of Payment	Total Value	Value per share (R$)
RCA (*) April 17, 2013	5/10/13	12,168	0.136
RCA (*) August 7, 2013	8/28/13	12,168	0.136

(*) BDM – Board of Directors' Meeting

e) Interest on equity

The Board of Directors may also decide about payment of interest on equity, on the terms of ruling legislation. Proposed interest on equity for the quarter ended June 30, 2013 was as follows:

Event	Beginning of Payment	Total Value	Value per share (R$)
BDM (*) April 17, 2013	5/10/13	5,726	0.064
BDM (*) August 7, 2013	8/28/13	5,726	0.064

(*) BDM – Board of Directors' Meeting.

Dividends and interest on equity payable

Dividends and interest on equity payable at June 30, 2013, and as under:

	Company and consolidated	
	6/30/2013	**12/31/2012**
Interest on equity	**4,867**	5,206
Dividends	**12,168**	12,162
Other - prior years	**815**	765
Total	**17,850**	18,133

18. Equity (Continued)

f) Retained earnings

In the quarters, the Company does not allocate profits, but only makes advances on dividends and interest on equity. Profit allocation takes place at year end.

19. Government subsidies

Tégula

a) *Investment subsidy- Goiás Industrial Development Program - Produzir*

State Decree No. 5265, dated July 31, 2000, created the Goiás Industrial Development Program - PRODUZIR, to promote the economic development of that state granting taxpayers ICMS incentives through a reduction of ICMS payable.

On May 21, 2007, Tégula Soluções para Telhados Ltda., formerly known as Lafarge Roofing Brasil Ltda., claimed the right to reduce the ICMS, as it had a branch located in the State of Goiás.

The benefit was granted as from 12/28/2007, by the Finance Department of the State of Goiás, through Special Tax Regime Agreement 223/07, when a 73% reduction in ICMS was recognized for Tégula Soluções Para Telhados on sales of goods produced by the unit established in the municipality of Anápolis/ GO, limited to R$6,875 with term to enjoy the benefit up to 12/31/2020.

In 2013, the value of the benefit totaled R$ 390. The benefit is treated as a subsidy for investment because the company benefits through reduction, refund or exemption from taxes due for the purpose of expanding its activities. Moreover, the goal of the PRODUZIR program is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of the Goiás state.

b) *Investment subsidy- Fundo Operação for companies in Rio Grande do Sul – FUNDOPEM/RS*

Law No. 11916/03, dated 2000, created the “Fundo Operação” for companies in the state of Rio Grande do Sul - FUNDOPEM/RS to promote economic development in that state. It grants ICMS taxpayer incentives in reducing the value of the ICMS payable.

19. Government subsidies (Continued)

Tégula (Continued)

b) *Investment subsidy- Fundo Operação for companies in Rio Grande do Sul – FUNDOPEM/RS* (Continued)

On May 27, 2008, Tégula Soluções para Telhados Ltda., formerly known as Lafarge Roofing Brasil Ltda., claimed the right to reduce the ICMS, as it had a branch located in the State of Goiás.

The benefit was granted as from 11/21/2008, by the State of Rio Grande do Sul Department of Development through Agreement No. 016/2008, allowing Tégula Soluções para Telhados Ltda. to enjoy the tax benefit to reduce ICMS calculated on sales of goods produced in the unit established in the municipality of Frederico Westphalen/RS, limited to the monthly amount of 79,614.52 UFIR (R$33) and a 66 month term.

In the period in 2013 the value of the benefit totaled R$ 73. The benefit is treated as a subsidy for investment because the company benefits through reduction, refund or exemption from taxes due for the purpose of expanding its activities. Moreover, the goal of the FUNDOPEM/RS program is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of the Rio Grande do Sul State.

c) *Invest Subsidy - Agência de Fomento Goias S/A company in the state of Goiás - FOMENTAR - Precon*

On January 26, 1990, Precon Goiás Industrial Ltda. claimed a benefit to reduce ICMS as it had a branch in the State of Goiás. The claim was granted by the State Finance Department of Goiás state through Special Tax Regime Agreement 227/07, when a 73% reduction in ICMS was recognized for Precon Goiás Industrial Ltda. on sales of goods produced by the unit established in the municipality of Anápolis/ GO, limited to R$7,417 up to 12/31/2015.

In the period in 2013 the value of the benefit totaled R$ 1,030. The benefit is treated as a subsidy for investment because the company benefits through reduction, refund or exemption from taxes due for the purpose of expanding its activities. Moreover, the goal of the FOMENTAR program is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of the Rio Grande do Sul State.

(In thousands of reais - R$, except when otherwise stated)

19. Government subsidies (Continued)

Tégula (Continued)

d) *Investment subsidy - SUDENE - Eternit*

The Brazilian tax regulations allow corporate owners of enterprises located in areas of the SUDENE, whose activities classify as part of the priority economic sector, by act of the Executive Branch, to claim reduction of income tax under these procedures, meeting the obligations and conditions set out in attachment II.

Decree No. 64214 of March 18, 1969, which regulates the provisions of Law No. 4239 of July 27, 1963, No. 4869, dated December 1965 and No. 5508 dated October 11, 1968, relates to administrative and financial incentives granted by SUDENE. The Certificate for Income Tax Reduction grants the right to a 75% reduction in income tax and non-refundable surtaxes based on Profit from Tax Incentive Operations ("lucro da exploração") in favor of Eternit S.A., based on Provisional Executive Order No. 2199-14, dated August 24, 2001, reworded under article 32 of Law No. 11196/2008, as amended by Decree No. 6674 of December 3, 2008, and also in accordance with the Tax Incentive Regulations, approved by Administrative Rule No. 2091-A of December 28, 2007.

In March 2011, Eternit S.A. obtained, through Certificate of Income Tax Reduction No. 0018/2011, the right to reduction of corporate income tax (IRPJ) and non-refundable surtaxes calculated on profit from tax incentive operations ("lucro de exploração") for being located in an area within SUDENE's jurisdiction.

20. Income and social contribution taxes

a) Reconciliation of income and social contribution tax expenses with nominal amounts

Reconciliation of Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) at effective and nominal rates is as follows:

	Company		Consolidated	
	6/30/13	**6/30/12**	**6/30/13**	**6/30/12**
Income before income and social contribution taxes	**47,840**	57,004	**66,963**	77,178
Nominal rate	**34%**	34%	**34%**	34%
Current income and social contribution statutory tax rates	**(16,266)**	(19,381)	**(22,767)**	(26,241)
IRPJ and CSLL effect on permanent differences:				
Equity pickup	**14,298**	15,166	**-**	-
Interest on equity	**2,933**	4,289	**3,894**	4,289
Bonuses to management		(408)		(923)
Donations and giveaways	**(52)**	(136)	**(345)**	(414)
Nondeductible taxes and fines	**(12)**	(14)	**(36)**	(62)
Tax incentive			**(82)**	
Other additions (exclusions) of temporary differences	**(128)**	400	**986**	3,093
Income and social contribution taxes in profit & loss	**773**	(84)	**(18,350)**	(20,258)
Effective rate	**1.62%**	-0.15%	**-27.4%**	-26.25%

(In thousands of reais - R$, except when otherwise stated)

20. Income and social contribution taxes (Continued)

b) Breakdown of deferred income and social contribution taxes

Deferred income and social contribution taxes presented in noncurrent assets refer to income and social contribution taxes on temporary differences in the determination of taxable income, income and social contribution tax losses, as follows:

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Income and social contribution tax losses	**5,647**	4,883	**15,318**	13,848
Future benefits to former employees	**5,661**	5,378	**10,289**	9,534
Provision for civil, tax and labor risks	**7,084**	7,703	**14,681**	17,379
Unrealized profits on inventories	**-**	-	**2,840**	2,626
Provision for losses on receivables	**-**	-	**906**	856
Provision for profit sharing	**1,377**	1,591	**2,623**	3,819
Provision for property, plant and equipment	**1,748**	1,815	**1,748**	1,815
Goods awaiting shipment	**-**	-	**1,245**	-
Other provisions	**(750)**	(1,376)	**4,379**	1,943
Total	**20,767**	19,994	**54,029**	51,820

Expected realization of tax credits

(i) *Income and social contribution tax losses*

Based on projected future taxable income of the Company and its subsidiary Tégula, expected recovery of the balance of deferred income and social contribution taxes calculated on income and social contribution tax losses and posted to noncurrent assets is as follows:

	Company	Consolidated
	6/30/13	**6/30/13**
2013	**719**	1,623
2014	**799**	2,273
2015	**1,018**	3,085
2016	**1,027**	3,181
2017 to 2022	**2,084**	5,156
Total	**5,647**	15,318

Recorded deferred tax assets are limited to the offset amount supported by projections of taxable income, discounted to present value, made by the Company and its subsidiary Tégula within the next ten years, further considering that offset of income and social contribution tax losses is limited to 30% of annual net income, determined in accordance with ruling Brazilian legislation, however, these may be carried indefinitely for offset against future taxable income.

(In thousands of reais - R$, except when otherwise stated)

20. Income and social contribution taxes (Continued)

b) Breakdown of deferred income and social contribution taxes (Continued)

Expected realization of tax credits (Continued)

(i) *Income and social contribution tax losses* (Continued)

At June 30, 2013, subsidiary Tégula had accumulated income tax loss of R$59,855 and social contribution tax loss of R$59,813, for which deferred taxes were not recorded up to June 30, 2013 since there were no projections of future taxable income confirming realization thereof.

(ii) *Temporary differences*

The balance in noncurrent assets related to deferred income and social contribution taxes calculated on temporary differences will be realized as follows:

	Company	Consolidated
	6/30/13	**6/30/13**
2013	**1,924**	4,656
2014	**2,039**	5,439
2015	**2,057**	4,460
2016	**2,569**	6,629
2017 to 2022	**6,531**	17,527
Total	**15,120**	38,711

Estimated realization of the balance of deferred taxes calculated on temporary differences, at June 30, 2013, may vary since many of them depend on judicial rulings that are beyond the Group's possible control and it is not possible to predict when a definitive ruling will be rendered.

The projections of future taxable income include various estimates regarding the performance of Brazilian and international economies, exchange rate fluctuations, sales volume, sales prices and tax rates, among others, that can vary in relation to actual data and amounts.

As the result of income and social contribution taxes depends not only on taxable income, but also on the existence of non-taxable income, non-deductible expenses and several other variables, there is no significant correlation between net income of the Group and the result of income and social contribution taxes.

(In thousands of reais - R$, except when otherwise stated)

21. Provision for civil, tax and labor risks

The Group is party to several civil, labor and tax proceedings that are pending judgment at different court levels.

The provision for risks was set up for proceedings assessed as involving probable loss, based on the analysis of the individual proceedings by the Group's legal counsel.

The Company's management believes that the provision for contingencies is sufficient to cover any losses from judicial proceedings, as shown below.

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Labor proceedings (i)	**17,760**	17,214	**26,486**	26,321
Tax proceedings (ii)	**5,596**	5,443	**26,255**	24,795
Provision for civil, tax and labor risks	**23,356**	22,657	**52,741**	51,116

(i) Main labor proceedings include:

a) Damages including pain and suffering and labor claims brought by former employees claiming (i) overtime (ii) night shift pay, (iii) hazardous working bonus (iv) severance pay among others.

(ii) Tax proceedings include:

a) Difference in ICMS amounts paid; and
b) Difference in rates paid for INSS.

Changes in the provision for civil, tax and labor risks are as follows:

	Company		
	Labor provision	**Tax provision**	**Provision for civil, tax and labor risks**
Balance at January 1, 2012	**13,997**	**6,088**	**20,085**
Additions	3,217	683	3,900
Reversals	-	(1,328)	(1,328)
Balance at December 31, 2012	**17,214**	**5,443**	**22,657**
Additions	687	297	984
Reversals	(141)	(144)	(285)
Balances at June 30, 2013	**17,760**	**5,596**	**23,356**

(In thousands of reais - R$, except when otherwise stated)

21. Provision for civil, tax and labor contingencies (Continued)

	Consolidated		
	Labor provision	Tax provision	Provision for civil, tax and labor risks
Balance at January 1, 2012	**24,933**	**21,912**	**46,845**
Additions	3,384	4,000	7,384
Reversals	(1,996)	(1,117)	(3,113)
Balance at December 31, 2012	**26,321**	**24,795**	**51,116**
Additions	688	1,604	2,292
Reversals	(523)	(144)	(667)
Balances at June 30, 2013	**26,486**	**26,255**	**52,741**

At June 30, 2013, there were the following proceedings posing a possible likelihood of loss as assessed by legal counsel:

(a) Public civil lawsuits against the Group over environmental and health matters brought by state and federal prosecutors of the state of Bahia, in Vitória da Conquista judicial district and a class action in Poções judicial district with the same objective as that of the public civil action mentioned above.

(b) Civil consumer action in the State of Rio de Janeiro and another in the State of Pernambuco, in order to prohibit the sale of products containing chrysotile mineral in those states. The action concerning the state of Rio de Janeiro was dismissed while that for Pernambuco was upheld. Both are pending appeal.The civil suit in the state of Rio de Janeiro the State court suspended the proceedings due to tis understanding that under the constitution it should be assessed after a Federal Supreme Court decision.

(c) Managerial Wrongdoing suit in which issues related to Financial Compensation for Exploration of Mineral Resources (CFEM) were discussed as well as an annulment action and a tax lien of the same nature.

(d) Civil action and a public interesting litigation, both related to the sale by the state of Goiás of an area of land where the residential facilities of the subsidiary Sama are located.

In addition, at June 30, 2013, there were other labor, civil and administrative claims against the Group for which legal counsel assessed the likelihood of loss as possible, amounting to R$8,102 consolidated (R$8,102 at December 31, 2012), therefore no provision was set up for these proceedings.

Alternatively, whenever required, the Group makes judicial deposits that are not linked to the provision for contingencies, under a specific heading in noncurrent assets.

21. Provision for civil, tax and labor contingencies (Continued)

e) Claims related to the use of the raw material "chrysotile" asbestos

Four state laws have been enacted (Rio de Janeiro, Rio Grande do Sul, São Paulo and Pernambuco) which restricted the use of asbestos, which are being contested through direct actions of unconstitutionality (ADIs) before the Supreme Court. Article 2 of Federal Law No. 9055/1995 is also being contested also through ADIs. These ADIs against the proposed state laws are awaiting decision on merit. It is important to stress that the laws passed by the states of Mato Grosso against asbestos have not yet been sanctioned.

Through injunctions, the laws in the states of Rio de Janeiro and Rio Grande do Sul have been suspended. Regarding Law No. 12684/2007 in the State of São Paulo, the Company states that on June 4, 2008, the plenary session of the Supreme Court overturned the injunction granted on December 20, 2007, against said law. It is important to stress that a decision on the merits of this action is still pending, therefore the ban has not yet become definitive. The law prevailing in Rio Grande do Sul state, in its turn, was challenged in two suits, as follows: (i) suit deemed founded at state level by way of a final unappealable decision whereby the sale of asbestos-based products was authorized under Law No. 9055/95; (ii) suit deemed unfounded at federal level, since that court accepted the claim that the law is unconstitutional, in a decision not yet final, awaiting an appeal to be lodged against it.

On October 31, 2012, judgment of merit of direct action of unconstitutionality (ADI) No. 3357, against Rio Grande do Sul State Law No. 11643/2001, which prohibits production and sale of asbestos products in that State, as well as of ADI No. 3937, against São Paulo State Law No. 12684, of July 26, 2007, which prohibits the use in the State of São Paulo of products, materials or devices containing any type of asbestos.

The eminent Justice Ayres Britto, chief justice of the STF, began the trial pronouncing his vote for the constitutionality of state laws of São Paulo and Rio Grande do Sul States, while the eminent Justice Marco Aurelio rendered his vote for the unconstitutionality of the state laws. After the vote of Justice Marco Aurelio, the STF chief justice suspended the session.

(In thousands of reais - R$, except when otherwise stated)

21. Provision for civil, tax and labor contingencies (Continued)

We clarify that beginning of judgment of merit of the ADIs took place after exhaustive discussion of a scientific nature in Brazilian society, through a public hearing held by the Supreme Court on August 24 and 31, 2012, led by Justice Marco Aurélio and attended by Justices Ricardo Lewandowski and Rosa Weber.

The public hearing was conducted to evaluate the use of "chrysotile" asbestos from a medical and scientific standpoint given its importance to Brazil.

The matter is pending and there is no estimate as to when STF will conclude judgment thereof.

22. Private pension plan

The Group has a private pension plan with a duly authorized private pension entity. The plan's main purpose is of supplementing pension benefits granted by government to employees and executives. The plan is for defined contributions and deductible for income tax purposes (PGBL) and offered to all employees and officers. Contributions are made by the Group and participants, following predetermined progressive contribution percentages.

In the six month periods ended June 30, 2013 and 2012, the Company and its participants made contributions providing funding for the cost of benefit plans, as follows:

	Company		Consolidated	
	6/30/13	6/30/12	6/30/13	6/30/12
Contributions made in the six-month period:	**1,532**	1,504	**1,979**	1,863

(In thousands of reais - R$, except when otherwise stated)

23. Net operating revenue

	Company		Consolidated	
	6/30/13	6/30/12	6/30/13	6/30/12
Gross revenue from sales	**325,052**	297,740	**579,129**	545,205
Unconditional discounts and rebates	**(1,728)**	(1,704)	**(1,802)**	(1,723)
Sales taxes	**(83,374)**	(77,063)	**(124,564)**	(122,213)
Net operating revenue	**239,950**	218,973	**452,763**	421,269

24. Information about the nature of expenses

The Group presented the income statement using a classification of expenses based on the nature thereof. Information on the nature of these expenses recognized in the income statement is as follows:

	Company		Consolidated	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Cost of products and goods sold	**(174,774)**	(153,290)	**(269,289)**	(235,313)
Selling expenses	**(28,501)**	(26,527)	**(56,208)**	(52,858)
General and administrative expenses	**(27,115)**	(23,680)	**(54,018)**	(50,240)
	(230,390)	(203,497)	**(379,515)**	(338,411)
Raw material used	**(120,735)**	(107,224)	**(191,442)**	(162,776)
(-) Present value adjustment	**1,022**	258	**1,179**	340
Expenses with personnel and social charges	**(52,721)**	(47,291)	**(81,612)**	(74,078)
Materials, electrical energy and services	**(15,458)**	(13,370)	**(21,176)**	(20,019)
Variable sales expenses	**(6,578)**	(2,121)	**(20,633)**	(19,519)
Depreciation and amortization	**(5,517)**	(6,012)	**(17,685)**	(13,059)
Third-party services	**(9,553)**	(6,724)	**(21,469)**	(19,034)
Sales commissions	**(5,446)**	(4,331)	**(9,711)**	(8,496)
Trade association dues	**(838)**	(821)	**(903)**	(1,829)
Advertising and publicity	**(3,657)**	(3,854)	**(4,541)**	(4,638)
Taxes and charges	**(1,043)**	(567)	**(1,286)**	(460)
Other	**(9,866)**	(11,440)	**(10,236)**	(14,843)
	(230,390)	(203,497)	**(379,515)**	(338,411)

(In thousands of reais - R$, except when otherwise stated)

25. Other operating income (expenses) net

	Company		Consolidated	
	6/30/13	6/30/12	6/30/13	6/30/12
Other operating revenue				
Fixed asset disposals	**337**	100	**399**	164
Occasional revenues	**410**	917	**1,088**	1,464
Dividends and interest on equity	**60**	-	**60**	-
Previously unused credit	**564**	-	**564**	-
Other sales	**-**	-	**-**	517
Rentals	**-**	-	**1,496**	922
Bahia's "DESENVOLVE" Program (a)	**-**	641	**-**	641
	1,371	1,658	**3,607**	3,708
Other operating expenses:				
Provision for civil, tax and labor risks	**-**	(514)	**-**	(514)
Provision for future benefits to former employees	**(1,797)**	(1,422)	**(3,177)**	(2,387)
Taxes on other sales	**(17)**	(10)	**(358)**	(325)
Quality control	**(325)**	(293)	**(425)**	(430)
Replace of defective products	**(264)**	(109)	**(264)**	(109)
Expenses arising from labor and civil proceedings	**(168)**	(512)	**(205)**	(1,675)
Cost of fixed asset disposals	**(287)**	(58)	**(302)**	(284)
Other	**(860)**	(372)	**(1,650)**	(1,126)
	(3,718)	(3,290)	**(6,381)**	(6,850)
Total	**(2,347)**	(1,632)	**(2,774)**	(3,142)

(a) The Program for Industrial Development and Economic Integration of the Bahia State - DESENVOLVE intends to provide incentives to industrial and agribusiness activities in the region as well as integration of the productive chains that are essential to the economic and social development and the generation of jobs and income in the state.

26. Financial income (expenses)

	Company		Consolidated	
	6/30/13	6/30/12	6/30/13	6/30/12
Financial income:				
Short-term investment yield - including bank deposit certificates	**1,383**	2,141	**2,347**	3,812
Discounts obtained	**46**	144	**77**	196
Interest receivable	**2,923**	1,908	**4,546**	4,144
Positive monetary variation	**344**	414	**355**	406
Foreign exchange gains	**609**	596	**11,860**	13,732
Desenvolve Bahia	**-**	1,469	**-**	1,469
Other financial income	**2**	154	**2**	1,425
	5,307	6,826	**19,187**	25,184

(In thousands of reais - R$, except when otherwise stated)

26. Financial income (expenses) (Continued)

	Company		Consolidated	
	6/30/13	6/30/12	6/30/13	6/30/12
Financial expenses:				
Interest on financing	**(348)**	(174)	**(648)**	(904)
Interest on intercompany loans	**(932)**	(1,171)	**-**	-
Interest payable	**(1,063)**	(435)	**(3,008)**	(1,256)
Bank charges	**(480)**	(285)	**(594)**	(455)
Discounts granted	**(513)**	(556)	**(1,148)**	(827)
IOF	**(144)**	(125)	**(256)**	(322)
PIS and COFINS - Interest on equity	**(260)**	(375)	**(260)**	(375)
Foreign exchange losses	**(1,855)**	(678)	**(12,378)**	(14,803)
Monetary variation	**(985)**	(903)	**(2,363)**	(1,164)
Other	**(152)**	(65)	**(301)**	(1,079)
	(6,732)	(4,767)	**(20,956)**	(21,185)
Net financial income	**(1,425)**	2,059	**(1,769)**	3,999

27. Segment reporting

The Company carried out the segmentation of its operating structure, taking into consideration the financial information presented internally and used for assessing business and senior management decision making based on requirements established in CPC 22 (IFRS8).

Based on available information of its segments, products and regions, senior management monitors the operating results of the business units separately to make decisions about the allocation of funds and to assess performance.

The operating segments defined by senior management are as follows:

Company and Consolidated	
Description	**Geographic area**
Fiber cement	Southeast, South, Midwest, North and Northeast
Chrysotile	Domestic and foreign markets
Concrete roof tiles	Domestic market
Other	Domestic market

- Fiber-cement Includes production and sale of roof tiles, water tanks and supplementary parts.
- Chrysotile Includes chrysotile ore mining and sale.
- Concrete roof tiles: Includes production and sale of concrete roof tile.
- Other include production and sale of components for construction systems, polyethylene water tanks, synthetic marble and resale of sanitary wares, sanitary seats, filters for water pipes, solar water heaters, metallic roof tiles and metal fittings.

(In thousands of reais - R$, except when otherwise stated)

27. Segment reporting (Continued)

a) Revenues and results from reportable segments

		Consolidated			
		Net revenue		Gross profit	
		6/30/13	6/30/12	6/30/13	6/30/12
Fiber cement	Southeast	**48,029**	46,003	**12,915**	13,832
	South	**60,225**	52,252	**16,367**	15,711
	Midwest	**80,471**	73,873	**24,911**	22,679
	North and northeast	**42,001**	38,626	**11,383**	11,614
		230,726	210,754	**65,576**	63,836
Chrysotile	Domestic market	**77,299**	62,369	**53,296**	56,705
	Foreign market	**69,253**	73,868	**41,346**	40,719
		146,552	136,237	**94,642**	97,424
Concrete roof tiles	Domestic market	**36,184**	37,133	**13,886**	15,510
Other	Domestic market	**39,301**	37,145	**9,370**	9,186
Net revenue		**452,763**	421,269	**-**	-
Gross profit		**-**	-	**183,474**	185,956

(*) Components for construction systems, metallic roof tiles, polyethylene water tanks, sanitary wares, filters and synthetic marble.

Expenses and revenues	6/30/13	6/30/12
Fiber cement		
Selling expenses:		
Southeast	**(5,527)**	(5,391)
South	**(6,931)**	(6,123)
Midwest	**(9,260)**	(8,657)
North and northeast	**(4,833)**	(4,526)
Total	**(26,551)**	(24,697)
General, administrative expenses and financial result:		
Southeast	**(5,069)**	(4,603)
South	**(6,356)**	(5,228)
Midwest	**(8,493)**	(7,391)
North and northeast	**(4,433)**	(3,865)
Total	**(24,351)**	(21,087)
Other revenues and expenses:		
Southeast	**(270)**	(284)
South	**(338)**	(323)
Midwest	**(452)**	(456)
North and northeast	**(236)**	(239)
Total	**(1,296)**	(1,302)

(In thousands of reais - R$, except when otherwise stated)

27. Segment reporting (Continued)

a) Revenues and results from reportable segments (Continued)

Expenses and revenues	**6/30/13**	**6/30/12**
Chrysotile		
Selling expenses:		
Domestic market	**(9,836)**	(8,321)
Foreign market	**(8,813)**	(9,856)
Total	**(18,649)**	(18,177)
General, administrative expenses and financial result:		
Domestic market	**(10,583)**	(9,220)
Foreign market	**(9,482)**	(10,921)
Total	**(20,065)**	(20,141)
Other expenses		
Domestic market	**(972)**	(1,033)
Foreign market	**(871)**	(1,223)
Total	**(1,843)**	(2,256)
Concrete roof tiles		
Selling expenses	**(6,485)**	(5,629)
General, administrative expenses and financial result:	**(7,223)**	(7,833)
Other income	**586**	645
Total	**(13,122)**	(12,817)
Other		
Selling expenses	**(4,524)**	(4,353)
General, administrative expenses and financial result:	**(4,148)**	(3,717)
Other income	**(1,962)**	(231)
Total	**(10,634)**	(8,301)
Total expenses	**(116,511)**	(108,778)
Pretax income	**66,963**	77,178

Sales between related parties

The chrysotile sold to the fiber cement and synthetic fiber segments amounted to R$35,359 in the period ended June 30, 2013 (R$38,157 at June 30, 2012).

(In thousands of reais - R$, except when otherwise stated)

27. Segment reporting (Continued)

b) Assets and liabilities from reportable segments

		Consolidated			
		Assets		Liabilities	
		6/30/13	12/31/12	**6/30/13**	12/31/12
Fiber cement	Southeast	**239,298**	229,543	**41,981**	39,849
	South	**60,606**	51,727	**55,290**	45,911
	Midwest	**66,200**	64,816	**58,194**	54,212
	North and northeast	**27,248**	26,058	**31,559**	27,243
		393,352	372,144	**187,024**	167,215
Chrysotile		**267,946**	272,495	**96,680**	110,676
Concrete roof tiles		**102,337**	98,921	**29,679**	26,955
Other goods		**56,242**	52,843	**28,552**	25,740
Other account balances		**14,419**	13,717	**-**	-
		834,296	810,120	**341,935**	330,586

c) Other information about reportable segments

		Consolidated	
		Depreciation, amortization and depletion	
		6/30/13	**6/30/12**
Fiber cement and synthetic fiber cement	Southeast	**1,229**	1,222
	South	**1,951**	2,045
	Midwest	**1,085**	1,011
	North and northeast	**894**	1,134
		5,159	5,412
Chrysotile		**8,789**	4,052
Concrete roof tiles		**2,833**	2,603
Other		**904**	992
Total		**17,685**	13,059

		Consolidated	
		Additions to property and equipment and intangible assets	
		6/30/13	**6/30/12**
Fiber cement	Southeast	**3,797**	1,574
	South	**6,459**	358
	Midwest	**5,821**	1,614
	North and northeast	**2,380**	398
		18,457	3,944
Chrysotile		**6,774**	13,365
Concrete roof tiles		**4,242**	2,775
Other		**2,781**	473
Total		**32,254**	20,557

28. Insurance coverage

The Company has insurance coverage at an amount considered sufficient by management to cover any losses, considering the nature of its activities, risks involved in its operations and guidance from its insurance advisors. Insurance taken out by the Group at June 30, 2013, against insurance risks is stated as follows:

Type	Insured items	Insurance coverage
Engineering and operational risks, general civil liability and loss of profits	Buildings, installations, equipment and other	R$267,987

29. Financial instruments

29.1. Financial instruments

a) Identification and valuation of financial instruments

The Group operates with several financial instruments, particularly short-term investments, trade accounts receivable, trade accounts payable and loans.

The amounts recorded in current assets and current liabilities are readily redeemable or mature within short term, mostly in periods of less than three months. Considering the term and characteristics of these instruments, which are systematically renegotiated, the carrying amounts approximate their fair values.

Management of these financial instruments is carried out through policies, definition of strategies and establishment of control systems, properly monitored by Group management in order to maximize business profitability for shareholders, as well as establish proper balance between equity and debt.

Financial assets were classified as follows:

(i) *Financial assets measured at fair value through P&L*

These are financial assets held for trading, when they are acquired for this purpose, especially in the short term, and are measured at fair value at the balance sheet date, with changes recognized in income. This group includes cash and cash equivalents, trade accounts receivable and other accounts receivable.

29. Financial instruments (Continued)

29.1. Financial instruments (Continued)

a) Identification and valuation of financial instruments (Continued)

(ii) *Financial assets held to maturity*

These comprise investments in certain financial assets classified at the moment they are taken out, to be held to maturity, which are measured at amortized cost using the method of effective interest rate. This group includes Advances on Foreign Exchange Contracts - ACC and Advances on Export Contracts – ACE.

(iii) *Financial assets available for sale*

When applicable these include non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables; (b) investments held to maturity; or (c) financial assets at fair value through profit or loss.

Short-term investments are comprised of investment funds that are classified as available for sale. After initial recognition these are measured at fair value and recognized in income statements upon realization thereof. The effects of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains or losses on monetary assets are posted directly to the income statement for the year.

(iv) *Loans and receivables*

This classification includes nonderivative financial assets with fixed or determinable receipts, which are not quoted in an active market.

They are recorded in current assets, excepting those maturing within more than 12 months after the date of interim financial information, which are classified as noncurrent assets.

Financial liabilities were classified as follows:

i) *Financial liabilities measured at fair value through P&L*

These are classified at fair value through profit or loss when held for trading or designated at fair value through profit or loss.

29. Financial instruments (Continued)

29.1. Financial instruments (Continued)

a) <u>Identification and valuation of financial instruments</u> (Continued)

(iv) *Loans and receivables* (Continued)

ii) *<u>Other financial liabilities</u>*

These are measured at amortized cost using the effective interest rate method. At June 30, 2013, in the case of the Group, these comprise loans and financing (Note 14) and balances payable to foreign and domestic suppliers (Note 13).

b) <u>Fair value</u>

The book value of the Group's financial assets and financial liabilities may vary. Fair value represents the amount for which the asset/liability may be exchanged in a current transaction between well informed and willing parties.

The Company uses the following hierarchy to determine and disclose the fair value of financial assets and liabilities through valuation techniques:

Level 1: measurement is made with calculations based on assets / liabilities quoted in the market, without adjustment.

Level 2: measurement is made with techniques where data with significant effect on the fair value is quoted in markets, directly or indirectly.

Level 3: measurement is made with techniques where data with significant effect on the fair value is quoted in markets, directly or indirectly.

The Company adopted the following assumptions for calculation based on the hierarchy:

(i) Cash equivalents, trade accounts receivable, trade accounts payable and other short-term obligations have no difference between book value and fair value ("market value").

(ii) Suppliers, loans and financing and related parties have no difference between book value and amortized cost.

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.1. Financial instruments (Continued)

b) Fair value (Continued)

	Company			
	6/30/13		12/31/12	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	1,536	1,536	3,852	3,852
Short-term investments	16,636	16,636	48,612	48,612
Total	18,172	18,172	52,464	52,464

	Company			
	6/30/13		12/31/12	
	Book value	Amortized cost	Book value	Amortized cost
Financial liabilities:				
Carried at amortized cost:				
Loans and financing	21,265	21,265	8,785	8,785
Total	21,265	21,265	8,785	8,785

	Consolidated			
	6/30/13		12/31/12	
	Book value	Fair value/ amortized cost	Book value	Fair value/ amortized cost
Financial assets				
Cash and cash equivalents	6,556	6,556	16,656	16,656
Short-term investments	49,515	49,515	78,930	78,930
Eletrobras shares	1,389	1,389	1,389	1,389
Total	57,459	57,459	96,975	96,975
Financial liabilities:				
Carried at amortized cost:				
Loans and financing	89,953	89,953	79,946	79,946
Total	89,953	89,953	79,946	79,946

	Assets and liabilities stated at fair value			
	Company			
	6/30/13	Level 1	Level 2	Level 3
Cash and cash equivalents	1,536	1,536	-	-
Short-term investments	16,636	16,636	-	-
Loans and financing	(21,265)	(21,265)	-	-

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.1. Financial instruments (Continued)

b) Fair value (Continued)

	Assets and liabilities stated at fair value			
	Consolidated			
	6/30/13	Level 1	Level 2	Level 3
Cash and cash equivalents	**6,556**	6,556	-	-
Short-term investments	**49,515**	49,515	-	-
ACE	**(45,162)**	(45,162)	-	-
Loans and financing	**(44,791)**	(44,791)	-	-

In the quarter ended June 30, 2013, there was no transfer between Level I and Level II valuations of fair value or transfer between Level III and Level II.

29.2. Financial risk management

The Group's main financial liabilities, other than derivatives, refer to loans, trade accounts payable and payables to related parties. The main purpose of these financial liabilities is to raise funds for the Group's operations. The Group also has trade accounts receivable, demand deposits and short-term investments that result directly from its operations. The Company is exposed to market, credit and liquidity risk.

Market risk is the risk that the fair value of future cash flows of a given financial instrument fluctuate due to variation in market prices. Market risk includes two types of risk in the Group’s case: a) Foreign exchange risk and b) interest rate risk

a) Foreign exchange risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments fluctuates due to variations in market interest rates. The Company's exposure to risk of variation in foreign exchange, mainly refers to its operating activities particularly related to the contracting of advances on export contracts namely Advances on Foreign Exchange Contracts - ACC and Advances on Export Contracts – ACE, in US Dollars. (Note 14 a and b).

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.2. Financial risk management (Continued)

a) Foreign exchange risk (Continued)

At June 30, 2013 the main groups of accounts linked to foreign exchange and mainly indexed to the US Dollar, related to the Sama subsidiary are as follows:

	Consolidated		Quotation at 6/30/13
	6/30/13	12/31/12	(US$1,00 = R$1,00)
Foreign market customers	**57,808**	61,228	2.22
Foreign market suppliers	**(15,590)**	(8,492)	2.22
ACE	**(45,162)**	(26,319)	2.22
ACC	**-**	(20,429)	2.22
Financing (USD)	**(25,080)**	(8,125)	2.22
Financing (EUR)	**(1,073)**	(313)	2.88
Other	**-**	(140)	2.22
Total foreign exchange exposure	**(29,097)**	(2,590)	

a1) *Sensitivity analysis*

In order to measure the economic impact of exchange variation on the Group's financial instruments, two scenarios were considered in relation to the exchange rate at June 30, 2013. As provided for by CVM Ruling No. 475/08, the Group conducted a sensitivity analysis using the probable scenario, and Scenario I considering 25% increase and Scenario II considering 50% increase. See table below.

				Rate depreciation		Rate appreciation	
Balances (foreign currency) consolidated	Risk	USD rate (*)	Position at 6/30/2013	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
USD				1.11%	1.66%	2.77%	3.32%
Foreign market customers	USD	2.22	57,808	28,904	43,356	72,261	86,713
Foreign market suppliers	USD	2.22	(15,590)	(7,795)	(11,693)	(19,488)	(23,385)
ACE	USD	2.22	(45,162)	(22,581)	(33,872)	(56,453)	(67,744)
Financing	USD	2.22	(25,080)	(12,540)	(18,810)	(31,350)	(37,621)
EUR				1.44%	2.16%	3.6%	4.32%
Financing	EUR	2.88	(1,073)	(537)	(805)	(1,341)	(1,610)
Total			**(29,097)**	**(14,549)**	**(21,824)**	**(36,371)**	**(43,647)**

(*) US Dollar and Euro rates taken from the Central Bank of Brazil (BACEN) website on June 30, 2013.

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.2. Financial risk management (Continued)

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments fluctuates due to variations in market interest rates.

The Group's management adopts the policy of determining its exposure to floating interest rates of assets and liabilities. Short-term investments are adjusted by the CDI and loans and financing are subject to Long-term Interest Rate - TJLP, CDI and fixed rates, as contractually agreed with financial institutions.

The Group's exposure to interest rate related to assets and liabilities is as follows:

	Company		Consolidated	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Assets:				
Short-term investments (Cash equivalents)	**-**	2,051	**3,792**	13,071
Short-term investments	**16,636**	48,612	**49,514**	78,930
Liabilities:				
ACE	**-**	-	**(45,162)**	(26,319)
ACC	**-**	-	**-**	(20,429)
Loans and financing	**(21,265)**	(8,785)	**(44,791)**	(33,198)
Total interest rate exposure	**(4,269)**	41,878	**(36,647)**	12,055

The Group's management believes that there is low risk of large fluctuations in CDI and TJLP in the next 12 months, taking into account the stability allowed by the current monetary policy adopted by the Federal Government, as well as the history of increases in the base interest rate in Brazilian economy in recent years. Thus, it has not taken out derivatives to provide hedge against this risk.

The table below sets out the net economic impact of increases in the interest rate curve used in the Group's financial instruments by 25% (Scenario I) and 50% (Scenario II), in addition to the probable scenario, which corresponds to maintenance of current interest rate.

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.2. Financial risk management (Continued)

b) Interest rate risk (Continued)

			Financial income projections – One year				
				Risk reduction		Risk increase	
Short-term investments - Consolidated	**Index**	**Position at 6/30/2013**	**Probable scenario**	**Scenario I (-50%)**	**Scenario II (-25%)**	**Scenario III (+25%)**	**ScenarioV (+50%)**
CDI			**7.41%**	**3.71%**	**5.56%**	**9.26%**	**11.12%**
Short-term investments (Cash equivalents)	CDI	3,792	4,073	3,932	4,003	4,143	4,213
Short-term investments	CDI	49,515	53,184	51,349	52,266	54,101	55,018

			Rate depreciation		Rate appreciation	
Loans and financing - Consolidated	**Interest rate Average rate**	**Position at 03.31.2013**	**Scenario I (-50%)**	**Scenario II (-25%)**	**Scenario III (+25%)**	**Scenario IV (+50%)**
USD	**3.29%**		**-1.65%**	**-2.47%**	**4.12%**	**4.94%**
Finimp 2	4.40%	(1,192)	(746)	(523)	(2,307)	(2,530)
Finimp 3	3.48%	(5,074)	(2,673)	(1,472)	(11,076)	(12,276)
Finimp 4	2.84%	(2,588)	(1,087)	(337)	(6,339)	(7,089)
Finimp 5	2.94%	(5,101)	(2,247)	(821)	(12,234)	(13,661)
Finimp 6	2.94%	(6,538)	(2,871)	(1,037)	(15,707)	(17,540)
Finimp Itaú Tégula	3.25%	(4,589)	(2,264)	(1,101)	(10,402)	(11,565)
EUR						
Finimp BB Tégula	3.25%	(342)	(169)	(82)	(775)	(862)
Finimp Bradesco Tégula	3.25%	(730)	(359)	(175)	(1,657)	(1,843)
		(26,153)	**(12,416)**	**(5,548)**	**(60,497)**	**(67,366)**

c) Credit risk

Trade accounts receivable

Customer credit risk is managed by the Group on a daily basis, also such risk is mitigated by the fact that sales are made to a large number of customers and also managed through a strict credit rating process. The result from this credit risk management process is reflected in the “Provision for impairment of accounts receivable”, as shown in Note 6.

No Group’s customer represents more than 5% of the balance of total trade accounts receivable at June 30, 2013 (1.5% at December 31, 2012).

(In thousands of reais - R$, except when otherwise stated)

29. Financial instruments (Continued)

29.2. Financial risk management (Continued)

c) Credit risk (Continued)

Demand deposits and short-term investments

The Group is also subject to credit risk related to financial instruments taken out for business management purposes. The Group's management considers that there is low risk of non-settlement of transactions in financial institutions in Brazil.

d) Liquidity risk

Liquidity risk refers to any circumstance in which the Company does not have sufficient funds to settle commitments due to different currencies and realization/liquidity terms of its rights and obligations.

The Company's liquidity and cash flow is monitored on a daily basis by management in order to ensure that the generation of operating cash and early fund raising, when necessary, are sufficient to maintain their schedule of commitments, not generating liquidity risks to the Group.

e) Capital management

The main objective of the Group's capital management is to ensure that it maintains a strong credit rating and a problem-free capital structure in order to support its business and maximize value for shareholders.

Management may adjust capital of the Group in accordance with its strategy, seeking the best capital structure and adjusting it to current economic conditions. For the period ended June 30, 2013, there were no changes in the Company's objectives, policies or capital structure processes. The Group includes within its net debt structure loans, financing less cash and cash equivalents.

	Company		Consolidated	
	Leverage		Leverage	
	6/30/13	**12/31/12**	**6/30/13**	**12/31/12**
Loans and financing	**21,265**	8,785	**89,953**	79,946
(-) Cash and cash equivalents	**(1,536)**	(3,852)	**(6,556)**	(16,656)
Net debt	**19,729**	4,933	**83,397**	63,290
Equity	**492,345**	479,520	**492,361**	479,520
Net debt and equity	**472,616**	474,587	**408,964**	416,230

(In thousands of reais - R$, except when otherwise stated)

30. Environment and mineral resources

Environment

The mining industry in Brazil is subject to governmental controls to avoid potential risks to the environment, resulting from mineral extraction.

Decree No. 97632/89 requires mining projects, detailing environmental restoration programs and the impact on the environment. Subsidiary Sama implements the Plan for Restoration of Degraded Areas - PRAD, which was approved and includes the schedule for "restoration of degraded mining areas", after mineral resources depletion.

Following the PRAD plan, Sama is able to extract and process chrysotile ore. According to the initial project, the extraction and processing of chrysotile ore will end in the year 2042, when the project for dismantlement, indemnification and restoration of degraded areas will be implemented.

Subsidiary, Sama, records expected environment restoration cash outlays, at fair value, using the following criteria:

	6/30/13	**12/31/12**
Discount rate	**7.25% p.a.**	7.54% p.a.
Long-term inflation rate	**3.51% p.a.**	5.2% p.a.

Present value of expected cash outlays	**6/30/13**	**12/31/12**
2042	**3,191**	3,082
2043	**2,739**	2,645
2044	**1,420**	1,371
2045 to 2049	**1,143**	1,103
Total	**8,493**	8,201

Under the PRAD plan, environmental restoration in degraded mining sites will occur between 2042 and 2049.

The total expense recognized with environmental restoration of degraded mining sites during the six-month period was R$292 (R$144 at 6/30/2102), calculated based on the current production of chrysotile.

(In thousands of reais - R$, except when otherwise stated)

30. Environment and mineral resources (Continued)

Mineral resources (not reviewed)

Details on mineral resources of the Group (chrysotile asbestos), which are mined and processed by the subsidiary Sama, are as follows:

Description	6/30/13	12/31/12
Mineral resources	**8,314,179 t**	8,462,643 t
Production in period	**148,465 t**	304,568 t
Mine estimated useful life	**29 years**	30 years

General Scenario and Markets

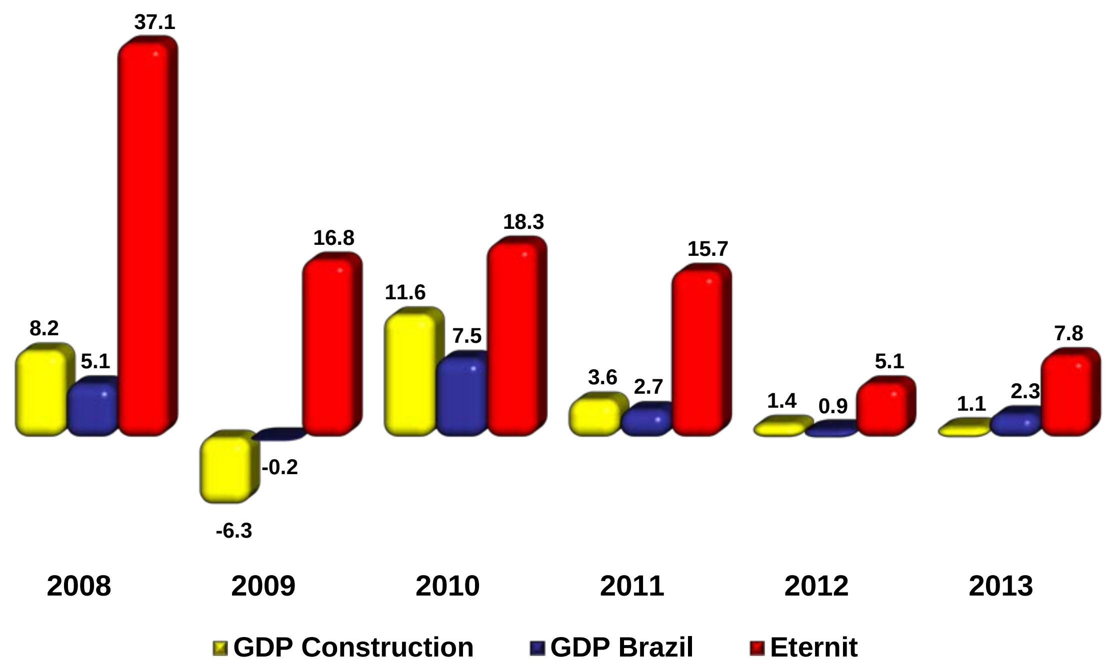
On the international front, since 2012, risks to global financial stability have remained high, principally during the ongoing process of de-leveraging in the main economic blocks and the exposure of international banks to the sovereign debt of countries with a fiscal imbalance. In this context, despite attributing a low probability of extreme events occurring in international financial markets, the Committee of Brazilian Central Bank (BACEN) is of the opinion that the international scenario will remain complex.

Continuing on the international front, in general terms, prospects for global economic activity remain unaltered. All the evidence is pointing to growth rates in the mature economies that are low, and below potential, despite signs of recovery in the major economies. This scenario, according to the figures published by Brazilian Central Bank (BACEN), assumes a GDP growth forecast of 2.3% (lower than the estimate that was being cited in the first quarter of the year) and a GDP growth of 1.1% for the building sector for 2013.

According to the Brazilian Construction Materials Industry (ABRAMAT), sales of construction material in the first half of 2013 saw an increase of 3.7% compared to the same period the previous year, below the forecast of 4.5% in 2013. Performance was also better than in the previous quarter.

Expectations for the next few months are for continuing positive results compared to 2012, but in order for expectations to be met this will depend on further government stimulus for the construction sector, continuing stability in terms of family incomes and employment levels, and some speeding-up in the rate at which infrastructure works are carried out, such as highways, ports and airports, in the second half of the year, as well as the availability of credit.

GDP Brazil x GDP Construction x Gross Revenue (Consolidated) Eternit (%)



Source: BACEN - GDP growth forecasts for Brazil and the Construction Sector for 2013.
The growth in Eternit's consolidated gross revenue compares the period accumulated from January to June 2013, with the same accumulated period in 2012, deflated by the IGP-M index.

Continuing works as part of government programs, such as the *Minha Casa Minha Vida* (my house, my life), the increase in the sales of construction materials related to the infrastructure programs mentioned above, as well as the faster rate of investment in the mega-sporting events – the 2014 World Cup and the 2016 Olympic Games – and the additional works required by them, all indicate good prospects for the next few years and favourable to the construction sector, of which Eternit is a part, in addition to the creation of jobs, the distribution of income as a result of these works, and the stimulus being offered by private and public-sector commercial banks for the purchase of construction materials - all of which have a positive impact on the growth in demand for products in our portfolio.

Operational and Financial Aspects

Despite the fact that the second quarter of the year is seasonally the period of weaker demand for the Company, performance was better than that for the construction materials sector as a whole. Current annual production capacity is around 300,000 tons at the chrysotile asbestos mining operation, 1 million tons of fiber-cement manufacturing capacity, and 10 million square meters for concrete tiles.

Global demand for chrysotile asbestos remained stable during the second quarter of 2013, which led Eternit to maintain its strategy of running its mining operation at full capacity. In its line of finished products, production accompanied demand, with a capacity utilization rate of approximately 90% for the fiber-cement operations and 50% for the concrete tile operations.

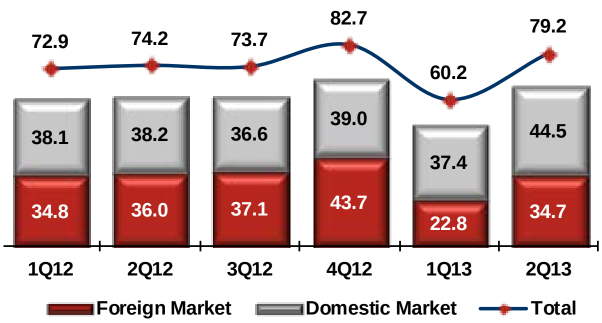
Sales

Chrysotile Asbestos

Sales volume of chrysotile asbestos in 2Q13 amounted to 79,200 tons, up 6.7% compared to the second quarter in 2012. Of particular note was the domestic market, where sales were up 16.5% as a result of the increase in demand for roofing materials, which compensated for the retraction of 3.6% seen in the export markets, compared to 2Q12.

In the first half of 2013, sales amounted to 139,400 tons, down 5.2% compared to 1H12, as a consequence of shipments not carried out in the period, due to logistics complications. Compared to the first half in 2012, sales to the domestic market were up 7.4%, as a result of the aspects commented on the above, while exports were down 18.8%, this being partially compensated for by sales to the domestic market.

Sales of Chrysotile Mineral (thous. Tons.)*

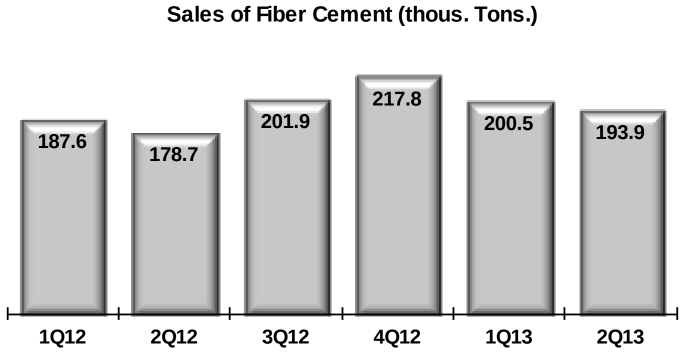


(*) The chrysotile asbestos sales volume shown includes inter-company sales, which represented 36.1% of the sales volume to the domestic market in 2Q13.

Fiber-cement

Fiber-cement sales volume, including components for construction systems, amounted to 193,900 tons in 2Q13, up 8.6% compared to that reported in 2Q12, due to the increase in demand for construction materials, despite the fact that this period is normally seasonally weaker.

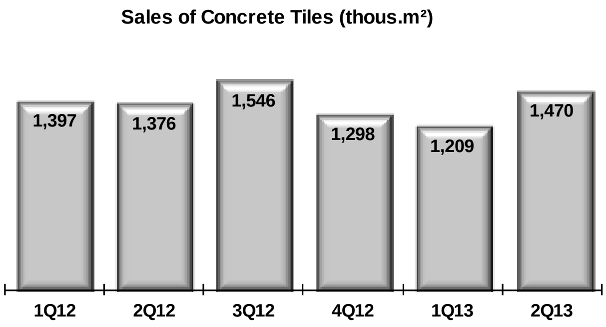
In the first six months of 2013, sales came to a total of 394,400 tons, 7.7% higher than in the same period a year earlier, as commented on previously.



Concrete Tiles

In 2Q13, sales of concrete tiles amounted to a total of 1,470,000 square meters, up 6.8% compared to the second quarter in 2012, as a result of Tégula's new strategy of also making its products available through construction materials stores.

In the first half of 2013, sales volume amounted to 2,679,000 square meters, 3.4% less than in 1H12, as a consequence of the retraction in demand seen in the first quarter of the year. Tégula has a portfolio available of 33 product lines, the majority of which are concrete tiles.



Other Products

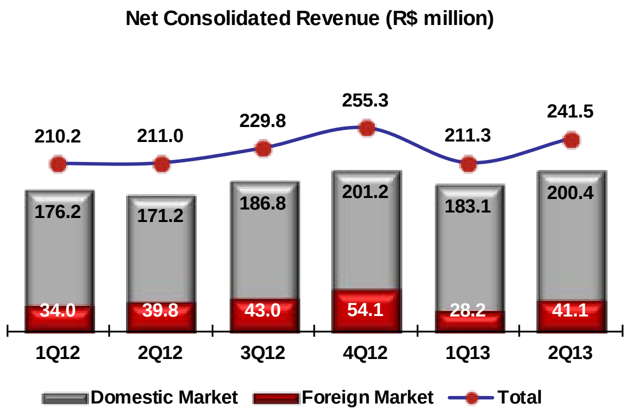
Bathroom chinaware products are playing an increasingly important role in the portfolio of the Company, which is making preparations to start up operations at its plant in the state of Ceará. In only four years in the bathroom chinaware segment Eternit has already attained a leading position in the segment, having even overtaken a number of traditional players.

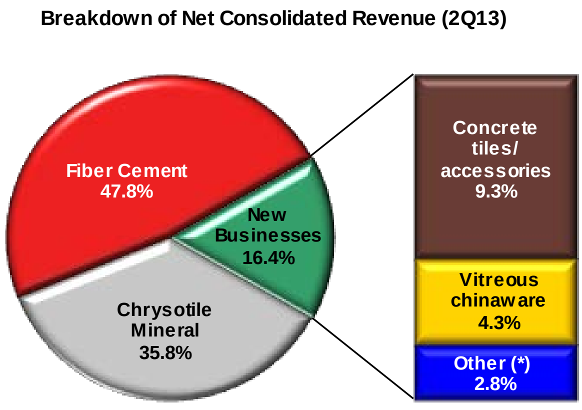
Other products sold, although on a lower scale, are metal bathroom fittings, lavatory seats, metal tiles, among others.

Net Consolidated Revenue

Consolidated net revenue in 2Q13 amounted to R$ 241.5 million, up 14.4% compared to the same period in 2012, due to the good performance of the domestic market.

Revenue from the domestic market, which includes finished products and chrysotile asbestos, came to a total of R$ 200.4 million in 2Q13, up 17.0%, due to satisfactory sales policy and higher sales volume. In export markets, net revenue grew by 3.4% compared to 2Q12, principally because of the increase in price and the appreciation in the US dollar against Brazilian real.





(*) Others: metal tiles, polyethylene water tanks, lavatory seats, metal bathroom fittings, synthetic marble, water pipe filters and components for construction systems.

Comparing 2Q13 and 2Q12, performance by product line showed an increase of 21.1% in revenue from chrysotile asbestos, 12.8% from fiber-cement and 3.5% from Tégula's concrete tiles and accessories, amounting to R$ 86.4 million, R$ 115.5 billion and R$ 22.4 million respectively, as a function of the aspects commented on previously.

Sales of other products (metal tiles, polyethylene water tanks, bathroom chinaware, lavatory seats, metal bathroom fittings, synthetic marble, water pipe filters and components for construction systems) amounted to a total of R$ 17.2 million in 2Q13, up 9.9% compared to 2Q12. The bathroom chinaware segment performed best, responsible for 4.3% of Consolidated net revenue, the result of efficient logistics and the strength of Eternit's brand name, both of which are differentials which assist the Company in the diversification of its portfolio.

In the first half of 2013, net revenue came to R$ 452.8 million, up 7.5% compared to the same period in 2012. The good performance was due to sales in the domestic market, which came to a total R$ 383.5 million, up 10.4% compared to 1H12, due to an increase in demand for construction materials and a satisfactory sales policy. Sales to the export market came to R$ 69.3 million, down 6.2% compared to the same period a year earlier, as a result of volumes unshipped due to logistics complications, which were compensated for by price increases and the appreciation in the US dollar.

On a comparison between 1H13 and 1H12, revenue from chrysotile asbestos totalled R$ 146.6 million, up 7.6% due to the increase in sales in the domestic market and the appreciation of 8.9% in the US dollar against the Brazilian real, (comparing the average “ptax” rate in the first half of 2013 and 2012). Taking the same comparison period, sales in the fiber-cement segment showed an increase of 9.5%, coming to a total of R$ 230.7 million, while sales of concrete tiles, including the line of associated accessories, showed a drop of 4.3%, amounting to R$ 41.4 million, as commented on earlier.

Sales of the Company's line of other products were up 9.9% to R$ 34.1 million, of particular note being bathroom chinaware, which was responsible for 4.3% of consolidated net revenue, in addition to the increase in the sales of construction systems, and the Company's entry into the metal bathroom fittings.

Costs of Extraction, Production and Products Sold

The consolidated cost of products sold totalled R$ 142.6 million in 2Q13, up 19.7% compared to 2Q12, as a result of the increase in the cost of asbestos extraction and production. As a result of the rise in the consolidated cost of products sold being higher than the increase in consolidated net revenue in 2Q13, gross margin amounted to 41%, a narrowing of 3 percentage points compared to 2Q12.

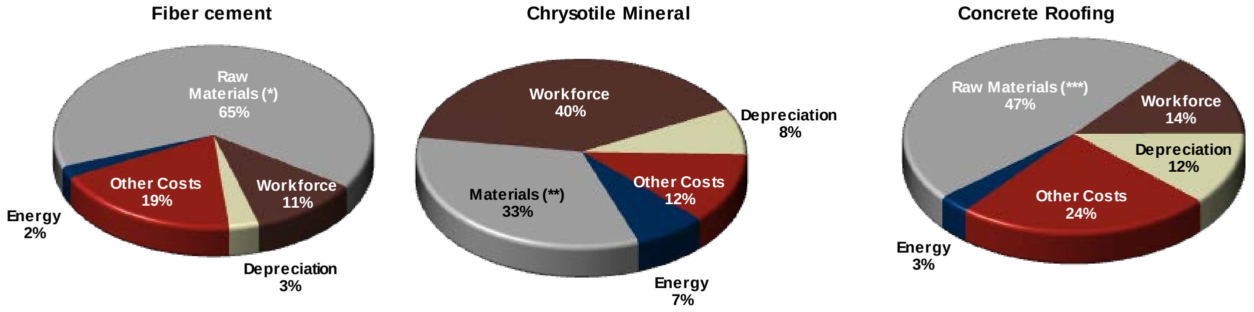
The variations in the cost of mineral extraction and production are shown below:

Chrysotile asbestos mining: up 7%, basically due to the higher consumption of materials (inputs), and the maintenance and depreciation of trucks, machinery and equipment.

Fiber-cement: increase of 3%, due to the increase in the price of raw materials (principally cement and reinforcement fibres), packaging, and the higher maintenance costs for the industrial park.

Concrete tiles: increase of 7% due to the rise in the price of raw materials (principally cement and varnish), and higher depreciation costs following the modernisation of the industrial park.

Breakdown of Cost of Goods Sold (2Q13)



(*) Raw materials: cement (47%), chrysotile asbestos (41%) and others (12%).
(**) Materials: fuel, explosives, packaging, among others.
(***) Raw materials: cement (54%), sand (28%) and others (18%).

In the first half of 2013, the consolidated cost of goods sold (COGS) totalled R$ 269.3 million, an increase of 14.4% compared to the figure recorded in the first half of 2012. As a consequence, gross margin narrowed by 3 percentage points compared to the same period a year earlier, ending 1H13 at 41%.

Operational Expenses

Operational expenses in 2Q13 remained practically stable (reduction of 0.7%) compared to the same period a year earlier, of particular note being:

Sales expenses: up 8.0%, due to higher commission expenses, as a consequence of the increase in sales volume and marketing campaigns to leverage sales of bathroom chinaware and metal bathroom fittings.

General and administrative expenses: reduction of 7.3% as a function of seasonal decrease of expenditure on defending the Company's activities, which had the effect of neutralising the rise in payroll expenditure as a result of a collective wage increase agreement.

Other operational revenues (expenses): retraction of 20.0% as a result of contingency provisions, which were booked in 2Q12, in accordance with an analysis carried out of the probability of court cases being won or lost.

In R$ '000	2nd Quarter			Accum.6 Months		
	2013	2012	Chg. %	2013	2012	Chg. %
Selling expenses	(29,542)	(27,351)	8.0	(56,208)	(52,858)	6.3
General and administrative expenses	(28,294)	(30,532)	(7.3)	(54,018)	(57,540)	(6.1)
Other operating revenues (expenses), net	(1,391)	(1,739)	(20.0)	(2,774)	(3,142)	(11.7)
Total operating expenses	**(59,227)**	**(59,622)**	**(0.7)**	**(113,000)**	**(113,540)**	**(0.5)**
Chg. % of consolidated net revenues	**24.5%**	**28.3%**		**25.0%**	**27.0%**	

In the first half of 2013, operational expenses totalled R$ 113.0 million, practically stable compared to 1H12.

The negative equity income result is a consequence of the expenses involved in the setting up of the bathroom chinaware plant in the state of Ceará, a joint-venture between the Eternit Group and the Corona Organization, the Colombian multi-national.

The net financial result was a negative R$ 1.6 million in the second quarter of 2013, while the result in 2Q12 was a positive R$ 2.3 million, as a function of:

Financial expenses: positive variation of 5.0% due to higher interest on the financing of machinery, trucks and equipment, monetary correction applied to the contingency provision balances, and exchange rate variation as a consequence of the increase in the exchange rate.

Financial revenues: negative variation of 23.9% as a result of lower returns from financial applications due to the reduction in the level of cash and equivalents held and lower gains resulting from variation in the foreign exchange rate.

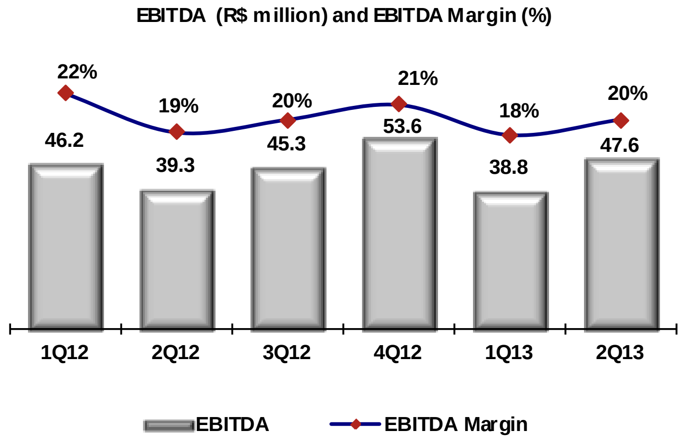
In R$ '000	2nd Quarter			Accum.6 Months		
	2013	2012	Chg. %	2013	2012	Chg. %
Financial expenses	(12,129)	(11,546)	5.0	(20,956)	(20,423)	2.6
Financial income	10,570	13,891	(23.9)	19,187	25,185	(23.8)
Net financial result	**(1,559)**	**2,345**	**(166.5)**	**(1,769)**	**4,762**	**(137.1)**

In the first six months of 2013, the next financial result was a negative R$ 1.8 million, compared to a positive figure of R$ 4.8 million in 1H12, due to the aspects commented on above.

EBITDA

Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) totalled R$ 47.6 million in 2Q13, 21.3% higher than in 2Q12. This good performance was due to better control over operational expenses, which represented 24.5% of consolidated net revenue, compared to 28.3% in 2Q12, a reduction of 3.8 percentage points. EBITDA margin showed an increase of 1 percentage point, ending 2Q13 at 20%.

In the first half of 2013, EBITDA totalled R$ 86.4 million, an increase of 1.1%, with an EBITDA margin of 19%, narrow of 1 percentage point compared to 1H12.



Reconciliation of Consolidated EBITDA - (R$'000)	2nd Quarter			Accum. 6 Months		
	2013	2012	% Chg.	2013	2012	% Chg.
Net income	**27,140**	**27,013**	**0.5**	**48,613**	**56,920**	**(14.6)**
Income tax and social contributions	10,069	7,658	31.5	18,350	20,258	(9.4)
Net Financial Income	1,559	(2,345)	(166.5)	1,769	(4,762)	(137.2)
Depreciation and amortization	8,828	6,916	27.6	17,685	13,059	35.4
EBITDA	**47,596**	**39,242**	**21.3**	**86,417**	**85,475**	**1.1**

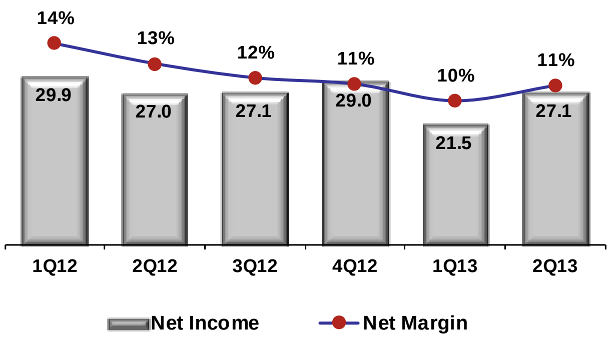
The calculation of EBITDA is in accordance with CVM Instruction No. 527 of October 4, 2012.

Net Earnings

Eternit reported net earnings of R$ 27.1 million in 2Q13, practically unchanged compared to 2Q12, as a function of the negative net financial result and the expenses of setting up the new bathroom chinaware plant in the State of Ceará. As a consequence, net margin showed a retraction of 2 percentage points, ending the second quarter of 2013 at 11%.

In 1H13, net earnings totalled R$ 48.6 million, with a net margin of 11%, compared to R$ 56.9 million, and a net margin of 14% in 1H12.

Net Income (R$ million) and Net Margin (%)



Indebtedness

The company ended 2Q13 with a net debt of R$ 33.9 million. In June 2013, the gross debt of Eternit and its subsidiaries came to a total of R$ 90.0 million, basically as a function of (i) a function of advances on export contracts (ACE), raised in US dollars at an average exchange rate of R$ 2.2150 and corrected to the current rate of R$ 2.2156, as at June 30, 2013 at an average funding cost of 3.25% a year (PRIME rate) and (ii) financing of the machinery and equipment of subsidiary SAMA for its operations financed through FINIMP (import financing) raised in US dollars at an average exchange rate of R$ 1.9902 e R$ 2.0464 and corrected by the current rate of R$ 2.2156 as at June 30, 2013, with interest added of 2.936% a year.

Cash, cash equivalents and short-term financial applications of R$ 56.0 million, with financial applications being remunerated at an average of variation 103% in the CDI rate (Interbank Deposit Certificate).

DEBT	Parent Company		Consolidated	
	06/30/13	12/31/12	06/30/13	12/31/12
Gross debt	21,265	8,785	89,953	79,946
Cash and cash equivalents	(1,536)	(3,852)	(6,556)	(16,656)
Short-term investments (same cash equivalents)	(16,636)	(48,612)	(49,515)	(78,930)
Net Debt	**3,093**	**(43,679)**	**33,882**	**(15,640)**

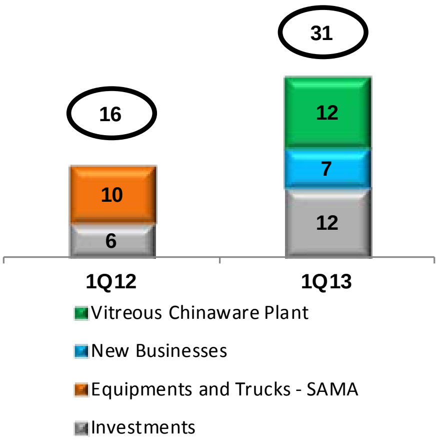
It should be emphasized that the Company does not have leveraged operations with derivatives of any type, which could be interpreted as speculative positions.

Investments

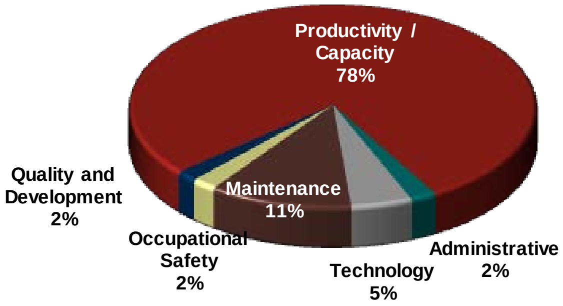
The investments of Eternit at its subsidiaries, in 2Q13, totalled R$ 30.5 million, an increase of 94.5% compared to the second quarter of 2012. Funds were allocated, in the main, to the construction of the new bathroom chinaware plant, via a capital injection into Companhia Sulamericana de Cerâmica (CSC), in the state of Ceará, the setting up of a unit for research, development and production of inputs for construction materials, in the state of Amazonas and updating of the Group's industrial park.

In the first half of 2013, investments totalled R$ 48.3 million, an increase of 134.8% compared to the same period a year earlier, being (i) R$ 16.0 million in the construction of the bathroom chinaware plant; (ii) R$ 11.5 million in the setting up of the unit for research, development and production of inputs for construction materials and (iii) R$ 20.8 million for the maintenance and updating of the industrial park.

Consolidated Investments (R$´000)



Investments Distribution (2Q13)



In line with its Structured Plan for Expansion and Diversification, the focus of the Company's investment continues to be on productivity, with the construction of its first bathroom chinaware plant, at the multi-product unit, under construction in the Port of Pecém, in the state of Ceará and in the installation of the unit for research, development and production of inputs for construction materials, in the city of Manaus, Amazonas.

Works on the bathroom chinaware plant are scheduled for completion in December 2013, with investment in assets of approximately R$ 100 million, 60% of which will be raised by Companhia Sulamericana de Cerâmica from public-sector banks, with around 40% coming from its own resources, in the proportion of joint-venture shareholding split, of 60% for the Eternit Group and 40% for the Corona Organization.

The setting up of the Eternit Group's 13th unit will be over the short and medium term, with planned investment of approximately R$ 40 million, for which the Company will use funding from third parties on a preferential basis.

The investment budget for 2013 is approximately R$ 94 million, with R$ 46.4 million to be spent on the maintenance and updating of the industrial park; R$ 16 million in the form of capital injections for the new bathroom chinaware plant and R$ 31.6 million for new businesses.

It is worth pointing out that the funding from the private-sector banks that will be allocated to the bathroom chinaware plant has not been computed in the capital expenditure forecast for 2013, due to its joint-venture status.

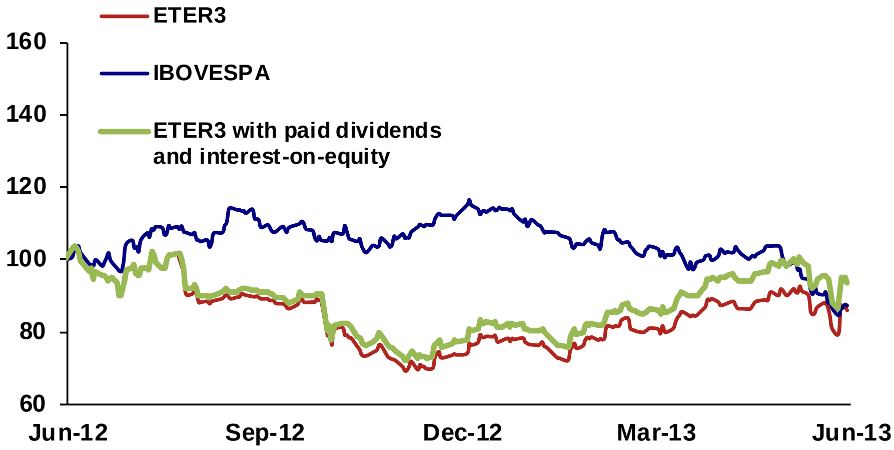
Capital Markets

Eternit has had its shares are listed on the stock exchange since 1948, and since 2006 the shares have been traded on the Novo Mercado, the section of BM&FBOVESPA with the highest level of corporate governance, under the ticker code ETER3. The Company also has had a Level I ADR program (*American Depositary Receipts*), since May 2010, enabling its shares to be traded on the secondary, or over-the-counter market, in the United States, under the ticker code ETNTY.

The shares of Eternit (ETER3) were being quoted at R$ 9.45 in June 2013, showing a depreciation of 14.0% compared to June 2012. At the end of June 2013, the Bovespa Index closed at 47,457 points, a depreciation of 12.7%, compared to the same period in 2012. As at June 30, 2013, Eternit's market capitalisation amounted to R$ 845.8 million.

Capital Markets					
ETERNIT (ETER3)	2Q12	3Q12	4Q12	1Q13	2Q13
Closing Price (R$/Share) - Without dividends	10.99	9.80	8.10	8.91	9.45
Average Volume Traded (Shares)	169,439	117,354	146,497	95,939	139,741
Average Volume Traded (R$)	1,679,921	1,206,071	1,273,847	818,932	1,326,183
ETER3 - Quarterly Profitability (%)	-	-10.8	-17.3	10.0	6.1
ETER3 - 12 Months Profitability (%)	-	18.8	-9.0	-3.6	-14.0
IBOVESPA - Quarterly Profitability (%)	-	8.9	3.0	-7.5	-15.8
IBOVESPA - 12 Months Profitability (%)	-	11.1	7.4	-12.6	-12.7
Market Capitalization (R$ Million)	983.6	877.1	725.0	797.4	845.8

Performance of ETER3 Share vs. Ibovespa Index (Basis: 100) - R$/ShareCapital



Source: Economática

In the second quarter of 2013, Eternit's shareholding base showed a high concentration of private individual shareholders, of 60.9%, with 26.7% consisting of corporate investors, investment clubs, investment funds and foundations, and 12.4% consisting of foreign investors.

Dividends and Interest-on-Equity

Eternit continues to be one of the listed companies in Brazil with the highest rate of return to its shareholders, being one of the few companies to reconcile growth with the distribution of dividends. In 2013, Eternit's dividend yield amounted to 7.4%, with a total amount distributed to shareholders of R$ 53.7 million.

Payment of dividends and interest-on-equity has traditionally always taken place on a quarterly basis. As a result of this practice, there is a large percentage of private individual shareholders in Eternit's shareholding base.

Dividends Distribution (2011 to 2013)				
Approval Date	**Type**	**Payment Start Date**	**Total Value R$ 000**	**Value per Share (R$)**
2011				
12/08/10 (*)	BDM	03/25/11	5,637	0.063
03/02/11 (*)	BDM	03/25/11	21,204	0.237
04/27/11	BDM	05/20/11	5,905	0.066
04/27/11	BDM	05/20/11	9,305	0.104
08/03/11	BDM	08/24/11	5,905	0.066
08/03/11	BDM	08/24/11	11,989	0.134
10/26/11	BDM	11/18/11	5,905	0.066
10/26/11	BDM	11/18/11	14,673	0.164
Total		**-**	**80,523**	**0.900**
Closing Price		**-**	-	**12.00**
Dividend Yield		-	-	**7.5%**
2012				
12/07/11 (*)	BDM	03/28/12	5,905	0.066
03/07/12 (*)	BDM	03/28/12	11,989	0.134
04/25/12	BDM	05/17/12	5,905	0.066
04/25/12	BDM	05/17/12	11,989	0.134
08/08/12	BDM	08/29/12	6,710	0.075
08/08/12	BDM	08/29/12	11,184	0.125
10/24/12	BDM	11/14/12	5,726	0.064
10/24/12	BDM	11/14/12	12,168	0.136
Total		**-**	**71,576**	**0.800**
Closing Price		**-**	-	**8.90**
Dividend Yield		-	-	**9.0%**
2013				
12/12/12 (*)	BDM	03/26/13	5,726	0.064
03/06/13 (*)	BDM	03/26/13	12,168	0.136
04/17/13	BDM	05/10/13	5,726	0.064
04/17/13	BDM	05/10/13	12,168	0.136
08/07/13	BDM	08/28/13	5,726	0.064
08/07/13	BDM	08/28/13	12,168	0.136
Total		**-**	**53,682**	**0.600**
Closing Price		**-**	-	**8.10**
Dividend Yield		-	-	**7.4%**

(*) Recording in the accounts for the preceding fiscal year.

Definition:

Dividend yield = dividend return: this is the result of dividing the amount distributed (dividends + interest-on-equity) per share, distributed during the year (payment base date), by the closing share price at the end of the previous year.

Payout = is the percentage of earnings distributed by the Company to its shareholders in the form of dividends or interest-on-equity.

Socio-environmental and Corporate Responsibility

Open Doors Program

In November 2004 Eternit launched its Open Doors Program, with the objective of contributing to the greater understanding by society of the extraction and processing of chrysotile asbestos, the manufacturer of fiber-cement products in a sustainable manner, and health and safety practices. The program consists of visits by the public to the five fiber-cement units in the Group – Anápolis (GO), Colombo (PR), Goiânia (GO), Rio de Janeiro (RJ) and Simões Filho (BA) as well as the mining company SAMA, located in Minaçu, in the north of the state of Goiás. Since its introduction the program, considered to be one of the most comprehensive in the market, has received more than 58,000 visitors.

In order to schedule a visit, please check which is the unit closest to you and send a message to the e-mail address contained on Eternit's website (www.eternit.com.br/portasabertas).

Renovation of the Global Compact

The Company has been a signatory of the United Nations Global Compact since 2007, and in May this year renewed its commitment to the UN, this Compact having the objective of mobilising the international business community in the adoption, as part of its business practices, of fundamental and internationally accepted values in the areas of human rights, labour relations, the environment and the combat of corruption.

Positioning with respect to the legal question of Chrysotile Mineral (chrysotile asbestos)

The Company wishes to make clear that the extraction, industrialization, use, sale and transport of chrysotile asbestos and products which contain it, are all regulated by Federal Law No. 9055/95 – Decree No. 2350/97 and the Regulatory Standards of the Minister for Labor and Employment. Therefore the responsibility for legislation falls to the Federal Union, in accordance with all constitutional concepts.

In 2001, the first laws against asbestos were introduced in Brazil. Law No. 10,813 of 2001 in the state of São Paulo and Law No. 2210 in the state of Mato Grosso do Sul. Both were ruled upon by the Federal Supreme Court (STF), following allegations of being unconstitutional (ADI) Noº 2656 and No. 2396, and declared unconstitutional due to the fact that they encroached on the powers of the Union.

Currently, there are four sanctioned state laws in existence (Rio de Janeiro, Rio Grande do Sul, São Paulo and Pernambuco) restricting the use of asbestos, that are currently being discussed through ADIs (direct allegation of unconstitutionality) before the Supreme Court (STF), as well as calling into question, also via ADI, Article 2 of Federal Law No. 9055 of 1995. The ADIs proposed against the state laws are awaiting judgment on merit. It is worth pointing out that the state of Mato Grosso has approved law against the use of asbestos, which has yet to be sanctioned.

As a result of an injunction, the law in the state of Rio de Janeiro has been suspended. With regard to Law No. 12,684/2007 in the state of São Paulo, the Company wishes to make it clear that on June 4, a session of the Supreme Court revoked the injunction granted on December 20, 2007, against the said law. It is important to point out that the merit of this case has yet to be ruled on, being therefore sub judice, **so therefore prohibition has yet to become definitive**. Meanwhile, the law in the state of Rio Grande do Sul is being contested in two instances: (i) at the state level being ruled as having merit, in a definitive decision, authorising the sale of asbestos-based products, under the terms of law No. 9.055/95; (ii) at the federal level, being ruled as groundless, with the judge not accepting the request for unconstitutionality of the law, which has yet to become definitive.

A new Bill against chrysotile asbestos is currently before the Legislative Assembly of the State of Minas Gerais (ALMG), Bill 1.259/11, which prohibits the use of products, materials or artefacts which contain any type of asbestos, the progress of which is being monitored by the Brazilian Chrysotile Institute (IBC).

On 10/31/12 the Supreme Court began its judgment on the merits of ADI 3357 questioning State Law No. 11,643/2001 of the state of Rio Grande do Sul, which prohibits the production and sale of asbestos-based products, within the jurisdiction of that member state and ADI No. 3937 questioning State Law No. 12,684/2007, of the State of São Paulo, which prohibits the use, in the State of São Paulo, of products, materials or artifacts that contain any type of asbestos.

Minister Ayres Britto, and President of the Supreme Court (on the date in question), began the judgment process, voting in favor of the constitutionality of the state laws of São Paulo and Rio Grande do Sul, while Minister Marco Aurélio Mello voted for the unconstitutionality of these laws. Following the vote by Minister Marco Aurélio Mello, the President of the Supreme Court suspended proceedings.

The Company points out that the start of judgment on the merits of the ADIs is taking place after exhaustive debates of a scientific nature with Brazilian society, through a public audience conducted by the Supreme Court, on August 24 and 31, 2012, conducted by Minister Marco Aurélio Mello, which also had the eminent presence of Ministers Ricardo Lewandowski and Rosa Weber.

The objective of the public hearing was to evaluate the use of chrysotile asbestos from a medical-scientific view-point, given its importance for Brazil.

This matter is currently pending, with no date as yet being set for being re-entered on the Supreme Court's agenda for the judgment's conclusion. More information on this is available on website www.stf.jus.br

Research related to the use of asbestos

The use of fiber-cement products, water tanks and roofing tiles that contain chrysotile asbestos do not constitute a risk to the health of the population. **No case has ever been registered in Brazil of any**

inhabitant that has developed a disease as a result of living in one of the more than 25 million homes that use fiber-cement roofing tiles containing asbestos. This fact has been proven through national research, carried out by a renowned medical team with links to Brazil's main universities, project and final report from which was approved by the National Council for Scientific and Technological Development - CNPq, available on the following website links http://www.sectec.go.gov.br/portal/ – www.crisotilabrasil.org.br – www.eternit.com.br/ir

There has been no instance of any asbestos-related disease involving respiratory dysfunction among employees joining the mining company in the last 30 years or at the fiber-cement plants in the Eternit Group.

At the behest of FIESP (Industrial Federation of the State of São Paulo) the Getulio Vargas Foundation (FGV) conducted a study on the role of asbestos-based products in the construction chain. This study had the aim of ascertaining the importance of chrysotile-based products in the construction industry, both from an income and employment perspective, as well as the role they play in the competitive make-up and price formation for the sector. The full research document can be found on the following website link: http://www.fiesp.com.br/indices-pesquisas-e-publicacoes/o-papel-dos-produtos-de-amianto-na-cadeia-da-construcao-civil-aspectos-relevantes-da-dimensao-economica-da-cadeia-dos-produtos-de-amianto/.

In view of this scenario, Eternit reaffirms its conviction that its products are safe for the population and that the sustainable management of its various units does not constitute a risk to the health of its employees. Furthermore, it believes that the Federal Supreme Court will consider the scientific and technical information in its judgment on the merit of this issue, not giving way to pressure groups favoring the banning of chrysotile asbestos based only on the European experience, where another type of asbestos was used (asbestos in the amphibole group - blue and brown asbestos) without the necessary precautions being taken, principally for jet applications.

Recognitions

The various awards received over the last seven decades, since the Company's foundation, demonstrate that the Company takes what it does for its stakeholders seriously. Below is a list of the awards from one in the second quarter of 2013:

Listed company awards – Category B – awarded by APIMEC (National Association of Capital Market Analysts and Investment Professionals), **for the second year running**, Eternit was outstanding in the category of companies with annual net consolidated revenue of up to R$3 billion, and which hold at least three regional public APIMEC meetings a year.

Best IR for individual investors – the Company's Investor Relations program, **for the third year running**, was elected as the best in Brazil for private individual investors in the small & mid cap category (annual net consolidated revenue of up to R$3 billion), by IR Magazine Awards Brazil 2013.

Best companies to work for in 2013 – Latin America – SAMA was elected as the seventh best company to work for in Latin America, by the Great Place to Work (GPTW), in the category of companies with more than 500 employees which is comprised of the 25 best companies in the issue of credibility, respect, fairness, pride and camaraderie.

Best companies to work for in the Midwest – SAMA and Precon Goiás were elected “Best Companies to work for in the Center-West” by the Great Place to Work (GPTW). SAMA came 2nd and Precon Goiás came 6th place, according to the ranking published by GPTW Consulting.

Top of Mind – Revenda Construção – Eternit was elected **Top of Mind – Revenda Construção**, in the fiber-cement tile category, receiving the Ruy Ohtake trophy. Organised by Quinta Essência Pesquisas & Inteligência de Mercado and Grupo Revenda, the awards recognise those companies most active in the construction materials sector throughout the Country.

Top best 100 companies in IDHO – Eternit and SAMA were awarded as being among the 100 best companies in IDHO – Human Organizational Development Index, by the magazine Gestão and RH.

Outlook

The GDP growth estimate for 2013 is for 2.3%, and takes into account the low growth prospects as well as the uncertainties about future developments in the global economy in addition to assuming a moderate rate of economic recovery in the major emerging economies, such as countries in Latin America and Asia.

For the Brazilian government, the Construction Industry is of strategic importance for economic growth and the generation of jobs and incomes across the Country. The Federal Government has significantly expanded its investment in housing, basic sanitation and infrastructure, because to invest in construction provides incentive for a sector which contributes greatly to the development of the Brazilian economy. This scenario is likely to be repeated over the next few years and for 2013 the GDP growth forecast for the construction industry is 1.1%, according to Brazilian Central Bank

For the construction materials sector ABRAMAT, the Brazilian Construction Materials Industry Association, is forecasting year-on-year sales growth of 4.5% for 2013, which represents a growth rate of 3.7% for the first half of 2013, compared to the same period in 2012. ABRAMAT's forecast for the next few months indicates continuing positive results, compared to the previous year, which will depend on new government stimulus packages for the sector, as well as the maintaining of income and employment levels, and the availability of credit;

According to a report from ANAMACO, the National Association of Construction Material Merchants, Brazil has approximately 57.8 million permanent homes with 77% requiring some type of remodeling or expansion. Currently, poor housing is one of the great indicators of social inequality, as well as having a negative influence on the health, education, productivity and well-being of those living in such conditions, so there is significant pent-up demand to deal with the needs of the population.

The housing deficit, estimated at 5.5 million homes, consists of families that occupy houses that are in a precarious situation, who are overburdened with rent, with an excessive density of population living in cramped conditions in a rented housing, and housing holding more than one family group with the intention of each family group subsequently obtaining their own homes. These needs, together with the various others in the sector, such as remodeling and extensions, **represent a concentration of self-managed construction projects**, because 90.2% of the housing deficit is concentrated among families earning up to 3 minimum salaries, a segment in which there is no significant presence on the part of construction firms.

Just with the generation of jobs and distribution of incomes as a consequence of the works mentioned above, the incentives for the purchase of construction materials, and the investments in infrastructure and basic sanitation commented on earlier, as well as the housing units to be built under the Minha Casa, Minha Vida (my house, my life) program, will all help towards solving the housing problem, which will also have a positive impact on Eternit’s businesses, as there will be an increase for demand for products in our portfolio, principally for independently self-managed construction projects.

In line with its Program for Structured Expansion and Diversification, the Company has begun a new cycle and is preparing itself to be the most diversified construction materials manufacturing company in Brazil, with approximately 50% of its sales linked to diversification over the long term. The first phase of this program has established Eternit as the largest and most diversified roofing material manufacturer in the Country, ending the second quarter of 2013 with approximately 16% of its sales coming from diversification.

The second phase of the program which has been called “Welcome to the next 70 years” is based on the following directives: (i) organic growth, with the objective of expanding current capacity to sell more of the same; (ii) diversified organic growth, with the objective of including new products in the Company's portfolio, using third parties for production capacity or product development (iii) inorganic growth, with the objective of acquiring companies in the construction materials segment.

The management considers the following challenges in the sector to be important: the competitive conditions of national industry with respect to infrastructure bottlenecks and appreciation in the exchange rate; the combating of inflation, the availability of qualified labour, and the increasing of production in the construction chain; and also the question of housing referring to the cost of land which could suffer from excessive appreciation, thus hampering investment.

As a particular noteworthy aspect, it is important to bear in mind the current scenario in the Brazilian economy, with low GDP growth, rising unemployment, in addition to the widespread public demonstrations that took place in June and July, all of which could have an impact on investment projects in Brazil, in addition to the creation of jobs and the distribution of income.

With respect to the challenges that the Company faces, the most important of these is the legal question of chrysotile asbestos, for which a ruling by the Supreme Court is still awaited. Independently of any decision by the Supreme Court, demand for products without asbestos is likely to increase over the next few years and Eternit is working to offer the two alternatives to its customers and in the future to be a provider of alternative fibers. It is worth pointing out that Brazil is still a long way from having a technical solution that is economically viable for the replacement of chrysotile asbestos, Abrupt banning of this mineral would have an immediate impact on self-managed construction projects, as a result of the higher costs, and could even bring the roofing segment to a standstill due to the lack of alternative fibers available in the global market to meet Brazilian demand, and demand from other countries to which SAMA currently exports this mineral.

If it is decided by Brazilian society to maintain a chrysotile asbestos-based industry, the Company will achieve its objective of being the most diversified manufacturer of construction materials as part of a natural process.

Eternit is confident that there will be a recovery in the Brazilian economy, especially in the sector of which it is a part. Having a satisfactory capital structure, a low level of indebtedness and investments that are consistent with its Expansion and Diversification Plan, the Company is well-positioned to capitalize on the opportunities in the sector.

Welcome to the next 70 years!

Vote for Eternit

Eternit is competing in the category POP+ of IR Global Rankings, the aim of which is to determine, by popular voting, the world's most popular IR site.

The competition has the objective of providing the general public with a more in-depth knowledge of the investor relations area of companies, through their respective IR websites, as well as recognising and valuing those listed companies that communicate well to their shareholders.

Votes can be cast up to August 19, and the results will be published at the world IR Global Rankings Awards, planned for November 2013.

To participate, please access the following website link: http://www.irglobalrankings.com/irgr2010/web/conteudo_eni.asp?idioma=1&conta=46&tipo=46465

Please register and place your vote for Eternit!

Conference call / *Webcast*

The Executive Board of **Eternit** hereby invites you to participate in its announcement of its results for the second quarter of 2013.

Conference call with Webcast (in Portuguese - with simultaneous translation into English)

Presentation: Élio A. Martins - President and Investor Relations Director
Date: Friday, August 9, 2013.
Time: 11.00 a.m. Brazilian Local Time – 10.00 a.m. Eastern Standard Time (New York) – 3.00 p.m. British Standard Time (London)

The presentation, accompanied by slides, can be followed on the web, through registration on the following website link **www.ccall.com.br/eternit/2q13.htm** or on Eternit's investor relations website link: **www.eternit.com.br/ir**

In order to follow the presentation by telephone, please dial the following telephone numbers: **(55-11) 4688-6361** for Brazil and **(1 786) 924-6977** for other countries - Password for participants: **Eternit**

Playback: A recording of the presentation will be available from **08/09/2013** to **08/15/2013**
Telephone number: **(55-11) 4688-6312 -** Password for participants: **1365307#**

Public Meeting for Shareholders, Investors and Analysts – APIMEC – Minas Gerais (in Portuguese)
Presentation: Élio A. Martins - President and Investor Relations Director
Date: August 20, 2013
Time: 6.00 p.m. – Registration
6.30 p.m – Start of presentation (cocktails will be served after the presentation)
Location: Hotel Mercure BH – Av. do Contorno, 7315 – Lourdes – Belo Horizonte (MG) CEP: 30110-047
RSPV: APIMEC - MG - Telephone: (55-31) 3213-0693 or via e-mail: apimecmg@apimecmg.com.br

Eternit

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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

The Shareholders, Board of Directors and Officers
Eternit S.A.
São Paulo

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eternit S.A. (Company) and its subsidiaries, contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2013, comprising the balance sheet at June 30, 2013 and the related income statement and statement of comprehensive income for the three and six month periods then ended and the statement of changes in equity and cash flow statement for the six month period then ended including the explanatory notes.

Management is responsible for the preparation of the individual interim financial information in accordance with Accounting Pronouncement CPC 21 – Interim Financial Reporting and of the consolidated interim financial information in accordance with CPC 21 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 accordance with the specific rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial 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 of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by Independent Auditor of an Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of an 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 auditing standards and, consequently, did 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 accompanying individual interim financial information included in the quarterly financial information referred to above were not prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of quarterly financial information (ITR), 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 financial information referred to above were not prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of a matter

We draw attention to Note 21 e) of the interim financial information, which describes the uncertainty surrounding the Supreme Court (STF) judgment of the overall merit of Direct Actions of Unconstitutionality (ADIs) ADI No. 3357, against State Law No. 11643/2001, dated June 21, 2001, of the State of Rio Grande do Sul, which prohibits the manufacture and sale of all types of asbestos-based goods, within that state, and of ADI No. 3937 contesting State Law No. 12684, dated July 26, 2007, of the State of São Paulo, which prohibits the use in the State of São Paulo of products, materials or goods that contain any type of asbestos or amianthus, and of other ADIs related to amianthus. Our conclusion does not contain any qualification related to this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the six month period ended June 30, 2013, prepared under the responsibility of the Company's management, of which presentation in the interim financial information is required by CVM rules applicable to preparation of quarterly financial information (ITR) and considered as supplementary information for IFRS purposes, which do not require SVA presentation. These statements have been subjected to the same review procedures described above and, based on our review, we are not aware of any fact that would lead us to conclude that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 7, 2013.

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

Clinton L. Fernandes
Accountant CRC-1SP205541/O-2

ETERNIT S. A.

C.N.P.J. nº 61.092.037/0001-81

NIRE 35.300.013.344

REPORT BY THE SUPERVISORY BOARD

The Supervisory Board of Eternit S. A., in fulfilment of its legal and statutory requirements, has examined the interim, individual and consolidated accounting information of Eternit S. A., referring to the quarter ending June 30, 2013.

Based on the examinations carried out, also taking into consideration the review report from the independent auditors - Ernst & Young Terco Auditores Independentes, dated August 7, 2013, as well as the information and clarifications received during the course of the quarter, the Supervisory Board expressed the opinion that the aforesaid documents were in a condition to be presented to the Board of Directors for appreciation.

São Paulo, August 7, 2013.

Herein undersigned.:) Charles René Lebarbenchon – Coordinator, Paulo Henrique Zukanovich Funchal and Edson Carvalho de Oliveira Filho

Declaration by the Executive Board

In compliance with Article 25, paragraph 1, sub paragraphs V and VI, of CVM Instruction No. 480/2009, the Executive Board hereby declares that it has reviewed, discussed and agreed these financial statements, and agrees with the opinions expressed in the report from the Independent Auditors referring to them.

São Paulo, August 07, 2013.

The Management