

Eternit S.A.

Notes to individual and consolidated interim financial information
March 31, 2016
(In thousands of reais, unless otherwise stated)

**Individual and Consolidated Interim
Financial Information**

Eternit S.A.

Quarter ended March 31, 2016
with Independent Auditor's Review Report

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Information from company / Paid-up capital

Number of shares (Thousands)	Current Quarter 03/31/2016
Paid-in Capital	
Common	179,000
Preferred	0
Total	179,000
Trasury shares	
Common	59
Preferred	0
Total	59

Individual FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current financial year 03/31/2016	Current financial year 12/31/2015
1	Total Assets	749,171	726,815
1.01	Current Assets	259,666	233,315
1.01.01	Cash and Cash Equivalents	5,517	2,850
1.01.02	Short-term investments	-	3,114
1.01.02.02	Financial Investments Valued at Amortized Cost	-	3,114
1.01.02.02.01	Securities held until maturity	-	3,114
1.01.03	Accounts receivable	81,559	73,337
1.01.03.01	Clients	81,559	73,337
1.01.04	Inventories	119,656	108,428
1.01.06	Taxes Recoverable	6,602	7,638
1.01.06.01	Current and Recoverable Taxes	6,602	7,638
1.01.07	Prepaid expenses	3,392	3,630
1.01.08	Other Current assets	42,940	34,318
1.01.08.03	Other	42,940	34,318
1.01.08.03.01	Related parties	34,328	30,447
1.01.08.03.02	Other	8,612	3,871
1.02	Non-current asset	489,505	493,500
1.02.01	Long-term assets	84,043	79,971
1.02.01.03	Accounts receivable	338	339
1.02.01.03.02	Other Accounts Receivable	338	339
1.02.01.06	Deferred Taxes	34,537	34,264
1.02.01.06.01	Differed Income Tax And Social Contribution	34,537	34,264
1.02.01.08	Credits with Related Parties	10,382	9,711
1.02.01.08.02	Credits with Subsidiaries	10,382	9,711
1.02.01.09	Other noncurrent assets	38,786	35,657
1.02.01.09.03	Recoverable taxes	24,041	24,081
1.02.01.09.04	Escrow deposits and tax incentives	14,745	11,576
1.02.02	Investments	245,046	251,659
1.02.02.01	Shareholdings	245,046	251,659
1.02.02.01.02	Shareholding in Subsidiaries	245,046	251,659
1.02.03	Fixed	153,723	154,920
1.02.03.01	Non-current in Operation	146,320	144,466
1.02.03.01.01	Non-current in Operation	150,058	148,204
1.02.03.01.02	Provision for Loss with Non-current	(3,738)	(3,738)
1.02.03.03	Non-current in progress	7,403	10,454
1.02.04	Intangible	6,693	6,950
1.02.04.01	Intangible	6,693	6,950
1.02.04.01.02	Software	4,859	5,246
1.02.04.01.03	Other intangible assets	1,834	1,704

Individual FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current financial year 03/31/2016	Current financial year 12/31/2015
2	Total Liabilities	749,171	726,815
2.01	Current liabilities	104,301	84,283
2.01.01	Labor and Social Obligations	17,250	14,858
2.01.01.01	Social obligations	2,625	2,740
2.01.01.02	Labor Obligations	14,625	12,118
2.01.02	Trade accounts payable	32,787	23,922
2.01.02.01	National Trade accounts payable	25,170	21,244
2.01.02.02	Foreign Trade accounts payable	7,617	2,678
2.01.03	Tax obligations	13,050	10,697
2.01.03.01	Federal Taxes Obligations	5,539	5,521
2.01.03.01.01	Payable income tax and social contribution	575	-
2.01.03.01.02	Other Federal Taxes	4,964	5,521
2.01.03.02	State tax obligations	7,511	5,176
2.01.04	Loans and financing	7,334	6,327
2.01.04.01	Loans and financing	7,334	6,327
2.01.05	Other Obligations	31,131	25,730
2.01.05.01	Liabilities with Related Parties	17,572	12,256
2.01.05.02	Other	13,559	13,474
2.01.05.02.01	Payable dividends and interest on capital	7,476	7,534
2.01.05.02.04	Other accounts payable	6,083	5,940
2.01.06	Provisions	2,749	2,749
2.01.06.01	Labor and Civil Social Security Tax Provisions	2,749	2,749
2.01.06.01.05	Provision for future benefits to former employees	2,749	2,749
2.02	Noncurrent liabilities	136,461	142,434
2.02.01	Loans and financing	13,647	16,294
2.02.01.01	Loans and financing	13,647	16,294
2.02.01.01.01	In national currency	13,647	16,294
2.02.02	Other Obligations	43,213	47,205
2.02.02.01	Liabilities with Related Parties	41,703	40,728
2.02.02.02	Other	1,510	6,477
2.02.02.02.03	Taxes, fees and contributions payable	1,510	6,477
2.02.04	Provisions	79,601	78,935
2.02.04.01	Labor and Civil Social Security Tax Provisions	79,601	78,935
2.02.04.01.02	Labor and Social Security Provisions	39,130	39,177
2.02.04.01.04	Civil Provisions	8,185	7,919
2.02.04.01.05	Provision for future benefits to former employees	32,286	31,839
2.03	Net Property	508,409	500,098
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,460	19,460
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,437	19,437
2.03.04	Profit reserves	155,605	155,564
2.03.04.01	Legal reserve	36,362	36,362
2.03.04.02	Statutory Reserve	32,722	32,722
2.03.04.05	Retained Profits Reserve	86,695	86,654
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	8,270	-
2.03.08	Other Comprehensive Results	(9,177)	(9,177)

Individual FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter	Accumulated of Current
		01/01/2016 to 03/31/2016	financial year 01/01/2015 to 03/31/2015
3.01	Revenue from Sale of Goods and/or Services	131,430	131,925
3.02	Cost of Goods and/or Services Sold	(99,672)	(99,247)
3.03	Gross Income	31,758	32,678
3.04	Operational Expenses/Revenues	(21,324)	(10,897)
3.04.01	Sale expenses	(14,415)	(14,247)
3.04.02	General and administrative expenses	(12,722)	(12,541)
3.04.04	Other Operational Incomes	48	2,284
3.04.05	Other Operational Expenses	(1,781)	(1,659)
3.04.06	Result of equity equivalence	7,546	15,266
3.05	Result Before Financial Result and Taxes	10,434	21,781
3.06	Financial Results	(694)	(1,684)
3.06.01	Financial income	12,840	2,475
3.06.02	Financial expenses	(13,534)	(4,159)
3.07	Result Before Income Taxes	9,740	20,097
3.08	Income Tax and Social Contribution on Profit	(1,470)	59
3.08.01	Current	(1,743)	-
3.08.02	Deferred	273	59
3.09	Net result from continued operations	8,270	20,156
3.11	Profit/Loss for the Period	8,270	20,156
3.99.01.01	PN	-	-
3.99.02.01	ON	-	-

Individual FSs / Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current quarter 01/01/2016 to 03/31/2016	Accumulated of Current financial year 01/01/2015 to 03/31/2015
4.01	Net Income for the Period	8,270	20,156
4.03	Comprehensive Result for the Period	8,270	20,156

Individual FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2016 to 03/31/2016	Accumulated of Current financial year 01/01/2015 to 03/31/2015
6.01	Net Cash Operational Activities	5,707	26,447
6.01.01	Cash Generated by Operations	8,218	8,773
6.01.01.01	Net Income for the Period	9,740	20,097
6.01.01.02	Result of equity equivalence	(7,546)	(15,266)
6.01.01.03	Depreciation, amortization and exhaustion	3,641	3,304
6.01.01.04	Result on discharge of fixed assets	-	7
6.01.01.05	Allowance for doubtful accounts	308	478
6.01.01.06	Provision for tax, civil, and labor risks	491	(1,171)
6.01.01.07	Miscellaneous Provisions	399	20
6.01.01.08	Financial charges, monetary and exchange variation	(637)	1,108
6.01.01.09	Short-term investment yield	-	(508)
6.01.01.10	Net changes in prepaid expenses	1,822	704
6.01.02	Variations in assets e liabilities	(2,511)	17,674
6.01.02.01	Accounts receivable from clients	(8,530)	(13,133)
6.01.02.02	Receivables from Related parties	3,706	1,738
6.01.02.03	Inventories	(11,181)	6,861
6.01.02.04	Taxes recoverable	3,386	(249)
6.01.02.05	Judicial deposits	(3,168)	(44)
6.01.02.06	Dividends and interest on equity received	6,250	14,361
6.01.02.07	Other assets	(6,317)	(1,129)
6.01.02.08	Trade accounts payable	8,865	1,264
6.01.02.09	Payables to related parties	5,316	1,712
6.01.02.10	Taxes, charges and contributions payable	(2,867)	3,823
6.01.02.11	Provisions and social charges	2,392	2,462
6.01.02.12	Other liabilities	(145)	128
6.01.02.13	Interest paid	(218)	(120)
6.02	Net Cash Investing Activities	(2,858)	(17,242)
6.02.01	Intercompany loan receivable	(671)	(16,374)
6.02.03	Receipt of sale of fixed and intangible assets	(2,232)	(6,081)
6.02.04	Addition to capitalized exchange variation	45	-
6.02.06	Short term investments	-	(25,400)
6.02.07	Redemption of short term investments	-	30,613
6.03	Net Cash from Financing Activities	(182)	(10,833)
6.03.01	Loans and financing raised	1,976	1,395
6.03.02	Repayment of loans and financing	(1,982)	(305)
6.03.03	Intercompany loans	(176)	5,213
6.03.04	Payment of dividends and interest on equity	-	(17,136)
6.05	Increase (Decrease) in Cash and Cash Equivalentents	2,667	(1,628)
6.05.01	Initial Balance and Cash and Cash Equivalentents	2,850	5,711
6.05.02	Final Balance of Cash and Cash Equivalentents	5,517	4,083

Individual FSs / Changes in Equity - 03/31/2016

(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	19,286	155,738	-	(9,177)	500,098
5.03	Initial Adjusted Balance	334,251	19,286	155,738	-	(9,177)	500,098
5.04	Transactions with Capital from the Partners	-	-	41	-	-	41
5.04.08	Dividends/IOE expired	-	-	41	-	-	41
5.05	Total Comprehensive Result	-	-	-	8,270	-	8,270
5.05.01	Net Income for the Period	-	-	-	8,270	-	8,270
5.07	Final Balances	334,251	19,286	155,779	8,270	(9,177)	508,409

Individual FSs / Changes in Equity - 03/31/2015

(Thousands of reais)

Account Code	Account Description	Capital Reserves, Options Granted and			Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
		Paid-in Capital	Treasury Shares					
5.01	Initial Balance	334,251	19,286		168,745	-	(7,491)	514,791
5.03	Initial Adjusted Balance	334,251	19,286		168,745	-	(7,491)	514,791
5.04	Transactions with Capital from the Partners	-	-		-	(17,894)	-	(17,894)
5.04.06	Dividends	-	-		-	(11,273)	-	(11,273)
5.04.07	Interest on equity	-	-		-	(6,621)	-	(6,621)
5.05	Total Comprehensive Result	-	-		-	20,156	-	20,156
5.05.01	Net Income for the Period	-	-		-	20,156	-	20,156
5.07	Final Balances	334,251	19,286		168,745	2,262	(7,491)	517,053

Individual FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current	Accumulated of Current
		financial year 01/01/2016 to 03/31/2016	financial year 01/01/2015 to 03/31/2015
7.01	Revenues	169,755	178,042
7.01.01	Sales of goods, products and services	170,063	178,520
7.01.02	Other revenues	-	-
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(308)	(478)
7.02	Inputs Purchased From Third Parties	(117,447)	(114,136)
7.02.01	Costs Prods., Mercs. and servs. Sold	(82,857)	(83,997)
7.02.02	Materials, energy and services from third parties and others	(32,395)	(27,319)
7.02.03	Loss / Recovery of asset values	(1,588)	(2,066)
7.02.04	Other	(607)	(754)
7.03	Gross Added Value	52,308	63,906
7.04	Retentions	(3,641)	(3,304)
7.04.01	Depreciation, amortization and exhaustion	(3,641)	(3,304)
7.05	Net added value produced	48,667	60,602
7.06	Added value received in transfer	20,434	18,993
7.06.01	Result of equity equivalence	7,546	15,266
7.06.02	Financial income	12,840	2,475
7.06.03	Other	48	1,252
7.07	Total Added Value To Distribute	69,101	79,595
7.08	Distribution Of Value Added	69,101	79,595
7.08.01	Personal	26,048	24,424
7.08.01.01	Direct compensation	17,491	16,894
7.08.01.02	Benefits	7,080	6,129
7.08.01.03	F.G.T.S.	1,477	1,401
7.08.02	Taxes, fees and contributions	19,468	29,135
7.08.02.01	Federal	17,497	19,333
7.08.02.02	State	1,476	9,299
7.08.02.03	Municipal	495	503
7.08.03	Remuneration of capital from third parties	15,315	5,880
7.08.03.01	Interest	13,534	4,159
7.08.03.02	Rentals	1,781	1,721
7.08.04	Remuneration of own capital	8,270	20,156
7.08.04.01	Interest on equity	-	6,621
7.08.04.02	Dividends	-	11,273
7.08.04.03	Retained Profit/Loss for the Period	8,270	2,262

Consolidated FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Financial 03/31/2016	Current Financial 12/31/2015
1	Total Assets	939,420	933,194
1.01	Current Assets	428,779	412,320
1.01.01	Cash and Cash Equivalents	15,757	5,578
1.01.02	Temporary investments	5,791	16,734
1.01.02.02	Financial Investments Valued at Amortized Cost	5,791	16,734
1.01.02.02.01	Securities held until maturity	5,791	16,734
1.01.03	Accounts receivable	173,752	172,342
1.01.03.01	Clients	173,752	172,342
1.01.04	Inventories	192,173	184,383
1.01.06	Taxes Recoverable	14,518	15,083
1.01.06.01	Current and Recoverable Taxes	14,518	15,083
1.01.07	Prepaid expenses	4,060	4,215
1.01.08	Other Current assets	22,728	13,985
1.01.08.01	Non-Current Assets for Sale	1,953	-
1.01.08.03	Other	20,775	13,985
1.01.08.03.01	Related parties	3,665	2,818
1.01.08.03.02	Other	17,110	11,167
1.02	Non-current asset	510,641	520,874
1.02.01	Long-term assets	114,847	110,398
1.02.01.03	Accounts receivable	2,807	2,807
1.02.01.03.02	Other Accounts Receivable	2,807	2,807
1.02.01.06	Deferred Taxes	65,037	63,823
1.02.01.06.01	Differed Income Tax And Social Contribution	65,037	63,823
1.02.01.09	Other noncurrent assets	47,003	43,768
1.02.01.09.03	Taxes Recoverable	24,666	24,765
1.02.01.09.04	Escrow deposits and tax incentives	22,337	19,003
1.02.02	Investments	18,553	24,782
1.02.02.01	Shareholdings	18,553	24,782
1.02.02.01.01	Shareholding in Affiliates	18,553	24,782
1.02.03	Fixed	346,159	354,047
1.02.03.01	Non-current in Operation	337,658	341,367
1.02.03.01.01	Non-current in Operation	341,396	345,256
1.02.03.01.02	Provision for Loss with Non-current	(3,738)	(3,889)
1.02.03.03	Non-current in progress	8,501	12,680
1.02.04	Intangible	31,082	31,647
1.02.04.01	Intangible	11,129	11,652
1.02.04.01.02	Software	7,822	8,469
1.02.04.01.03	Other intangible assets	3,307	3,183
1.02.04.02	Goodwill	19,953	19,995

Consolidated FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Financial 03/31/2016	Current Financial 12/31/2015
2	Total Liabilities	939,420	933,194
2.01	Current liabilities	211,449	205,820
2.01.01	Labor and Social Obligations	31,716	27,722
2.01.01.01	Social obligations	4,504	4,876
2.01.01.02	Labor Obligations	27,212	22,846
2.01.02	Trade accounts payable	53,997	41,420
2.01.02.01	National Trade accounts payable	44,802	36,318
2.01.02.02	Foreign Trade accounts payable	9,195	5,102
2.01.03	Tax obligations	22,088	19,867
2.01.03.01	Federal Taxes Obligations	10,931	11,878
2.01.03.01.01	Payable income tax and social contribution	1,735	1,886
2.01.03.01.02	Other Federal Taxes	9,196	9,992
2.01.03.02	State tax obligations	11,157	7,989
2.01.04	Loans and financing	75,920	90,307
2.01.04.01	Loans and financing	75,920	90,307
2.01.05	Other Obligations	22,838	21,614
2.01.05.02	Other	22,838	21,614
2.01.05.02.01	Payable dividends and interest on capital	7,476	7,534
2.01.05.02.04	Other accounts payable	15,362	14,080
2.01.06	Provisions	4,890	4,890
2.01.06.01	Labor and Civil Social Security Tax Provisions	4,890	4,890
2.01.06.01.05	Provision for future benefits to former employees	4,890	4,890
2.02	Noncurrent liabilities	219,545	227,258
2.02.01	Loans and financing	72,078	76,954
2.02.01.01	Loans and financing	72,078	76,954
2.02.01.01.01	In national currency	72,078	76,954
2.02.02	Other Obligations	17,655	21,586
2.02.02.02	Other	17,655	21,586
2.02.02.02.03	Taxes, fees and contributions payable	4,734	8,969
2.02.02.02.04	Reassembling of the mine	12,921	12,617
2.02.04	Provisions	129,812	128,718
2.02.04.01	Labor and Civil Social Security Tax Provisions	129,812	128,718
2.02.04.01.02	Labor and Social Security Provisions	48,484	48,973
2.02.04.01.04	Civil Provisions	36,530	35,308
2.02.04.01.05	Provision for future benefits to former employees	44,798	44,437
2.03	Consolidated Equity	508,426	500,116
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,460	19,460
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,437	19,437
2.03.04	Profit reserves	155,605	155,564
2.03.04.01	Legal reserve	36,362	36,362
2.03.04.02	Statutory Reserve	32,722	32,722
2.03.04.05	Retained Profits Reserve	86,695	86,654
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	8,270	-
2.03.08	Other Comprehensive Results	(9,177)	(9,177)
2.03.09	Participation of non-controlling shareholders	17	18

Consolidated FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter	Accumulated of Current
		01/01/2016 to 03/31/2016	financial year 01/01/2015 to 03/31/2015
3.01	Revenue from Sale of Goods and/or Services	228,922	252,719
3.02	Cost of Goods and/or Services Sold	(148,876)	(158,761)
3.03	Gross Income	80,046	93,958
3.04	Operational Expenses/Revenues	(58,044)	(60,524)
3.04.01	Sale expenses	(26,578)	(27,631)
3.04.02	General and administrative expenses	(26,835)	(27,325)
3.04.04	Other Operational Incomes	6,282	4,144
3.04.05	Other Operational Expenses	(4,684)	(3,191)
3.04.06	Result of equity equivalence	(6,229)	(6,521)
3.05	Result Before Financial Result and Taxes	22,002	33,434
3.06	Financial Results	(5,766)	(1,617)
3.06.01	Financial income	23,633	20,668
3.06.02	Financial expenses	(29,399)	(22,285)
3.07	Result Before Income Taxes	16,236	31,817
3.08	Income Tax and Social Contribution on Profit	(7,967)	(11,661)
3.08.01	Current	(9,182)	(13,951)
3.08.02	Deferred	1,215	2,290
3.09	Net result from continued operations	8,269	20,156
3.11	Profit/Loss Consolidated for the Period	8,269	20,156
3.11.01	Assigned to Partners of the Parent Company	8,269	20,156
3.11.02	Assigned to Non-Controlling Partners	-	-

Consolidated FSs /Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current quarter 01/01/2016 to 03/31/2016	Accumulated of Current financial year 01/01/2015 to 03/31/2015
4.01	Net Profit Consolidated for the Period	8,269	20,156
4.03	Consolidated Comprehensive Income for the Period	8,269	20,156
4.03.01	Assigned to Partners of the Parent Company	8,270	20,156
4.03.02	Assigned to Non-Controlling Partners	(1)	-

Consolidated FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial	Accumulated of Current financial
		year 01/01/2016 to 03/31/2016	year 01/01/2015 to 03/31/2015
6.01	Net Cash Operational Activities	12,380	17,526
6.01.01	Cash Generated by Operations	36,395	40,371
6.01.01.01	Net Income for the Period	16,236	31,817
6.01.01.02	Equity pickup	6,229	6,521
6.01.01.03	Depreciation and amortization and exhaustion	9,868	9,624
6.01.01.04	Gain (loss) on disposal of permanent assets	(3,080)	(3)
6.01.01.05	Allowance for doubtful accounts	462	880
6.01.01.06	Provision for tax, civil, and labor risks	1,449	(318)
6.01.01.07	Provision for sundry losses	(48)	740
6.01.01.08	Financial charges, and monetary and exchange variations	3,319	(8,847)
6.01.01.09	Short term investment yield	(145)	(1,256)
6.01.01.10	Net changes in prepaid expenses	2,105	1,213
6.01.02	Variations in assets e liabilities	(24,015)	(22,845)
6.01.02.01	Accounts receivable from clients	(8,076)	(26,019)
6.01.02.02	Receivables from related parties	(847)	1,435
6.01.02.03	Inventory	(7,743)	10,547
6.01.02.04	Taxes recoverable	1,382	(83)
6.01.02.05	Legal deposits	(3,334)	(442)
6.01.02.07	Other assets	(7,886)	(3,377)
6.01.02.08	Trade accounts payable	12,577	2,452
6.01.02.10	Taxes, charges and contributions payable	(1,863)	6,294
6.01.02.11	Provisions and social charges	3,994	1,805
6.01.02.12	Other liabilities	550	2,665
6.01.02.13	Interest paid	(3,755)	(189)
6.01.02.14	Income and social contribution taxes paid	(9,014)	(17,933)
6.02	Net Cash Investing Activities	10,798	(14,716)
6.02.01	Intercompany loan receivable	-	(4,719)
6.02.02	Amount received on disposal of PP&E items	3,311	10
6.02.03	Additions to PP&E and intangible assets	(3,645)	(14,138)
6.02.04	Addition to capitalized exchange variation	45	-
6.02.06	Short-term investments	(8,245)	(68,696)
6.02.07	Redemption of short-term investments	19,332	72,827
6.03	Net Cash from Financing Activities	(12,999)	(5,316)
6.03.01	Loans and financing raised	175,329	55,369
6.03.02	Repayment of loans and financing	(188,328)	(43,549)
6.03.04	Payment of dividends and interest on equity	-	(17,136)
6.05	Increase (Decrease) in Cash and Cash Equivalents	10,179	(2,506)
6.05.01	Initial Balance and Cash and Cash Equivalents	5,578	13,367
6.05.02	Final Balance of Cash and Cash Equivalents	15,757	10,861

Consolidated FSs / Changes in Equity - 03/31/2016

(Thousands of reais)

Account Code	Account Description	Capital Reserves, Options Granted and			Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
		Paid-in Capital	Treasury Shares							
5.01	Initial Balance	334,251	19,286	155,738	-	(9,177)	500,098	18	500,116	
5.03	Initial Adjusted Balance	334,251	19,286	155,738	-	(9,177)	500,098	18	500,116	
5.04	Transactions with Capital from the Partners	-	-	41	-	-	41	-	41	
5.04.08	Dividends/IOE expired	-	-	41	-	-	41	-	41	
5.05	Total Comprehensive Result	-	-	-	8,270	-	8,270	(1)	8,269	
5.05.01	Net Income for the Period	-	-	-	8,270	-	8,270	(1)	8,269	
5.07	Final Balances	334,251	19,286	155,779	8,270	(9,177)	508,409	17	508,426	

Consolidated FSs / Changes in Equity - 03/31/2015

(Thousands of reais)

Account Code	Account Description	Capital Reserves, Options Granted and			Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
		Paid-in Capital	Treasury Shares							
5.01	Initial Balance	334,251	19,286	168,745	-	(7,491)	514,791	17	514,808	
5.03	Initial Adjusted Balance	334,251	19,286	168,745	-	(7,491)	514,791	17	514,808	
5.04	Transactions with Capital from the Partners	-	-	-	(17,894)	-	(17,894)	-	(17,894)	
5.04.06	Dividends	-	-	-	(11,273)	-	(11,273)	-	(11,273)	
5.04.07	Interest on equity	-	-	-	(6,621)	-	(6,621)	-	(6,621)	
5.05	Total Comprehensive Result	-	-	-	20,156	-	20,156	-	20,156	
5.07	Final Balances	334,251	19,286	168,745	2,262	(7,491)	517,053	17	517,070	

Consolidated FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current	Accumulated of Current
		financial year 01/01/2016 to 03/31/2016	financial year 01/01/2015 to 03/31/2015
7.01	Revenues	288,529	336,858
7.01.01	Sales of goods, products and services	285,609	321,547
7.01.02	Other revenues	3,382	16,191
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(462)	(880)
7.02	Inputs Purchased From Third Parties	(173,485)	(197,210)
7.02.01	Costs Prods., Merchs. and servs. Sold	(129,974)	(145,860)
7.02.02	Materials, energy and services from third parties and others	(40,444)	(48,093)
7.02.03	Loss / Recovery of asset values	(1,840)	(2,163)
7.02.04	Other	(1,227)	(1,094)
7.03	Gross Added Value	115,044	139,648
7.04	Retentions	(9,868)	(9,624)
7.04.01	Depreciation, amortization and exhaustion	(9,868)	(9,624)
7.05	Net added value produced	105,176	130,024
7.06	Added value received in transfer	17,787	15,229
7.06.01	Result of equity equivalence	(6,229)	(6,521)
7.06.02	Financial income	23,633	20,668
7.06.03	Other	383	1,082
7.07	Total Added Value To Distribute	122,963	145,253
7.08	Distribution Of Value Added	122,963	145,253
7.08.01	Personal	46,738	46,174
7.08.01.01	Direct compensation	30,894	32,633
7.08.01.02	Benefits	13,391	10,853
7.08.01.03	F.G.T.S.	2,453	2,688
7.08.02	Taxes, fees and contributions	33,677	51,061
7.08.02.01	Federal	21,150	33,586
7.08.02.02	State	11,116	16,724
7.08.02.03	Municipal	1,411	751
7.08.03	Remuneration of capital from third parties	34,278	27,862
7.08.03.01	Interest	29,399	22,285
7.08.03.02	Rentals	4,879	5,577
7.08.04	Remuneration of own capital	8,270	20,156
7.08.04.01	Interest on equity	-	6,621
7.08.04.02	Dividends	-	11,273
7.08.04.03	Retained Profit/Loss for the Period	8,270	2,262



Eternit

Consolidated net revenue of R\$228.9 million in 1Q16

São Paulo, May 12, 2016 – Eternit S.A. (BM&FBOVESPA: ETER3), which was founded 76 years ago and is Brazil's leading manufacturer of roofing tiles and a manufacturer of bathroom chinaware, metal fixtures and construction solutions, announces its results for the first quarter of 2016 (1Q16). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons made in this press release are with the first quarter of 2015 (1Q15), except where stated otherwise.

1Q16

Stock Price (04/29/16) ETER3

R\$/share	1.66
US\$/share	0.48

Shareholder base (04/29/16)

Total Shares	179,000,000
Free Float	84.77%

Market Capitalization (04/29/16)

R\$ 297.1 million
US\$ 86.1 million

Shareholder payments (2016)

R\$ 0.044 per share
Dividend yield: 2.2%

Indicators - (Mar/16)

Book value (R\$/shr)	2.84
Price/Book value	0.58
Price/Earnings	16.94

Conference Call/Webcast

May 13, 2016

Time: 11:00 a.m. (Brasília) –
10:00 a.m. (New York) and
3:00 p.m. (London)

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In the first quarter of 2016, Brazil's construction materials industry contracted 17.3%, with this performance weaker than that projected for the whole of the year by the Brazilian Construction Materials Industry Association (ABRAMAT). However, Eternit outperformed the overall industry in the period, despite the recession and the industry's negative growth.

Chrysotile sales volume in the quarter amounted to 52,300 tons, decreasing 25.2% from 1Q15, which is explained by the slowdown in the construction materials industry in the local market and the competitiveness of steel roofing panels in Asia resulting from the availability of iron mineral at low price, as well as by the strong competition in the export market. Fiber-cement sales volume in the quarter amounted to 197,700 tons, down 8.0% from 1Q15, reflecting the weaker demand for construction materials and the slowdown in renovations. Meanwhile, sales volume of concrete roofing tiles remained virtually stable (+0.2%).

Consolidated net revenue amounted to R\$228.9 million in 1Q16, mainly due to the appreciation of 36.0% in the U.S. dollar against the Brazilian real, which partially neutralized the lower sales volumes of chrysotile mineral and fiber-cement.

Adjusted EBITDA in the quarter amounted to R\$38.1 million, 23.2% lower than in 1Q15, due to the 14.8% drop in gross profit (lower sales volumes, change in sales mix and higher costs due to inflation), which exceeded the decline in operating expenses. In view of the aspects affecting Adjusted EBITDA cited above and the higher net financial expense, net income in the quarter amounted to R\$8.3 million.

CAPEX came to R\$3.6 million in 1Q16, declining 74.2% from the year-ago period, with the funds allocated to maintaining and modernizing the Group's industrial facilities.

The Company ended the quarter with consolidated net debt of R\$126.5 million, decreasing 12.8% from the end of 4Q15.

Main Indicators

Consolidated - R\$ '000	1 st Quarter		
	2016	2015	% Chg.
Gross revenues	285,609	321,547	(11.2)
Net revenues	228,922	252,719	(9.4)
Gross profit	80,046	93,958	(14.8)
<i>Gross margin</i>	35%	37%	- 2 p.p.
Operating income (EBIT) ¹	22,002	33,434	(34.2)
Net income (loss)	8,269	20,156	(59.0)
<i>Net margin</i>	4%	8%	- 4 p.p.
EPS (R\$/share) ²	0.05	0.11	
CAPEX	3,645	14,138	(74.2)
EBITDA ²	31,870	43,058	(26.0)
<i>EBITDA Margin</i>	14%	17%	- 3 p.p.
Adjusted EBITDA over equity pickup	38,099	49,579	(23.2)
<i>Adjusted EBITDA Margin</i>	17%	20%	- 3 p.p.

¹ Before financial results.

² Operating income before interests, taxes, depreciation and amortization

Eternit

Economy and Market

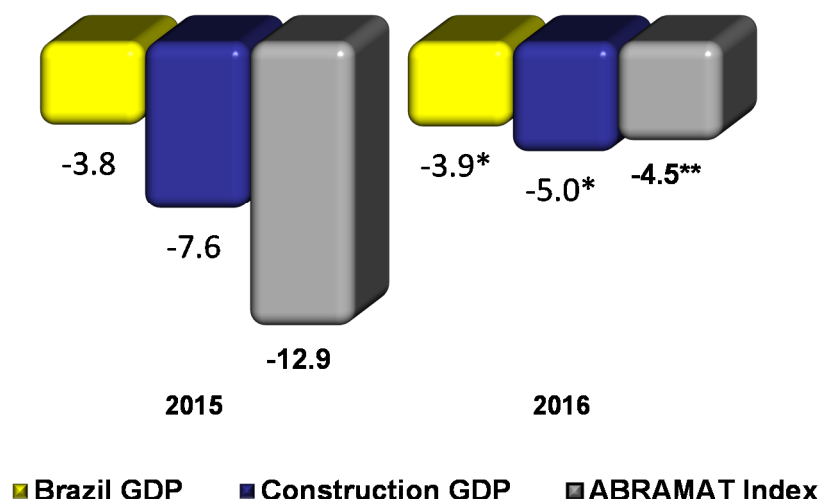
According to the central bank's Monetary Policy Committee (Copom), Brazil's recession should continue, as signaled by negative GDP growth in 4Q15 and the deterioration in importance economic indicators in the first few months of 2016, which continue to reflect the impacts from the ongoing macroeconomic adjustment, which in turn is intensified by the uncertainties arising from non-economic events. Copom also noted that, following a necessary period of adjustments, economic activity should gain momentum as business and consumer confidence improve and, in the medium term, important changes should occur in the composition of aggregate demand and supply, consumption should tend to grow at a moderate pace and investment should gain strength.

Based on this scenario, the forecasts for 2016 call for Brazil's GDP growth to contract by 3.9% and for Construction GDP to decline by 5.0% compared to 2015, based on the Market Readout of May 06, 2016 and the Inflation Report for March 2016 published by the Brazilian Central Bank (BACEN), respectively.

According to the Brazilian Construction Materials Industry Association (ABRAMAT), sales of construction materials during the first quarter of 2016, adjusted for inflation, decreased 17.3% from the year-ago period, weaker than the latest forecast calling for a contraction of 4.5% in 2016. The main factors are the adverse conditions that predominated in the second half of 2015 and early 2016, particularly higher unemployment, lower household income, weak business confidence and the exceptionally high rainfall in certain regions of the country, which postponed construction works.

In comparison, Eternit's¹ consolidated gross revenue contracted by 12.0% in 1Q16. Despite the negative result, the figure outperformed the industry average, as mentioned above. Note that in 1Q16, the Company operated at a capacity rate in line with market demand in both its chrysotile mining operation and in its line of finished products and production of fiber-cement roofing panels and concrete roofing tiles.

Brazil GDP x Construction GDP x ABRAMAT Index (%)



Source: *CENTRAL BANK – projected growth in Brazil GDP and Construction GDP in the year.

** ABRAMAT – projected domestic sales of construction materials in the year, adjusted for inflation.

¹ Growth in Eternit's consolidated gross revenue compares January-March 2016 with the same period in 2015, deflated by the IGP-M index.

Eternit

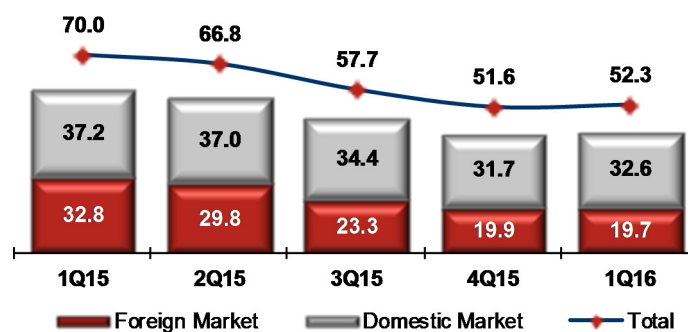
Operational and Financial Aspects

Sales

Chrysotile Mineral

In 1Q16, chrysotile mineral sales volume amounted to 52,300 tons, down 25.2% from 2015. Domestic sales fell 12.3% in the same comparison, mainly due to the slowdown in the construction materials industry, as commented in the section "Economy and Market." Meanwhile, export sales volume contracted 39.9%, reflecting the lower competitiveness of fiber-cement roofing panels in relation to steel roofing panels in Asia resulting from the availability of iron mineral at low price and from the strong competition from mining companies in Russia and Kazakhstan.

Sales of Chrysotile Mineral (thous. Tons.)*

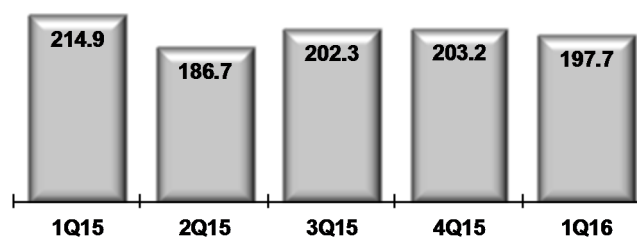


(*) Chrysotile mineral sales volume includes intercompany sales, which accounted for 50.2% of domestic sales volume in 4Q15.

Fiber-cement

Sales volume of fiber-cement products, including construction solutions, amounted to 197,700 tons in 1Q16, down 8.0% from 1Q15. The main factor was the weaker demand for construction materials resulting from the slower pace of renovations caused by higher unemployment, more restricted credit and lower household income.

Sales of Fiber-cement (thous. Tons.)

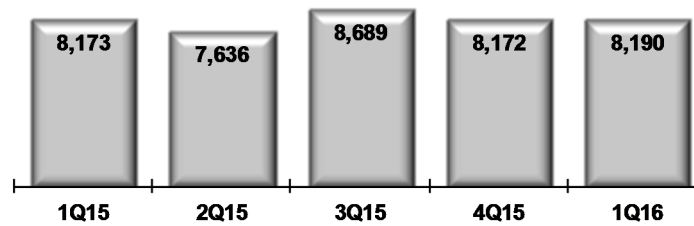


Concrete Roofing Tiles

In 1Q16, sales of concrete roofing tiles amounted to 8,190,000 units, virtually stable (up 0.2%) from 1Q15, which is explained by higher sales to homebuilders, especially those with projects concentrated in the My Home, My Life housing program, which neutralized weaker sales to resellers and end consumers due to low consumer confidence and increased economic uncertainties.

Eternit

Sales of Concrete Roofing Tiles (thousand pieces)

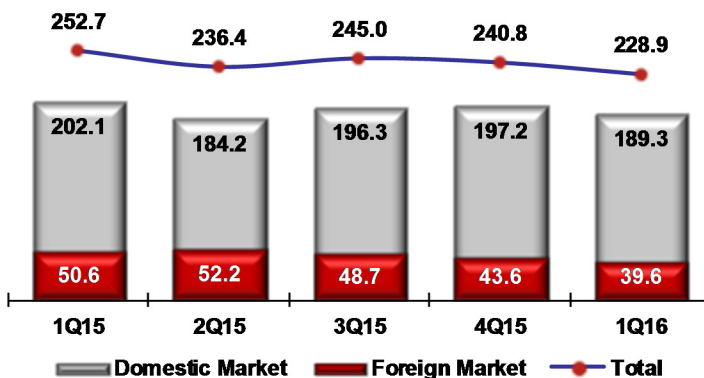


Consolidated Net Revenue

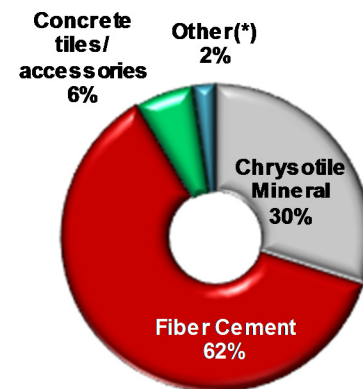
Consolidated net revenue in 1Q16 was R\$228.9 million, decreasing 9.4% from 1Q15. Revenue from sales in the domestic market came to R\$189.3 million, down 6.3%, mainly due to the lower sales volumes of chrysotile mineral and fiber-cement. Net revenue from exports fell 21.7% from 1Q15 to R\$39.6 million, explained by the lower sales volume, which was partially neutralized by the 36.0% appreciation in the U.S. dollar against the Brazilian real (average PTAX in period).

In a comparison of 1Q16 with 1Q15, performance by product line shows net revenue contracting by 21.4% for chrysotile mineral, by 1.4% for fiber-cement and by 11.7% for concrete roofing tiles and roofing accessories to R\$68.4 million, R\$141.0 million and R\$13.9 million, respectively.

Consolidated Net Revenue (R\$ million)



Breakdown of Consolidated Net Revenue (1Q16)



(*) Other: metal bathroom fixtures, polythene water tanks, construction solutions and other products.

Cost of Goods Sold

Consolidated cost goods sold in 1Q16 was R\$148.9 million, decreasing 6.2% from 1Q15, mainly due to the lower sales volume in the operating segments. Gross margin contracted 2 percentage points from 1Q15 to 35%, reflecting the changes in the sales mix and higher costs due to inflation.

The main variations in the operating segments were:

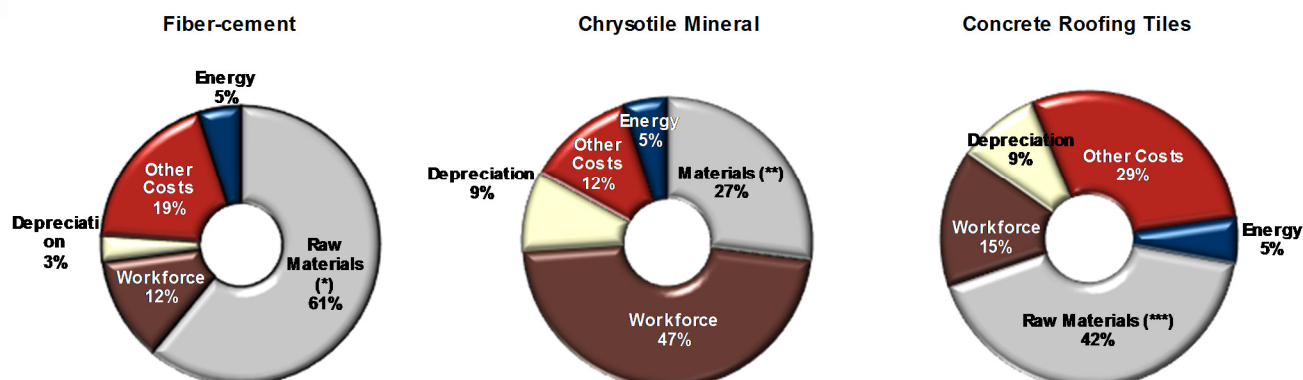
Chrysotile mineral: reduction of 13%, explained by the adjustments to capacity utilization to optimize inventory levels, by lower sales volume and by higher electricity rates.

Fiber-cement: contraction of 1% due to lower sales volume, with other factors including higher raw material prices and higher electricity rates.

Concrete roofing tiles: increase of 2%, due to higher costs with labor and packaging, higher electricity rates and the low capacity utilization rate.

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Breakdown of Cost (1Q16)



* Raw materials: cement (40%), chrysotile mineral (40%) and other (20%).

**Materials: fuel, explosives, packaging, etc.

***Raw materials: cement (53%), sand (31%) and other (16%).

Operating Expenses

Total operating expenses in 1Q16 decreased 4.1% from the prior-year period, mainly due to:

Selling expenses: decrease of 3.8% on lower sales volumes of chrysotile mineral and fiber-cement, which neutralized the higher expenses with marketing campaigns.

General and administrative expenses: decrease of 1.8%, due to the reduction in labor following the implementation of the SAP system and the restructuring of the administrative department at the subsidiary Tégula.

Other operating income (expenses): increase of 67.7%, due to the sale of assets and social security credits and deferred PIS and COFINS tax credits from prior periods.

In R\$ '000	1 st Quarter		
	2016	2015	Chg. %
Selling expenses	(26,578)	(27,631)	(3.8)
General and administrative expenses	(26,835)	(27,325)	(1.8)
Other operating revenues (expenses), net	1,598	953	67.7
Total operating expenses	(51,815)	(54,003)	(4.1)
<i>Percentage of net revenue</i>	<i>23%</i>	<i>21%</i>	<i>2 p.p.</i>

Equity Pickup

Equity pickup refers to the proportional gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 1Q16, equity pickup was negative R\$6.2 million, compared to negative R\$6.5 million in 1Q15.

Net Financial Result

The net financial result in 1Q16 was an expense of R\$5.8 million, compared to an expense of R\$1.6 million in 1Q15, mainly due to the effects from the exchange variation loss on the Company's foreign-denominated debt, as well as higher interest on financing and lower gains from investments.

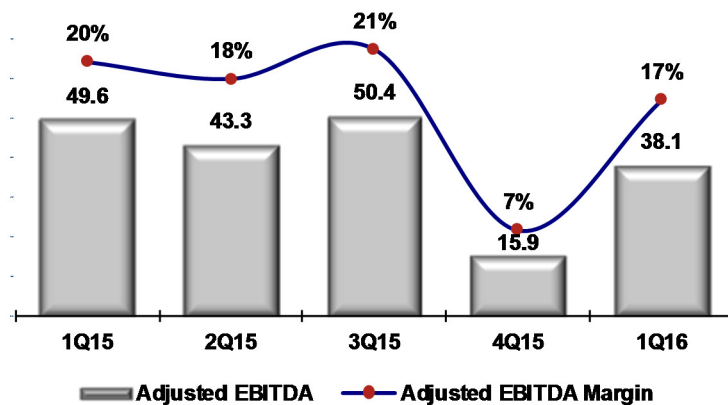
In R\$ '000	1 st Quarter		
	2016	2015	Chg. %
Financial expenses	(29,399)	(22,285)	31.9
Financial income	23,633	20,668	14.3
Net financial result	(5,766)	(1,617)	256.6

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Adjusted EBITDA

In 1Q16, adjusted EBITDA came to R\$38.1 million, down 23.2% from 1Q15, due to the 14.8% reduction in gross profit (lower sales volume, change in sales mix and higher costs due to inflation), which exceeded the decline in operating expenses. As a result, adjusted EBITDA margin contracted 3 percentage points from 1Q15 to end 1Q16 at 17%.

Adjusted EBITDA (R\$ million) and Adjusted EBITDA margin (%)



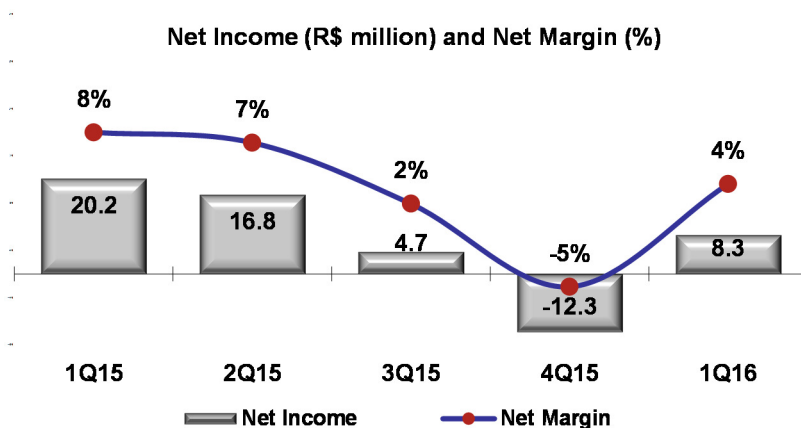
Reconciliation of consolidated EBITDA - (R\$'000)	1 st Quarter		
	2016	2015	% Chg.
Net income	8,269	20,156	(59.0)
Income tax and social contributions	7,967	11,661	(31.7)
Net financial income	5,766	1,617	256.6
Depreciation and amortization	9,868	9,624	2.5
EBITDA¹	31,870	43,058	(26.0)
Equity pickup	6,229	6,521	(4.5)
Adjusted EBITDA over equity pickup²	38,099	49,579	(23.2)

¹ With the operational startup of Companhia Sulamericana de Cerâmica (CSC), its results are included in consolidated EBITDA in accordance with the equity pickup method, in conformity with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

Adjusted EBITDA² is an indicator used by the Company's Management to analyze the operational and economic performance of its consolidated business, excluding equity pickup due to the fact that CSC is a joint venture and its information is not consolidated.

Net income

In 1Q16, Eternit posted net income of R\$8.3 million, compared to net income of R\$20.2 million in 1Q15. Net margin decreased 4 percentage points to end the period at 4%, due to the factors mentioned in the section Adjusted EBITDA and the higher net financial expense.



Eternit

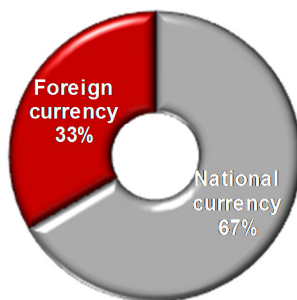
Debt

The Company ended 1Q16 with net debt of R\$126.5 million, equivalent to 0.86 times adjusted EBITDA in the last 12 months. In the period, the gross debt of Eternit and its subsidiaries amounted to R\$148.0 million, mainly due to: (i) the Bank Credit Notes (CCB) and Export Credit Notes (NCE) contracted to meet working capital needs; and (ii) the financing facilities for the acquisition of machinery and equipment.

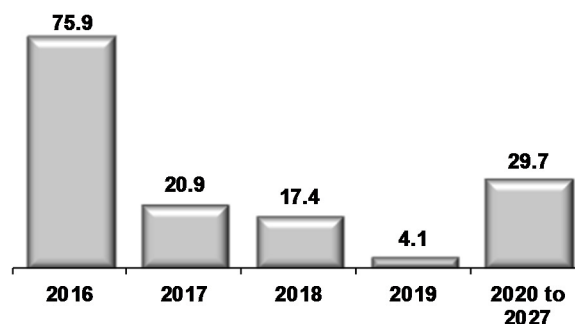
Cash, cash equivalents and short-term investments amounted to R\$21.5 million, with investments remunerated at an average rate corresponding to 94.4% of the variation in the CDI rate.

DEBT - R\$ '000	Parent Company		Consolidated	
	03/31/16	12/31/15	03/31/16	12/31/15
Short-term gross debt	7,334	6,327	75,920	90,307
Long-term gross debt	13,647	16,294	72,078	76,954
Cash and cash equivalents	(5,517)	(2,850)	(15,757)	(5,578)
Short-term investments (same cash equivalents)	-	(3,114)	(5,791)	(16,734)
Net debt	15,464	16,657	126,450	144,949
EBITDA (last 12 months)	35,442	46,452	120,356	131,544
Net debt / EBITDA x	0.44	0.36	1.05	1.10
Adjusted EBITDA over equity pickup (last 12 months)	(1,954)	1,336	147,725	159,205
Net debt / Adjusted EBITDA x	(7.91)	12.46	0.86	0.91
Net debt / Equity	3.0%	3.3%	24.9%	29.0%

Origin of Debt (%)



Repayment Schedule (R\$ '000)

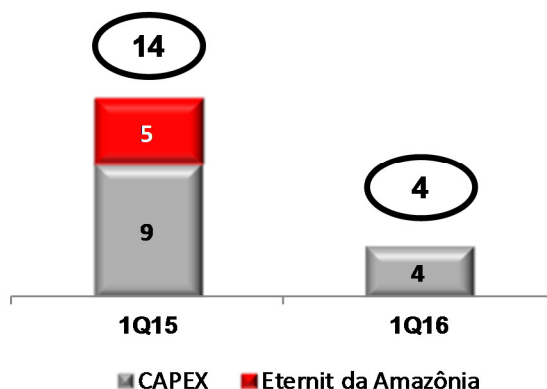


Foreign-denominated debt in 1Q16 was 100% naturally hedged by accounts receivable in foreign currency from chrysotile exports.

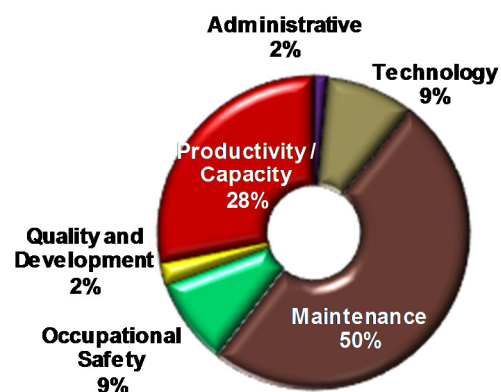
CAPEX

In line with its strategy to consolidate the investments already made in recent years, CAPEX by Eternit and its subsidiaries in 1Q16 amounted to R\$3.6 million, down 74.2% from 1Q15, with the funds allocated to maintaining and modernizing the Group's industrial facilities.

Consolidated CAPEX (R\$'000)



CAPEX Distribution (1Q16)



Eternit

Capital markets

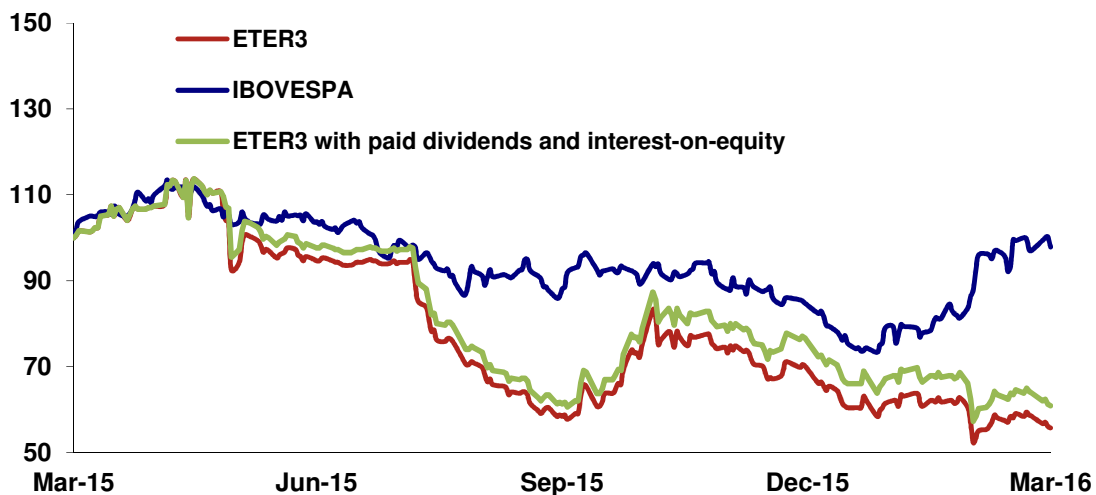
Eternit has been listed on the stock exchange since 1948 and since 2006 its stock has been traded on the Novo Mercado, the segment of the São Paulo Stock Exchange (BM&FBOVESPA) with the highest corporate governance standards, under the stock ticker ETER3.

With highly disperse ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 70.9% of the shareholder base on March 31, 2016, while foreign investors accounted for 7.9% and legal entities, clubs, investment funds and foundations accounted for 21.2%. As of March 2016, only three shareholders held more than a 5% interest in the capital stock, with an aggregate interest of 35.2%, and the Executive Board held a 1.0% interest in capital stock.

Eternit stock (ETER3) was quoted at R\$1.66 in March 2016, representing a decline of 44.3% from March 2015. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 50,055 points, representing a decline of 2.1%. On March 31, 2016, Eternit's market capitalization stood at R\$297.1 million.

Capital Markets					
ETERNIT (ETER3)	1Q15	2Q15	3Q15	4Q15	1Q16
Closing Price (R\$/Share) - Without dividends	2.98	2.82	1.74	2.09	1.66
Average Volume Traded (Shares)	127,643	217,902	169,306	217,792	237,653
Average Volume Traded (R\$)	390,795	655,679	381,526	442,848	410,543
ETER3 - Quarterly Profitability (%)	-	-5.4	-38.3	20.1	-20.6
ETER3 - 12 Months Profitability (%)	-	-33.6	-55.8	-35.7	-44.3
IBOVESPA - Quarterly Profitability (%)	-	3.8	-15.1	-3.8	15.5
IBOVESPA - 12 Months Profitability (%)	-	-0.2	-16.7	-13.3	-2.1
Market Capitalization (R\$ Million)	533.4	504.8	311.5	374.1	297.1

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



Dividends and Interest on Equity

In 2016, the dividend yield² is 9.0% and payments to shareholders in the form of dividends and interest on equity comes to R\$7.9 million, corresponding to R\$ 0.044 per share.

² Dividend yield = dividend return: this is the result of dividing the amount distributed (dividends + interest-on-equity) per share, distributed during the year (base: payment date), by the closing share price at the end of the previous year.



Dividends Distribution (2014 to 2015)				
Approval Date	Type	Payment Start Date	Total Value R\$ 000	Value per Share (R\$)
2015				
12/19/14 (*)	BDM	03/31/15	5,905	0.0330
03/11/15 (*)	BDM	03/31/15	11,989	0.0670
05/13/15	BDM	06/03/15	6,621	0.0370
05/13/15	BDM	06/03/15	11,273	0.0630
08/05/15	BDM	08/18/15	7,336	0.0410
08/05/15 (**)	BDM	08/18/15	1,610	0.0090
11/04/15	BDM	11/17/15	7,873	0.0440
Total			52,608	0.2940
Closing Price			-	3.25
Dividend Yield			-	9.0%
2016				
12/16/15(*)	BDM	04/13/16	7,873	0.0440
Total			7,873	0.0440
Closing Price			-	1.97
Dividend Yield			-	2.2%

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

(**) Recording in the accounts for the next quarter.

Election of the Board of Directors, Audit Board and Advisory Board

At the Annual Shareholders Meeting (ASM) held on April 27, 2016, the following directors were reelected to the Board of Directors: Luis Terepins (Chairman), Luiz Barsi Filho, Marcelo Gasparino da Silva, Marcelo Munhoz Auricchio, and Raphael Manhães Martins; and the following were elected as independent directors, in accordance with the Novo Mercado Regulation of the BM&FBOVESPA: Manoel Arlindo Zaroni Torres and Marcelo Amaral Moraes. The term of office is for two years, until the Annual Shareholders Meeting of 2018.

On the Audit Board, André Eduardo Dantas, Luciano Luiz Barsi and Pedro Paulo de Souza were elected as members, as well as their respective alternates. The term of office is for one year, until the next Annual Shareholders Meeting. Note that the Audit Board is not a standing body.

On the Advisory Board, Leonardo Deeke Boguszewski, Luiz Barsi Filho and Victor Adler were elected as members. The term of office is for one year, until the next Annual Shareholders Meeting. Note that the Advisory Board is not a standing body.

A short bio of each member is available on the [IR website](#) in the section Corporate Governance / Management.

Legal issues involving chrysotile mineral

Public-interest Civil Action pending in the Labor Court of São Paulo

This action addresses matters related to the workplace and occupational health at the industrial unit whose activities were shut down in the early 1990s. In parallel to this action, another Public-Interest Civil Action was filed by the Brazilian Association of Persons Exposed to Asbestos (ABREA), also in the Labor Court, for which reason the two actions were merged by court order. The actions claim payment of compensation for collective and individual pain and suffering, among other things. On March 1, 2016, both actions received partially favorable decisions for plaintiff in the lower court. Note that a portion of the lower court's decision was considered a probable loss by the Company's legal advisors. A provision was accrued considering the uncertainties involving the amount recognized by various means, based on the circumstances. The accounting standards (CPC 25,39) require that the measurement of provisions involving a large variety of items be estimated in accordance with a weighting of all possible outcomes based on their associated probabilities.

Eternit will take all applicable legal measures to challenge the decision in the higher courts and has already filed an Appeal.



Outlook

In line with the economic scenario marked by uncertainties, waning consumer confidence and contracting industrial activity, the consensus forecast for GDP growth in 2016 is for contraction of 3.9%, according to the central bank's Market Readout of April 29, 2016. Meanwhile, Construction GDP is expected to contract by 5.0%, based on the central bank's Inflation Report for March 2016, which reflects the contraction in the homebuilding industry, which has been affected by credit restrictions and high inventories of finished units.

Brazil's housing deficit, which is estimated by the João Pinheiro Foundation at 5.8 million units (2013 – White Paper), is formed by families excessively burdened by high rents and cohabitation of families, which represents over 75% of the country's housing shortage, followed by precarious living conditions and excessive density in rented homes. Although the federal government's housing program "My Home, My Life" has reduced this housing deficit, according to a study by the Fundação Getulio Vargas (FGV) in 2014, estimates indicate that in 2024, considering population growth, Brazil will have approximately 16.4 million new households, of which 10 million will have household income of up to three minimum wages.

Job creation, better income distribution, increased credit and higher investments in infrastructure and in the units built under My Home, My Life will help reduce the housing problem, which will have a positive impact on the Company's business, given the stronger demand for the products in our portfolio, which primarily target self-managed construction projects.

For the construction materials industry, the Brazilian Construction Materials Industry Association (ABRAMAT) projects contraction of 4.5% in real sales for 2016 compared to 2015. In view of this scenario, ABRAMAT projects that the downward trend in its indicators should continue in the coming months, after having already decreased 17.3% in 2016.

Eternit believes it is important to take into consideration the following challenges facing the country and its industry: the competitive conditions of Brazil's industrial sector, given the infrastructure bottlenecks, tax aspects and weaker local currency, maintenance of employment and income levels, sustainable economic policies and increase in business and consumer confidence. Regardless of the above-mentioned challenges, the Company believes in the recovery of growth of the Brazilian economy and, especially, of its industry.

For the fiber-cement segment, Eternit will draw on the strength of its brand and its network of over 15,000 resellers to minimize the effects of the crisis and operate its plants at maximum capacity utilization rates. In the chrysotile mining and concrete roofing tile segments, capacity utilization should accompany market demand. The operations of the latter segment were optimized to function with five units, while production at the São José do Rio Preto unit was suspended. The efforts will focus on reducing operating costs and expenses, optimizing distribution logistics and boosting competitiveness to meet the more intense competition during this moment marked by the low utilization of installed capacity.

In keeping with its strategy of diversified organic growth, the Company began testing equipment at its unit for the research, development and production of construction material inputs in the city of Manaus, Amazonas, and produced and sold the first experimental industrial lots of polypropylene yarns with applications for fiber-cement on an industrial scale.

Meanwhile, the bathroom chinaware unit in the state Ceará overcame important bottlenecks over the course of 2015, such as a reduction of low-value imported goods to complement production and meet demand, the conclusion of the commissioning by the concessionaire of the natural gas line for use at the production site and the continuous evolution in production indicators. In 2016, this business is offering a more diversified portfolio to enhance the profitability of the business.

With regard to legal aspects involving chrysotile mineral, the Company believes the courts will consider the technical and scientific evidence in the actions pending trial and, if necessary, will take all applicable legal measures.

Management continues to closely monitor the developments and impacts of the current macroeconomic scenario and to conduct its operations with financial discipline and advance its policy of deleveraging with a strong focus on the sustainability of its business in order to consolidate Eternit's position as the leading supplier of raw materials, products and solutions to the construction industry.



Conference Call / Webcast (in Portuguese with simultaneous translation into English)

The Executive Board of **Eternit** invites you to participate in the reporting of its results for the first quarter of 2016.

Presentation: Rodrigo Lopes da Luz, CFO and IR

Date: Friday, May 13, 2016

Time: 11:00 a.m. Brasília - 10:00 a.m. New York - 3:00 p.m. London

The presentation, which is accompanied by slides, can be viewed online by registering at www.ccall.com.br/eternit/1Q16.htm or on Eternit's investor relations website: www.eternit.com.br/ir

To listen to the presentation by phone, dial **+55 (11) 3193-1001 or 2820-4001** in Brazil and **+1 786 924-6977** in other countries - Access code for participants: **Eternit**

Playback: a recording of the call will be available from **May 13, 2016** to **May 19, 2016**

Dial-in: **+55 (11) 3193-1012 or 2820-4012** – Access code for participants: **1418345#**

Eternit		
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Individual and consolidated interim financial information

Eternit S.A.

Quarter ended March 31, 2016
with Independent Auditor's Review Report

Eternit S.A.

Individual and consolidated interim financial information

March 31, 2016

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Notes to interim individual and consolidated financial information

A free translation from Portuguese into English of Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and specific CVM rules.

Eternit S.A.

Balance sheets
March 31, 2016 and December 31, 2015
(In thousands of reais)

	Note	Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Assets					
Current assets					
Cash and cash equivalents	4	5,517	2,850	15,757	5,578
Short-term investments	5	-	3,114	5,791	16,734
Trade accounts receivable	6	81,559	73,337	173,752	172,342
Inventories	7	119,656	108,428	192,173	184,383
Taxes recoverable	8	6,602	7,638	14,518	15,083
Related parties	10	34,328	30,447	3,665	2,818
Other current assets		12,004	7,501	21,170	15,382
		259,666	233,315	426,826	412,320
Assets held for sale		-	-	1,953	-
		-	-	1,953	-
Total current assets		259,666	233,315	428,779	412,320
Noncurrent assets					
Judicial deposits		14,745	11,576	22,337	19,003
Taxes recoverable	8	24,041	24,081	24,666	24,765
Deferred income and social contribution taxes	20.b	34,537	34,264	65,037	63,823
Related parties	10	10,382	9,711	-	-
Investments	9	245,046	251,659	18,553	24,782
Property, plant and equipment	11	153,723	154,920	346,159	354,047
Intangible assets	12	6,693	6,950	31,082	31,647
Other noncurrent assets		338	339	2,807	2,807
Total noncurrent assets		489,505	493,500	510,641	520,874
Total assets		749,171	726,815	939,420	933,194

	Note	Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Liabilities and equity					
Current liabilities					
Trade accounts payable	13	32,787	23,922	53,997	41,420
Related parties	10	17,572	12,256	-	-
Loans and financing	14	7,334	6,327	75,920	90,307
Personnel expenses	15	17,250	14,858	31,716	27,722
Dividends and interest on equity payable	18.e	7,476	7,534	7,476	7,534
Provision for post-employment benefits	17.b	2,749	2,749	4,890	4,890
Taxes, charges and contributions payable	16	13,050	10,697	22,088	19,867
Other current liabilities		6,083	5,940	15,362	14,080
Total current liabilities		104,301	84,283	211,449	205,820
Noncurrent liabilities					
Provision for post-employment benefits	17.b	32,286	31,839	44,798	44,437
Loans and financing	14	13,647	16,294	72,078	76,954
Related parties	10	41,703	40,728	-	-
Provision for tax, civil, and labor risks	21	47,315	47,096	85,014	84,281
Taxes, charges and contributions payable	16	1,510	6,477	4,734	8,969
Provision for decommissioning of mine	30	-	-	12,921	12,617
Total noncurrent liabilities		136,461	142,434	219,545	227,258
Equity					
Capital	18.a	334,251	334,251	334,251	334,251
Capital reserve		19,460	19,460	19,460	19,460
Treasury shares		(174)	(174)	(174)	(174)
Income reserves		155,779	155,738	155,779	155,738
Retained earnings		8,270	-	8,270	-
Other comprehensive income (loss)		(9,177)	(9,177)	(9,177)	(9,177)
Equity attributable to controlling interests		508,409	500,098	508,409	500,098
Noncontrolling interests		-	-	17	18
Total equity		508,409	500,098	508,426	500,116
Total liabilities and equity		749,171	726,815	939,420	933,194

See accompanying notes.

Eternit S.A.

Income statements

Quarters ended March 31, 2016 and 2015

(In thousands of reais - R\$, except earnings per share)

	Note	Company		Consolidated	
		03/31/2016	03/31/2015	03/31/2016	03/31/2015
Net operating revenue	22	131,430	131,925	228,922	252,719
Cost of goods and services sold	23	(99,672)	(99,247)	(148,876)	(158,761)
Gross profit		31,758	32,678	80,046	93,958
Operating income (expenses)					
Selling expenses	23	(14,415)	(14,247)	(26,578)	(27,631)
General and administrative expenses	23	(10,844)	(10,239)	(23,686)	(23,864)
Management compensation	23	(1,878)	(2,302)	(3,149)	(3,461)
Other operating income (expenses), net	24	(1,733)	625	1,598	953
Equity pickup	9	7,546	15,266	(6,229)	(6,521)
Total operating income (expenses)		(21,324)	(10,897)	(58,044)	(60,524)
Financial expenses	25	(13,534)	(4,159)	(29,399)	(22,285)
Financial income	25	12,840	2,475	23,633	20,668
Financial income (expenses), net		(694)	(1,684)	(5,766)	(1,617)
Income before income and social contribution taxes		9,740	20,097	16,236	31,817
Income and social contribution taxes					
Current	20	(1,743)	-	(9,182)	(13,951)
Deferred	20	273	59	1,215	2,290
Net income for the period		8,270	20,156	8,269	20,156
Attributable to:					
Controlling interests		8,270	20,156	8,270	20,156
Noncontrolling interests		-	-	(1)	-
Net income for the period		8,270	20,156	8,269	20,156
Earnings per share - basic and diluted - R\$	18	0.05	0.11	0.05	0.11

See accompanying notes.

Eternit S.A.

Statements of comprehensive income
Quarters ended March 31, 2016 and 2015
(In thousands of reais)

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Net income for the period	8,270	20,156	8,269	20,156
Other comprehensive income	-	-	-	-
Comprehensive income for the period	8,270	20,156	8,269	20,156
Attributable to:				
Controlling interests	8,270	20,156	8,270	20,156
Noncontrolling interests	-	-	(1)	-
	8,270	20,156	8,269	20,156

See accompanying notes.

Eternit S.A.

Statements of changes in equity
 Periods ended March 31, 2016 and 2015
 (In thousands of reais)

	Note	Capital reserve			Income reserves				Other comprehensive income (loss)	Total Company	Noncontrolling interest	Total equity	
		Capital	Investment grants	Premium on acquisition of shares	Treasury shares	Statutory	Legal	Retained profits					Retained earnings
Balances at January 1, 2015		334,251	19,437	23	(174)	31,251	34,891	102,603	-	(7,491)	514,791	17	514,808
Unclaimed dividends		-	-	-	-	-	-	-	-	-	-	-	-
Net income for the period		-	-	-	-	-	-	-	20,156	-	20,156	-	20,156
Interest on equity - R\$0.037 per outstanding share	18	-	-	-	-	-	-	-	(6,621)	-	(6,621)	-	(6,621)
Dividends – R\$0.063 per outstanding share	18	-	-	-	-	-	-	-	(11,273)	-	(11,273)	-	(11,273)
Balances at March 31, 2015		334,251	19,437	23	(174)	31,251	34,891	102,603	2,262	(7,491)	517,053	17	517,070
Balances at January 1, 2016		334,251	19,437	23	(174)	32,722	36,362	86,654	-	(9,177)	500,098	18	500,116
Unclaimed dividends		-	-	-	-	-	-	41	-	-	41	-	41
Net income for the period		-	-	-	-	-	-	-	8,270	-	8,270	(1)	8,269
Balances at March 31, 2016		334,251	19,437	23	(174)	32,722	36,362	86,695	8,270	(9,177)	508,409	17	508,426

See accompanying notes.

Eternit S.A.

Cash flow statements Quarters ended March 31, 2016 and 2015 (In thousands of reais)

Note	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	12/31/2015
Cash flows from operating activities				
Income before income and social contribution taxes	9,740	20,097	16,236	31,817
Adjustments to reconcile pre-tax income to net cash generated by operating activities:				
Equity pickup	9 (7,546)	(15,266)	6,229	6,521
Depreciation and amortization	11/12 3,641	3,304	9,868	9,624
Gain (loss) on disposal of permanent assets	24 -	7	(3,080)	(3)
Allowance for doubtful accounts				
	6 308	478	462	880
Provision for tax, civil, and labor risks	21 491	(1,171)	1,449	(318)
Provision for sundry losses		20	(48)	740
Financial charges, and monetary and exchange variations		1,108	3,319	(8,847)
Short-term investment yield		(508)	(145)	(1,256)
Net changes in prepaid expenses		704	2,105	1,213
	8,218	8,773	36,395	40,371
(Increase) decrease in operating assets:				
Trade accounts receivable		(13,133)	(8,076)	(26,019)
Receivables from related parties	10 a. 3,706	1,738	(847)	1,435
Inventories	7 (11,181)	6,861	(7,743)	10,547
Taxes recoverable		(249)	1,382	(83)
Judicial deposits		(44)	(3,334)	(442)
Dividends and interest on equity received		14,361	-	-
Other assets		(1,129)	(7,886)	(3,377)
Increase (decrease) in operating liabilities				
Trade accounts payable	13 8,865	1,264	12,577	2,452
Payables to related parties	10 a. 5,316	1,712	-	-
Taxes, charges and contributions payable		3,823	(1,863)	6,294
Provisions and social charges	15 2,392	2,462	3,994	1,805
Other liabilities		128	550	2,665
Interest paid		(120)	(3,755)	(189)
Income and social contribution taxes paid		-	(9,014)	(17,933)
Net cash generated by operating activities	5,707	26,447	12,380	17,526
Cash flows from investing activities				
Intercompany loan receivable	10 (671)	(16,374)	-	(4,719)
Amount received on disposal of PP&E items	24 -	-	3,311	10
Additions to PP&E and intangible assets	11/12 (2,232)	(6,081)	(3,645)	(14,138)
Addition to capitalized exchange variation	11 45	-	45	-
Short-term investments		(25,400)	(8,245)	(68,696)
Redemption of short-term investments		30,613	19,332	72,827
Net cash generated by (used in) investing activities	(2,858)	(17,242)	10,798	(14,716)
Cash flows from financing activities				
Loans and financing raised		1,395	175,329	55,369
Repayment of loans and financing		(305)	(188,328)	(43,549)
Intercompany loans	10/25 (176)	5,213	-	-
Payment of dividends and interest on equity		(17,136)	-	(17,136)
Net cash used in financing activities	(182)	(10,833)	(12,999)	(5,316)
(Decrease) increase in cash and cash equivalents				
	2,667	(1,628)	10,179	(2,506)
(Decrease) increase in cash and cash equivalents				
At beginning of period	4 2,850	5,711	5,578	13,367
At end of period	4 5,517	4,083	15,757	10,861
(Decrease) increase in cash and cash equivalents	2,667	(1,628)	10,179	(2,506)

See accompanying notes.

Eternit S.A.

Statements of value added
Quarters ended March 31, 2016 and 2015
(In thousands of reais)

	Note	Company		Consolidated	
		03/31/2016	03/31/2015	03/31/2016	03/31/2015
Revenues					
Sales of goods, products and services	22	170,063	178,520	285,609	321,547
Other income		-	-	3,382	16,191
Allowance for doubtful accounts		(308)	(478)	(462)	(880)
Total		169,755	178,042	288,529	336,858
Inputs acquired from third parties					
Cost of goods and services sold		(82,857)	(83,997)	(129,974)	(145,860)
Materials, electric energy, third-party services and other		(32,395)	(27,319)	(40,444)	(48,093)
Loss/recovery of asset values		(1,588)	(2,066)	(1,840)	(2,163)
Other discounts, rebates and donations		(607)	(754)	(1,227)	(1,094)
		(117,447)	(114,136)	(173,485)	(197,210)
Gross value added		52,308	63,906	115,044	139,648
Depreciation, amortization and depletion	11/12	(3,641)	(3,304)	(9,868)	(9,624)
Net value added generated by the Company		48,667	60,602	105,176	130,024
Value added received in transfer					
Equity pickup	9	7,546	15,266	(6,229)	(6,521)
Financial income	25	12,840	2,475	23,633	20,668
Other		48	1,252	383	1,082
		20,434	18,993	17,787	15,229
Total value added to be distributed		69,101	79,595	122,963	145,253
Personnel:					
Direct compensation		17,491	16,894	30,894	32,633
Benefits		7,080	6,129	13,391	10,853
Unemployment Compensation Fund (FGTS)		1,477	1,401	2,453	2,688
		26,048	24,424	46,738	46,174
Taxes, charges and contributions:					
Federal		17,497	19,333	21,150	33,586
State		1,476	9,299	11,116	16,724
Local		495	503	1,411	751
		19,468	29,135	33,677	51,061
Debt remuneration:					
Interest		13,534	4,159	29,399	22,285
Lease		1,781	1,721	4,879	5,577
		15,315	5,880	34,278	27,862
Equity remuneration:					
Dividends		-	11,273	-	11,273
Interest on equity		-	6,621	-	6,621
Retained profits	18 c	8,270	2,262	8,270	2,262
		8,270	20,156	8,270	20,156
Distribution of value added		69,101	79,595	122,963	145,253

See accompanying notes.

Eternit S.A.

Notes to individual and consolidated interim financial information
March 31, 2016
(In thousands of reais - R\$, unless otherwise stated)

1. Operations

Eternit S.A. (“Company”, or “Eternit”), headquartered at Street Dr. Fernandes Coelho, 85 - 8^o floor, in the city and state of São Paulo, is a publicly-held company, with no controlling shareholder, registered in the New Market segment of São Paulo State Stock Exchange - BM&FBOVESPA, 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 Company currently comprises 14 manufacturing units in Brazil, with branches in major Brazilian cities.

The Group is structured as follows:

Company	% - Ownership interest	Voting capital (%)	Headquarters location	Core activity
SAMA S.A.	99.99%	99.99%	Minaçu/GO	Exploration and processing of Chrysotile.
Tégula Soluções para Telhados Ltda.	99.99%	99.99%	Atibaia/SP	Manufacturing and sale of concrete roofing and roofing accessories.
Precon Goiás Industrial Ltda.	99.99%	99.99%	Anápolis/GO	Manufacturing and sale of fiber cement products.
Prel Empreendimentos e Participações Ltda.	99.99%	99.99%	São Paulo/SP	Shareholding interest in industrial and commercial companies among other.
Engedis Distribuição Ltda.	99.94%	99.94%	Minaçu/GO	No economic activity.
Wagner Ltda.	99.84%	99.84%	São Paulo/SP	No economic activity.
Wagner da Amazônia Ltda.	99.99%	99.99%	São Paulo/SP	No economic activity.
Eternit da Amazônia Indústria de Fibrocimento Ltda.	99.99%	99.99%	Manaus/AM	Research, development and production of inputs for the construction industry.
Companhia Sulamericana de Cerâmica S.A.	60.00%	60.00%	Caucaia/CE	Manufacturing, import, export, sale, and distribution of sanitary wares and related accessories in general.

The main products manufactured and/or sold by the Group as well as information correlated to segment reporting are described in Note 26.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

1. Operations (Continued)

Significant operational events

The Company clarified that Federal Law No. 9055/95 - Decree No. 2350/97 and Regulations of the Department of Labor govern the extraction, industrialization, use, sale and transportation of chrysotile asbestos and production containing it.

State Laws No. 10813/2001, in São Paulo, and No. 2210/2001, in Mato Grosso do Sul, which prohibited the import, extraction, processing, sale and installation of products containing any type of amianthus, in any form, were judged and rendered unconstitutional by the Federal Supreme Court of Brazil (STF), by means of Direct Actions of Unconstitutionality (ADI) No. 2656 and No. 2396, respectively, as they address issues under the responsibility of the Federal Government.

Current State Laws No. 12684/2007 (São Paulo), No. 3579/2004 (Rio de Janeiro), No. 11643/2001 (Rio Grande do Sul) and No. 12589/2004 (Pernambuco), restricting the use of amiantus in their territories are subject to ADI, as proposed by the National Confederation of Industry Workers (CNTI), before the STF.

On April 2, 2008, the National Association of Labor Justice Judges (ANAMATRA) and the National Association of Labor Attorneys General (ANPT) proposed ADI No. 4066 against article 2 of Federal Law No. 9055 of 1995.

On October 31, 2012, the STF started the judgment of the merits of ADI No. 3357 and ADI No. 3937 in relation to State Law No. 11643/2001, in Rio Grande do Sul, and Law No. 12684/2007, in São Paulo, respectively. The session was suspended after reporting Judge Ayres Britto voted for the constitutionality of the laws and Judge Marco Aurélio voted for the unconstitutionality of the laws. The matter is pending a decision, with no specific date to enter the STF agenda for a final decision.

On December 30, 2013, Law No. 21114/13 was signed. Its article 1 prohibits the import, transportation, storage, manufacture, sale and use of products containing amianthus in the state of Minas Gerais, considering an 8-10 year period for compliance with article 1. Therefore, compliance with this provision will be mandatory as from 2021 and 2023, respectively.

The Government of Mato Grosso State regulated Law No. 9583/11 by means of Decree No. 68/15 published on April 16, 2015, which prohibits the use of products, materials or goods that contain any type of asbestos or amiantus

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

1. Operations (Continued)

Approval of interim financial information

The presentation of this interim financial information was approved and authorized by the Company's Supervisory Board and Board of Directors on May 11, 2016 for disclosure on May 12, 2016.

2. Basis of preparation and significant accounting practices

The accounting practices were uniformly applied to the current period, are consistent with those used in the preparation of the Company's annual financial statements for the year ended December 31, 2015, disclosed on March 28, 2016, and used for both the Company and subsidiaries. Whenever necessary, the subsidiaries' individual and consolidated interim financial information is adjusted to meet this criterion.

2.1. Statement of compliance and basis of preparation

The Company's interim financial information contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, comprises the individual and consolidated interim financial information prepared in accordance with Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and prepared in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The interim financial information was prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the following accounting practices. The historical cost is usually based on the fair value of consideration paid in exchange for assets.

2.2. Basis of consolidation and investments in subsidiaries

The consolidated interim financial information includes interim financial information of the Company and of its wholly-owned subsidiaries. Control is obtained when the Company has the power to control financial and operational policies and appoint or dissolve the majority of the members of the Board of Directors of an entity in order to earn benefits from its activities.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and significant accounting practices (Continued)

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

Company management, based on its Articles of Incorporation and shareholders' agreement, controls the companies listed in Note 1 to the Company's annual financial statements for the year ended December 31, 2015, disclosed on March 28, 2016 and, therefore, fully consolidated these entities with the exception of Companhia Sulamericana de Cerâmica S.A (CSC), which is treated based on the parameters described in the prior paragraph as a joint venture and not consolidated given that its P&L is considered in the consolidated interim financial information based on the equity method as provided in CPC 19 (R2) - Joint Arrangements (IFRS 11).

Noncontrolling interest of fully consolidated companies is identified in the consolidated income statement and in the statement of changes in equity.

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

The main consolidation adjustments, among others, include the following eliminations:

- Assets and liabilities account balances, as well as revenues and expenses between Company and subsidiaries, so that the consolidated interim financial information represents balances receivable from and payable to third parties only.
- Interest in capital and net income (loss) for the period of subsidiaries.

The fiscal year of consolidated subsidiaries coincides with that of the Company. All intercompany balances and transactions of subsidiaries are fully eliminated in the consolidated interim financial information. Transactions between the Company and its subsidiaries are carried out under conditions established by the parties.

P&L of subsidiaries acquired or sold over the period are included in the consolidated income statements as of the date they were effectively acquired to the sale date, as applicable.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

2. Basis of preparation and significant accounting practices (Continued)

2.3. Standards, amendments and interpretation of standards

Management also considered the impact of new standards, interpretations and amendments that are in force but not yet effective. Unless otherwise stated, they are not considered relevant to the Company and will become effective for annual periods beginning on or after January 1, 2018.

Standard	Requirement	Impact on interim financial information
IFRS 9 - Financial Instruments	The objective of IFRS 9 is ultimately to replace IAS 39 - Financial Instruments: Recognition and Measurement. The major changes provided for therein are: (i) all financial assets must be initially recognized at fair value; (ii) the standard divides all financial assets that are currently in the scope of IAS 39 into two classifications: amortized cost and fair value; (iii) the IAS 39 categories of available for sale and held to maturity were eliminated; and (iv) the IAS 39 concept of embedded derivatives was extinguished by the concepts of this new standard, and in addition to losses incurred, estimated losses shall also be recorded. Effective as from January 1, 2018.	The Group does not anticipate any material impact from IFRS 9 on its interim financial information.
IFRS 15 – Revenue from contracts with customers	This standard will replace IAS 11 - Construction contracts and IAS 18 - Revenues and their related interpretations. The main objectives consist of: (i) eliminating inconsistencies in revenue recognition standards, providing clear principles on how to record account balances; (ii) providing a single revenue recognition model, improving the comparability of accounting and financial information; and (iii) simplifying the process of preparing the financial statements. It will apply to all contracts with customers except leases, financial instruments and insurance contracts. Changes are most effective in telecommunications and real estate development industries. Effectiveness changed for annual periods beginning on January 1, 2018	The Group does not anticipate any material impact from IFRS 15 on its interim financial information.
Adoption of IFRS 16 - Leases (currently IAS 17 Leases as Issued) - CPC 6 - Leases	This new standard does not change the understanding on Leases, whereby a company may record a lease under finance lease or operating lease, however, it provides for the convenience of a single recording for the case of finance lease. Already provided in IAS 17. Effective from January 1, 2019.	The Group does not anticipate any material impact from IFRS 16 on its interim financial information.
IFRS 6 (CPC 34 - Exploration for and evaluation of mineral resources)	The purpose of this pronouncement is to regulate the best way to classify and measure the exploration of mineral resources activity due to continued discussions with the IASB and other international agencies concerning this standard. The Brazilian FASB (CPC) decided not to issue such pronouncement, which is pending review by international competent agencies. Approval and effectiveness not determined.	The Group constantly updates evaluation of the impacts from this standard.
IAS 29 (CPC 42 - Financial Reporting in Hyperinflationary Economies)	This standard establishes adjustment-for-inflation criteria to the financial statements in hyperinflationary countries. The Brazilian FASB (CPC) did not approve this pronouncement in view of the prior experience with the full adjustment of financial statements. Approval and effectiveness not determined.	The Group constantly updates evaluation of the impacts from this standard.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

3. Significant accounting judgments and sources of uncertainties in estimates

In applying the significant accounting practices of the Group, management must make judgments and prepare estimates regarding the carrying amounts of assets and liabilities that are not easily obtained from other sources. These estimates and their respective assumptions are based on historical experience and other factors considered relevant. Actual results may differ from the amounts estimated.

The main accounting judgments applied and sources of uncertainties applied in the preparation of this individual and consolidated interim financial information are disclosed in Note 3 to the Company's annual financial statements for the year ended December 31, 2015, disclosed on March 28, 2016. These judgments were consistently applied with those used in the prior reporting period and used for both the Company and subsidiaries. Whenever necessary, the subsidiaries' individual interim financial information is adjusted to meet the Group's criterion.

4. Cash and cash equivalents

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Cash and banks	4,607	2,850	11,432	5,463
Investments in repurchase agreements	910	-	4,325	115
	5,517	2,850	15,757	5,578

At March 31, 2016, investments were remunerated at average rates of 87.8% of the Interbank Deposit Certificate (CDI) variation (94.1% at December 31, 2015). Balances are highly liquid and readily convertible into cash, in order to meet short-term cash commitments, and subject to insignificant risk of change in value.

5. Short-term investments

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Investment Fund	-	3,114	5,791	16,734
	-	3,114	5,791	16,734

Most investment funds are fixed-income investments, repurchase agreements, remunerated at average CDI rates of 97.5% (100.9% as of December 31, 2015).

The funds are readily redeemable (highly liquid) as there is no grace period for share redemption. Shares may be redeemed with earnings if required by the Group.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

6. Trade accounts receivable

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Domestic market	85,752	77,222	124,258	111,336
Foreign market	-	-	58,173	69,316
(-) Present value adjustment	-	-	(325)	(319)
	85,752	77,222	182,106	180,333
Allowance for doubtful accounts	(4,193)	(3,885)	(8,354)	(7,991)
	81,559	73,337	173,752	172,342

Aging list of accounts receivable

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Falling due	77,566	68,163	155,589	153,946
Overdue:				
Within 30 days	945	2,690	9,373	14,439
From 31 to 60 days	230	536	3,536	1,319
Above 60 days	2,818	1,948	5,254	2,638
	81,559	73,337	173,752	172,342

Changes in allowance for doubtful accounts:

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Opening balance	(3,885)	(3,307)	(7,991)	(6,689)
Addition	(308)	(1,720)	(509)	(2,786)
Reversal	-	227	47	255
Write-off	-	915	99	1,229
Closing balance	(4,193)	(3,885)	(8,354)	(7,991)

7. Inventories

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Finished products	66,325	61,591	113,926	110,595
Semi-finished products	-	-	3,077	3,486
Resale	9,117	8,371	12,859	11,700
Raw materials	38,499	32,438	40,586	33,936
Ancillary materials	7,266	7,626	23,649	26,637
(-) Allowance for doubtful accounts, net (*)	(1,551)	(1,598)	(1,924)	(1,971)
	119,656	108,428	192,173	184,383

(*) The matching entry of estimated loss is recorded as "Cost of goods sold" in the income statements.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

7. Inventories (Continued)

Changes in estimated loss on realization of inventories for the quarter ended March 31, 2016 and for the year ended December 31, 2015 are as follows:

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Opening balance	(1,598)	(1,865)	(1,971)	(2,238)
Provision	-	(398)	-	(398)
Reversal	47	665	47	665
Closing balance	(1,551)	(1,598)	(1,924)	(1,971)

Over the quarter ended March 31, 2016, consumption of raw material reached approximately R\$64,696 (R\$68,239 in March 2015), recorded as cost in Company, and R\$97,394 (R\$111,233 in March 2015) in Consolidated, as mentioned in Note 23.

8. Taxes recoverable

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Current:				
State Value-Added Tax (ICMS)	2,387	2,208	4,369	4,365
Withholding Income Tax (IRRF)	198	201	1,512	475
Corporate Income Tax (IRPJ)	91	1,027	232	1,570
Social Contribution Tax on Net Profit (CSLL)	153	276	521	333
IRRF on interest on equity	1,968	1,646	1,968	1,646
FOMENTAR fund - ICMS (*)	1,028	1,542	1,028	1,542
Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and other	777	738	4,888	5,152
	6,602	7,638	14,518	15,083
Noncurrent:				
State Value-Added Tax (ICMS)	1,143	1,419	1,710	2,045
Withholding Income Tax (IRRF)	14,571	14,421	14,572	14,422
Corporate Income Tax (IRPJ)	8,327	8,241	8,327	8,241
Social Security Tax (INSS)	-	-	57	57
	24,041	24,081	24,666	24,765

(*) 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.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

9. Investments

The Company's investments in its subsidiaries and jointly-controlled subsidiary are as follows:

Summary of investment breakdown:

	Company							Total
	Eternit da Amazônia	Precon	Prel	SAMA	Wagner	Tégula	CSC	
Investments	32,170	26,937	8,066	85,111	3,529	54,121	18,553	228,487
Surplus value of net assets	-	-	-	16,559	-	-	-	16,559
Balance at March 31, 2016	32,170	26,937	8,066	101,670	3,529	54,121	18,553	245,046

	Eternit da Amazônia	Precon	Prel	SAMA	Wagner	Tégula	CSC	Total
At January 1, 2015	11,685	23,985	7,830	106,944	4,164	67,134	34,338	256,080
Dividends	-	(8,035)	(822)	(81,682)	-	-	-	(90,539)
Interest on equity (IOE)	-	(1,408)	-	(5,537)	-	-	-	(6,945)
Equity pickup	(11,942)	12,349	813	82,615	(30)	(11,028)	(27,661)	45,116
Equity pickup of comprehensive income	-	-	-	320	-	-	-	320
Capital contribution	29,522	-	-	-	-	-	18,105	47,627
At December 31, 2015	29,265	26,891	7,821	102,660	4,134	56,106	24,782	251,659
Dividends	-	(1,555)	-	(7,862)	(2,600)	-	-	(12,017)
Interest on equity (IOE)	-	(473)	-	(1,669)	-	-	-	(2,142)
Equity pickup	2,905	2,074	245	8,541	1,995	(1,985)	(6,229)	7,546
At March 31, 2016	32,170	26,937	8,066	101,670	3,529	54,121	18,553	245,046

The investment balance in the consolidated interim financial information at March 31, 2016, amounting to R\$18,553 (R\$24,782 at December 31, 2015), refers to investment in the jointly-controlled subsidiary with CSC.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

9. Investments (Continued)

The balances of subsidiaries and interest held in joint venture as of March 31, 2016 are as follows:

	Subsidiaries						Joint venture
	Eternit da Amazônia	Precon	Prel	SAMA	Tégula	Wagner	Companhia Sulamericana de Cerâmica S.A.
Current assets	13,306	30,591	1,367	153,569	31,217	539	79,755
Noncurrent assets	90,572	15,456	6,932	114,967	47,374	4,564	121,269
Current liabilities	13,521	14,685	232	119,162	11,332	15	76,806
Noncurrent liabilities	57,391	4,424	-	58,669	13,133	1,553	93,296
Equity	32,966	26,938	8,067	90,705	54,126	3,535	30,922
Proportional interest	99.9900%	99.9946%	99.9977%	99.9977%	99.9900%	99.8400%	60%
Book value of investment	32,963	26,937	8,066	90,703	54,121	3,529	18,553
Net operating revenue	7,813	16,086	-	94,504	13,870	-	10,708
Cost of goods sold	(6,964)	(11,681)	-	(53,988)	(11,351)	-	(12,891)
Unrealized income in inventories	109	-	-	(108)	-	-	-
Net income (loss) for continuing operations	2,905	2,074	245	8,541	(1,985)	1,998	(10,381)
Attributable to: Company interest	2,905	2,074	245	8,541	(1,985)	1,995	(6,229)

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

10. Related parties

a) Balances and transactions of the Company with related parties

	Company	
	03/31/2016	12/31/2015
Balances:		
Current assets		
Eternit da Amazônia (ii)	141	255
Precon (i)	1,117	1,096
SAMA (ii)	234	1,254
Tégula (i) and (ii)	185	171
Companhia Sulamericana de Cerâmica (i) and (ii)	3,665	2,818
	5,342	5,594
Dividends and interest on equity receivable:		
SAMA	25,798	17,848
Prel	122	122
Precon	2,360	2,723
Tégula	706	706
	28,986	21,399
Advances to suppliers:		
Eternit da Amazônia (i)	-	3,454
	-	3,454
Total current assets	34,328	30,447
Noncurrent assets		
Intercompany loan		
Tégula (iii)	10,382	9,711
Total noncurrent assets	10,382	9,711
Total assets	44,710	40,158
Current liabilities		
Trade accounts payable		
Eternit da Amazônia (i)	2,802	4,545
Precon (i)	2	707
SAMA (i)	14,570	6,681
	17,374	11,933
Other accounts payable		
Precon (ii)	28	29
Prel (ii)	116	110
Wagner (ii)	20	13
Tégula (i)	-	100
Sama (ii)	34	71
	198	323
Total current liabilities	17,572	12,256

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

10. Related parties (Continued)

a) Balances and transactions of the Company with related parties (Continued)

	<u>Company</u>	
	<u>03/31/2016</u>	<u>12/31/2015</u>
Balances:		
Noncurrent liabilities		
Intercompany loan		
SAMA (iii)	36,357	35,382
Prel	2,346	2,346
Wagner	3,000	3,000
Total noncurrent liabilities	41,703	40,728
Total liabilities	59,275	52,984

- (i) There are purchases and sales between related parties, therefore the balances basically refer to supplies of raw materials (chrysotile) and/or finished products, rendering of services and/or lease agreements, which were eliminated in the Company's consolidated interim financial information. The joint venture, consolidated by the equity pickup method, is not eliminated in the consolidation.
- (ii) These basically refer to reimbursements of expenses with no fixed maturity.
- (iii) These refer to intercompany loans subject to Tax on Financial Transactions (IOF) and Withholding Income Tax (IRRF) levy, and bear interest of 100% of the CDI, for repayment within 24 months as from loan agreement execution date, term of which may be extended for further 24 months.

	<u>Company</u>							
	<u>Sales</u>		<u>Purchases</u>		<u>Expense</u>		<u>Other income</u>	
	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>03/31/2016</u>	<u>03/31/2015</u>
Precon	456	427	373	-	-	-	-	-
Tégula	63	100	-	-	-	-	-	-
SAMA	-	-	21,488	18,610	-	-	-	-
Eternit da Amazônia Companhia	-	-	7,813	-	-	-	-	-
Sulamericana de Cerâmica	480	-	-	-	-	-	-	-
Administrative expenses - Prel	-	-	-	-	300	273	-	-
Interest on loan - SAMA	-	-	-	-	1,151	890	-	-
Tégula Companhia	-	-	-	-	-	-	318	240
Sulamericana de Cerâmica	-	-	-	-	-	-	8	-
IOE - SAMA	-	-	-	-	-	-	1,670	1,185
IOE - Precon	-	-	-	-	-	-	473	310
Total	999	527	29,674	18,610	1,451	1,163	2,469	1,735

Purchase and sale transactions between related parties are carried out under conditions agreed between the parties.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

10. Related parties (Continued)

a) Balances and transactions of the Company with related parties (Continued)

As of March 31, 2016 and 2015, there are no outstanding guarantees with related parties, and there are no provisions for impairment of receivables from related parties.

b) Key management personnel compensation

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

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Salaries, fees and benefits	1,150	995	1,334	1,268
Social charges	340	309	437	399
Post-employment benefits	19	14	19	14
	1,509	1,318	1,790	1,681

In 2012, the Group's Board of Directors approved a stock option plan for the Company's Officers. The Group grants supplementary profit sharing to officers that invest up to 100% of their profit sharing net amount for the purchase of Company shares. This supplementary profit sharing 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.

The stock option plan is not considered share-based payment (CPC 10 R1 - Share-based Payment), as the executive officer does not receive shares directly from Eternit, but the total equivalent up to 100% paid as profit sharing, and purchases Company shares by means of an outside brokerage.

In the quarter ended March 31, 2016, Officers' shareholding position was 1,809,348 shares - ETER3 (1,852,748 shares - ETER3 for the year ended December 31, 2015).

Changes in shares held by the Executive Board	
December 31, 2015	1,852,748
Purchase	-
Sale	(43,400)
March 31, 2016	1,809,348

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

11. Property, plant and equipment

	Company									
	Land	Buildings and improvements	Machinery and equipment	Tooling and molds	Facilities	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Total
Cost										
Balance at January 1, 2015	2,021	33,485	110,014	13,082	83,746	1,659	6,044	4,351	28,980	283,382
Additions	-	-	1,408	-	-	-	-	-	19,929	21,337
Write-offs	-	-	(19)	-	(6)	(244)	(11)	(71)	-	(351)
Transfer	1,157	1,769	31,590	454	2,758	-	378	455	(38,561)	-
Exchange gain (loss)	-	-	-	-	-	-	-	-	107	107
Balances at December 31, 2015	3,178	35,254	142,993	13,536	86,498	1,415	6,411	4,735	10,455	304,475
Additions	-	-	-	-	-	-	-	-	2,102	2,102
Transfer	-	-	4,392	542	172	-	3	-	(5,109)	-
Exchange gain (loss)	-	-	-	-	-	-	-	-	(45)	(45)
Balances at March 31, 2016	3,178	35,254	147,385	14,078	86,670	1,415	6,414	4,735	7,403	306,532
Average depreciation rates	-	4%	8.6%	15%	10%	20%	10%	20%	-	-
Accumulated depreciation										
Balance at January 1, 2015	-	(20,079)	(48,278)	(10,664)	(51,479)	(1,036)	(3,158)	(3,029)	-	(137,723)
Additions	-	(791)	(3,804)	(748)	(5,708)	(71)	(495)	(435)	-	(12,052)
Write-offs	-	-	19	-	1	120	9	71	-	220
Transfer	-	-	(3)	-	3	-	-	-	-	-
Balances at December 31, 2015	-	(20,870)	(52,066)	(11,412)	(57,183)	(987)	(3,644)	(3,393)	-	(149,555)
Additions	-	(208)	(1,206)	(166)	(1,423)	(13)	(123)	(115)	-	(3,254)
Balances at March 31, 2016	-	(21,078)	(53,272)	(11,578)	(58,606)	(1,000)	(3,767)	(3,508)	-	(152,809)
Net book value										
At January 1, 2015	2,021	13,406	61,736	2,418	32,267	623	2,886	1,322	28,980	145,659
At December 31, 2015	3,178	14,384	90,927	2,124	29,315	428	2,767	1,342	10,455	154,920
At March 31, 2016	3,178	14,176	94,113	2,500	28,064	415	2,647	1,227	7,403	153,723

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

11. Property, plant and equipment (Continued)

	Consolidated											Total		
	Land	Buildings and improvements	Machinery and equipment	Mining machinery	Tooling and molds	Facilities	Vehicles	Off-road vehicles	Furniture and fixtures	IT equipment	Decommissioning of mine		Stabilization on construction works in mine	Construction in progress
Cost														
Balance at January 1, 2015	5,404	82,019	207,804	30,058	26,855	230,168	23,675	1,776	18,238	9,315	5,778	13,387	107,222	761,699
Additions	-	-	1,418	-	13	-	-	-	-	10	-	-	47,526	48,967
Write-offs	-	(276)	(3,627)	(2)	-	(18)	(474)	(58)	(655)	(357)	-	-	-	(5,467)
Transfers	1,157	6,368	121,732	657	454	10,460	473	-	728	731	-	-	(142,760)	-
Exchange gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-	844	844
Balances at December 31, 2015	6,561	88,111	327,327	30,713	27,322	240,610	23,674	1,718	18,311	9,699	5,778	13,387	12,832	806,043
Additions	-	-	-	-	-	-	-	-	-	-	-	-	3,501	3,501
Write-offs	(20)	(141)	(1,954)	-	-	(495)	-	-	(13)	-	-	-	-	(2,623)
Transfers	-	55	5,437	146	542	1,537	-	-	21	49	-	-	(7,787)	-
Exchange gain (loss)	-	-	-	-	-	-	-	-	-	-	-	-	(45)	(45)
Balances at March 31, 2016	6,541	88,025	330,810	30,859	27,864	241,652	23,674	1,718	18,319	9,748	5,778	13,387	8,501	806,876
Average depreciation rates	-	4%	8.6%	28.4%	15%	10%	20%	26.8%	10%	20%	2.9%	5.3%	-	-
Accumulated depreciation														
Balance at January 1, 2015	-	(49,168)	(110,751)	(23,546)	(22,338)	(170,197)	(19,907)	(1,604)	(9,975)	(6,708)	(1,550)	(4,271)	-	(420,015)
Additions	-	(1,824)	(9,604)	(4,265)	(2,137)	(14,354)	(1,467)	(124)	(1,256)	(886)	(231)	(812)	-	(36,960)
Write-offs	-	11	3,617	2	-	16	296	58	622	357	-	-	-	4,979
Transfers	-	-	1	-	-	3	-	-	(4)	-	-	-	-	-
Balances at December 31, 2015	-	(50,981)	(116,737)	(27,809)	(24,475)	(184,532)	(21,078)	(1,670)	(10,613)	(7,237)	(1,781)	(5,083)	-	451,996
Additions	-	(546)	(3,024)	(624)	(427)	(3,542)	(234)	(22)	(289)	(226)	(66)	(206)	-	(9,206)
Write-offs	-	172	1	-	-	309	-	-	3	-	-	-	-	485
Balances at March 31, 2016	-	(51,355)	(119,760)	(28,433)	(24,902)	(187,765)	(21,312)	(1,692)	(10,899)	(7,463)	(1,847)	(5,289)	-	460,717
Net book value														
At January 1, 2015	5,404	32,851	97,053	6,512	4,517	59,971	3,768	172	8,263	2,607	4,228	9,116	107,222	341,684
At December 31, 2015	6,561	37,130	210,590	2,904	2,847	56,078	2,596	48	7,698	2,462	3,997	8,304	12,832	354,047
At March 31, 2016	6,541	36,670	211,050	2,426	2,962	53,887	2,362	26	7,420	2,285	3,931	8,098	8,501	346,159

Due to legal proceedings, subsidiary SAMA gave in warranty PP&E items (machinery and equipment) in the net book value of R\$447 (R\$567 at December 31, 2015).

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Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

12. Intangible assets

Company	Software	Software in progress	Other	Total
Cost				
Balance at January 1, 2015	11,119	1,700	11	12,830
Additions	-	1,931	-	1,931
Transfer	1,938	(1,938)	-	-
Balance at December 31, 2015	13,057	1,693	11	14,761
Additions	-	130	-	130
Balance at March 31, 2016	13,057	1,823	11	14,891
<u>Useful life (in years)</u>	5	-	-	-
Amortization				
Balance at January 1, 2015	(6,393)	-	-	(6,393)
Additions	(1,418)	-	-	(1,418)
Balance at December 31, 2015	(7,811)	-	-	(7,811)
Additions	(387)	-	-	(387)
Balance at March 31, 2016	(8,198)	-	-	(8,198)
<u>Net book value</u>				
Balance at January 1, 2015	4,726	1,700	11	6,437
Balance at December 31, 2015	5,246	1,693	11	6,950
Balance at March 31, 2016	4,859	1,823	11	6,693

Consolidated	Software	Goodwill	Trademarks and patents	Software in progress	Other	Total
Cost						
Balance at January 1, 2015	19,167	19,995	1,416	1,700	75	42,353
Additions	424	-	-	3,077	-	3,501
Write-off	(37)	-	-	-	-	(37)
Transfers	3,084	-	-	(3,084)	-	-
Balance at December 31, 2015	22,638	19,995	1,416	1,693	75	45,817
Additions	-	-	-	144	-	144
Write-offs	-	(42)	-	-	(5)	(47)
Transfers	15	-	-	(15)	-	-
Balance at March 31, 2016	22,653	19,953	1,416	1,822	70	45,914
<u>Useful life (in years)</u>	5	-	-	-	-	-
Amortization						
Balance at January 1, 2015	(11,730)	-	-	-	(1)	(11,731)
Additions	(2,441)	-	-	-	-	(2,441)
Write-offs	2	-	-	-	-	2
Balance at December 31, 2015	(14,169)	-	-	-	(1)	(14,170)
Additions	(662)	-	-	-	-	(662)
Write-offs	-	-	-	-	-	-
Balance at March 31, 2016	(14,831)	-	-	-	(1)	(14,832)
<u>Net book value</u>						
Balance at January 1, 2015	7,437	19,995	1,416	1,700	74	30,622
Balance at December 31, 2015	8,469	19,995	1,416	1,693	74	31,647
Balance at March 31, 2016	7,822	19,953	1,416	1,822	69	31,082

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13. Trade accounts payable

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Domestic market	25,170	21,244	44,802	36,318
Foreign market	7,617	2,678	9,195	5,102
	32,787	23,922	53,997	41,420

14. Loans and financing

In the quarter ended March 31, 2016, the Group capitalized borrowing costs that were directly attributable to the acquisition of qualifying assets, totaling R\$46 (R\$13,959 in 2015). The average effective interest rate to determine the amount of borrowing costs subject to capitalization was 3.85% (2.26% in 2015).

	Interest rate and commissions %	Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Current:					
Domestic currency for acquisition of machinery and equipment	From 1.14% to 10% p.a. + TJLP	1,529	1,610	4,048	5,105
Foreign currency for acquisition of machinery and equipment	From 0.66% to 2.91% p.a.	2,869	3,151	12,910	14,979
Foreign currency for acquisition of raw material	From 1.91% to 2.65% p.a.	2,936	1,566	2,936	1,566
Domestic currency (finance lease) for acquisition of vehicle and IT equipment	1.23% p.a.	-	-	160	251
Domestic currency for working capital	From 7.06% to 123.9% of CDI	-	-	54,397	68,406
Foreign currency for working capital (Advances on Export Contracts - ACE)	Average of 2.8% p.a.	-	-	1,469	-
Total current		7,334	6,327	75,920	90,307

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Notes to individual and consolidated interim financial information (Continued)
 March 31, 2016
 (In thousands of reais - R\$, unless otherwise stated)

14. Loans and financing (Continued)

	Interest rate and commissions %	Company		Consolidated	
		03/31/2016	12/31/2015	03/31/2016	12/31/2015
Noncurrent:					
Domestic currency for acquisition of machinery and equipment	From 1.14% to 10% p.a. + TJLP	2,485	2,763	3,528	4,207
Foreign currency for acquisition of machinery and equipment	From 0.66% to 2.91% p.a.	6,635	5,274	27,512	36,245
Foreign currency for acquisition of raw material	From 1.91% to 2.65% p.a.	4,527	8,257	4,527	8,257
Domestic currency (finance lease) for acquisition of vehicle and IT equipment	1.23% p.a.	-	-	18	-
Domestic currency for working capital	From 7.06% to 123.9% of CDI	-	-	36,493	28,245
Total noncurrent		13,647	16,294	72,078	76,954
		20,981	22,621	147,998	167,261

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Noncurrent payment flow:				
April 2017	9,938	10,984	20,899	24,408
2018	3,702	5,231	17,428	19,967
2019	7	79	4,113	9,565
2020 to 2027	-	-	29,638	23,014
	13,647	16,294	72,078	76,954

The Group has loan agreements with non-financial covenants with which it was compliant as of March 31, 2016. Guarantees, if any, are disclosed in Note 29.

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Notes to individual and consolidated interim financial information (Continued)
 March 31, 2016
 (In thousands of reais - R\$, unless otherwise stated)

15. Personnel expenses

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
13 th monthly salary	1,609	-	2,779	-
Vacation pay	8,844	9,297	14,761	15,726
Profit sharing (a)	4,172	2,821	9,672	7,120
Unemployment Compensation Fund (FGTS)	457	622	761	1,056
Social Security Tax (INSS)	2,083	2,115	3,249	3,352
Other	85	3	494	468
	17,250	14,858	31,716	27,722

(a) 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. Profit sharing expenses recorded are as follows:

	Profit sharing	
	03/31/2016	03/31/2015
Company	1,683	1,072
Consolidated	2,893	831

16. Taxes, charges and contributions payable

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Current:				
Income taxes				
Corporate Income Tax (IRPJ)	404	-	1,249	1,188
Social Contribution Tax on Net Profit (CSLL)	170	-	487	698
Other taxes				
State Value Added Tax (ICMS)	7,511	5,176	11,157	7,989
Federal Value Added Tax (IPI)	2,509	2,227	2,813	2,538
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	1,586	1,175	2,815	2,444
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	332	241	585	508
Withholding Income Tax (IRRF)	409	1,708	1,073	2,504
Tax on Financial Transactions (IOF)	11	12	50	28
Mineral resource offsetting financial contribution	-	-	1,465	1,423
Other	118	158	394	547
	13,050	10,697	22,088	19,867
Noncurrent:				
State Value-Added Tax (ICMS) (*)	1,510	6,477	4,734	8,969

(*) ICMS deriving from tax incentive programs PRODUZIR and DESENVOLVE in the Company; FOMENTAR in subsidiary Precon; FUNDOPEM and PRODUZIR in subsidiary Tégula; and INCENTIVO (tax incentive) of 7% and 90%, respectively, in subsidiary Eternit da Amazônia.

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17. Provision for post-employment benefits

I) Future health benefits

Based on an actuarial report prepared by a specialized independent company, the Group records a provision for future health benefits (health insurance plan and laboratory exams) to former employees. Assumptions and calculations are reviewed on an annual basis.

a) *Main actuarial assumptions used to determine the present value of benefits*

	<u>12/31/2015</u>
Actual actuarial annual interest rate	7.27%
Actual annual medical cost increase rate	3.80%
Annual projected inflation rate	6.49%
General mortality table	AT-2000

b) *Liability from post-employment benefit plan*

	<u>Company</u>		<u>Consolidated</u>	
	<u>03/31/2016</u>	<u>12/31/2015</u>	<u>03/31/2016</u>	<u>12/31/2015</u>
Current	2,749	2,749	4,890	4,890
Noncurrent	32,286	31,839	44,798	44,437
	35,035	34,588	49,688	49,327

c) *Net expenses with the benefit in 2016 (posted to P&L)*

	<u>Company</u>		<u>Consolidated</u>	
	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>03/31/2016</u>	<u>03/31/2015</u>
Current service and interest cost	1,134	983	1,584	1,473
Benefits paid	(687)	(628)	(1,222)	(919)
Net expense with the benefit	447	355	362	554

II) Supplementary private pension plan

The Group has an open-ended supplementary private pension plan with a duly authorized private pension entity. The plan is for defined contributions and deductible for income tax purposes (PGBL) and offered to all employees and officers. No additions to the provision recorded at March 31, 2016 are required.

For the quarters ended March 31, 2016 and 2015, the Group and its participants made contributions to fund benefit plans as follows:

	<u>Company</u>		<u>Consolidated</u>	
	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>03/31/2016</u>	<u>03/31/2015</u>
Contributions made in the periods ended:	330	416	882	1,025

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March 31, 2016
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18. Equity

a) Capital

At March 31, 2016 and December 31, 2015, the Company's fully subscribed for and paid-up capital amounted to R\$334,251 and was represented by 179,000,000 common registered book-entry shares, with no par value, with the right to vote in Annual General Meeting deliberations, held as follows:

Shareholding structure	03/31/2016		12/31/2015	
	Shareholde rs	Shares	Shareholde rs	Shares
Individuals	10,340	126,855,264	10,753	126,183,006
Legal entities	89	3,254,505	92	3,213,774
Residents abroad	91	14,064,326	91	14,323,451
Clubs, funds and foundations	80	34,767,173	88	35,221,037
	10,600	178,941,268	11,024	178,941,268
Treasury stock	1	58,732	1	58,732
	10,601	179,000,000	11,025	179,000,000

The Company is authorized to increase capital up to R\$1,000,000 (one billion reais), irrespective of any corporate restructuring, upon approval by the Board of Directors, which will establish the share issue price and other conditions for the respective subscriptions and payments.

b) Treasury shares

At March 31, 2016, market value of treasury shares was R\$97 (R\$123 as of December 31, 2015).

c) Earnings per share

The following table reconciles net income to amounts used to calculate basic and diluted earnings per share.

	03/31/2016	03/31/2015
Dilutive effect		
Net income for the period attributable to noncontrolling interests	8,270	20,156
Weighted average number of outstanding common shares, less the average of treasury common shares	178,941	178,941
Basic and diluted earnings per share - R\$	0.05	0.11

There is no dilutive effect to be considered in the calculation above.

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Notes to individual and consolidated interim financial information (Continued)
March 31, 2016
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18. Equity (Continued)

d) Retained earnings

During the quarters, the Company does not allocate total profit. Total profit is allocated at year end.

e) Dividends and interest on equity

Dividends and IOE outstanding balance as of December 31, 2016 represents:

	Company and Consolidated	
	03/31/2016	12/31/2015
Interest on equity (IOE)	6,900	7,118
Dividends	-	-
Prior year's amounts	576	416
	7,476	7,534

19. Government grants

Tégula - Investment grant - Goiás Industrial Development Program - Produzir

Tégula Soluções para Telhados has a tax benefit to reduce 73% of ICMS calculated on sales of goods produced in the unit established in the city of Anápolis, Goiás state. Tégula used R\$6,894 of the amount contracted, remaining a balance of R\$16 to be used until the expiration of the benefit contract on 12/31/2020.

For the quarter ended March 31, 2016, this benefit totaled R\$178 (R\$881 at December 31, 2015). The benefit is treated as investment grant, since conceptually the Company benefits itself through reduction, refund or exemption of taxes due, and it is intended to expand the Company's activity.

Precon - Investment grant - Agência de Fomento Goiás S.A - company in the state of Goiás - FOMENTAR

Precon Goiás Industrial Ltda. has a tax benefit to reduce 70% of ICMS calculated on sales of goods produced in the unit established in the city of Anápolis, Goiás state. Precon used R\$24,879 of the amount contracted, remaining a balance of R\$16,790 to be used until the expiration of the benefit contract on 12/31/2020.

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19. Government grants (Continued)

Eternit - Investment grant - Goiás Industrial Development Program - Produzir

Eternit S.A. has a tax benefit to reduce 73% of ICMS calculated on sales of goods produced in the unit established in the city of Goiânia, Goiás state. The Company used R\$27,686 of the amount contracted, remaining a balance of R\$33,295 to be used until the expiration of the benefit contract on 12/31/2020.

For the quarter ended March 31, 2016, this benefit totaled R\$4,626 (R\$4,008 at December 31, 2015). The benefit is treated as investment grant, since conceptually the Company benefits itself through reduction, refund or exemption of taxes due, and it is intended to expand the Company's activity.

Eternit - Investment grant - Brazilian Supervisory Office for Development of the Northeast (SUDENE)

The Company has a tax benefit to reduce 75% of Corporate Income Tax (IRPJ) and non-refundable surtaxes on profit from tax-incentive activities (*lucro da exploração*) on behalf of Eternit S.A. This benefit expires in calendar year 2020.

The history of laws and granting of tax benefit related to each program mentioned herein were disclosed by management in this interim financial information.

20. Income and social contributions taxes

a) Reconciliation of income and social contribution tax expense with statutory amounts

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

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Income before income and social contribution taxes	9,740	20,097	16,236	31,817
Nominal rate	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	(3,312)	(6,833)	(5,520)	(10,818)
Effect of income and social contribution taxes on permanent differences:				
Equity pickup	2,564	5,190	(2,118)	(2,217)
Interest on equity (IOE)	(728)	1,743	(728)	2,251
Donations and gifts	(11)	(35)	(213)	(181)
Nondeductible taxes and fines	(21)	(4)	(60)	(11)
Tax incentive	31	-	48	67
Other temporary (additions) exclusions, net	7	(2)	624	(752)
Income and social contribution taxes on P&L	(1,470)	59	(7,967)	(11,661)
Effective rate	-15.1%	0.3%	-49.1%	37%

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Notes to individual and consolidated interim financial information (Continued)
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20. Income and social contribution taxes (Continued)

b) Breakdown of deferred income and social contribution taxes

The estimated realization of the deferred tax balance may present changes, since most of them are subject to court decisions over which the Group has no control or cannot predict when there will be a decision in higher court.

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

	<u>Company</u>	<u>Consolidated</u>
Balance at January 1, 2015	24,750	53,299
Setup of temporary differences	8,121	75,949
Reversal of temporary differences	(6,524)	(70,078)
Setup on tax loss	7,917	7,917
Reversal on tax loss	-	(3,264)
Balance at December 31, 2015	34,264	63,823
Setup of temporary differences	3,671	21,491
Reversal of temporary differences	(2,635)	(19,514)
Reversal on tax loss	(763)	(763)
Balance at March 31, 2016	34,537	65,037

	<u>Company</u>		<u>Consolidated</u>	
	<u>03/31/2016</u>	<u>12/31/2015</u>	<u>03/31/2016</u>	<u>12/31/2015</u>
Income and social contribution tax losses	12,263	13,026	18,669	19,432
Post-employment benefits	11,912	11,760	16,894	18,224
Provision for tax, civil and labor risks	6,832	7,702	17,173	17,841
Unrealized income in inventories	-	-	3,289	3,289
Allowance for doubtful accounts	1,426	1,321	2,822	2,699
Provision for profit sharing	1,419	959	3,259	2,398
Provision for losses on PP&E	-	1,271	-	1,271
Unshipped products	-	-	1,670	1,470
Other provisions	685	(1,775)	1,261	(2,801)
	34,537	34,264	65,037	63,823

Expected realization of tax credits

i. Income and social contribution tax losses

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

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20. Income and social contribution taxes (Continued)

i. Income and social contribution tax losses (Continued)

	<u>Company</u>	<u>Consolidated</u>
	<u>03/31/2016</u>	<u>03/31/2016</u>
April 2016	346	666
2017	756	1,151
2018	1,287	1,755
2019	1,536	2,100
From 2020 to 2025	8,338	12,997
	<u>12,263</u>	<u>18,669</u>

Recorded deferred tax assets are limited to the offset amount supported by projections of taxable profit, 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 tax legislation, however, these may be carried indefinitely for offset against future taxable profit.

As of March 31, 2016, subsidiary Tégula had accumulated income tax loss of R\$51,209 and social contribution tax loss of R\$51,359, for which deferred taxes were not recorded, since up to March 31, 2016 there were no future taxable profit projections confirming realization thereof.

ii. Temporary differences

Noncurrent assets related to deferred income and social contribution taxes calculated on temporary differences is expected to be realized as follows:

	<u>Company</u>	<u>Consolidated</u>
	<u>03/31/2016</u>	<u>03/31/2016</u>
April 2016	6,610	11,874
2017	1,741	8,552
2018	1,741	2,705
2019	1,741	4,318
From 2020 to 2025	10,441	18,919
	<u>22,274</u>	<u>46,368</u>

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

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21. Provision for tax, civil and labor risks

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

Group management understands that the provision for contingencies is sufficient to cover any losses from legal proceedings and represents the best estimate of the probable future disbursement of the Company, based on information available up to the authorization date of this interim financial information, impacts of which may be reliably measured as follows:

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Labor claims (i)	39,131	39,177	48,092	48,581
Civil claims	-	-	4,918	4,918
Tax claims (ii)	8,184	7,919	32,004	30,782
	47,315	47,096	85,014	84,281

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

	Company		
	Provisions for labor claims	Provisions for tax proceedings	Total
Balance at January 1, 2015	20,258	5,968	26,226
Additions	23,466	1,956	25,422
Payments	(843)	-	(843)
Write-offs	(1,892)	-	(1,892)
Reversals	(1,812)	(5)	(1,817)
Balance at December 31, 2015	39,177	7,919	47,096
Additions	291	265	556
Payments	(272)	-	(272)
Reversals	(65)	-	(65)
Balance at March 31, 2016	39,131	8,184	47,315

	Consolidated			
	Provisions for labor claims	Provisions for civil proceedings	Provisions for tax proceedings	Total
Balance at January 1, 2015	29,225	4,930	25,394	59,549
Additions	23,904	-	5,394	29,298
Payments	(843)	-	-	(843)
Write-offs	(1,892)	-	-	(1,892)
Reversals	(1,813)	(12)	(6)	(1,831)
Balance at December 31, 2015	48,581	4,918	30,782	84,281
Additions	292	-	1,222	1,514
Payments	(716)	-	-	(716)
Reversals	(65)	-	-	(65)
Balance at March 31, 2016	48,092	4,918	32,004	85,014

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Notes to individual and consolidated interim financial information (Continued)
March 31, 2016
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21. Provisions for tax, civil and labor risks (Continued)

i) Significant provisions related to labor claims include

- a) Damages including pain and suffering, property damage and labor claims brought by former employees claiming (i) overtime (ii) night shift pay, (iii) health and risk exposure premiums; and (iv) severance pay, among others.
- b) Civil Class Action filed in 2013 with São Paulo Labor Court by São Paulo Labor Prosecution Office against the Company. This action is challenging matters relating to the work environment and occupational health of the manufacturing unit that was shut down in early 1990s. In parallel to this action, other Civil Class Action, forwarded by way of dependence, was filed by ABREA also with the Labor Court, reason why, and by a court order, those actions were unified. The requests aim compensation for collective pain and suffering, individual damage, among others. On March 1, 2016, both actions were rendered partially upheld at the lower court. Part of the decision at the lower court was assessed as probable loss by the Company's legal advisors. The provision was set up considering uncertainties surrounding the amount recognized at various means according to the circumstances, which is in line with IAS 37.39 (CPC 25.39), which provides that in measuring a provision that involves a large population of items, the obligation shall be estimated by weighing up all possible outcomes considering their associated probabilities.

ii) Significant provisions related to tax proceedings include

- a) Difference in ICMS amounts paid;
- b) Difference in rates paid for INSS purposes; and
- c) Difference in the amounts recognized referring to the Financial Compensation for the Exploration of Mineral Resources (CEFEM).

iii) Proceedings whose likelihood of an unfavorable outcome is assessed as possible

At March 31, 2016, there were civil, tax, administrative and labor claims against the Group, for which legal advisors classified the likelihood of loss as possible, which can be reliably measured, in the consolidated amount of R\$19,526 (R\$19,526 at December 31, 2015), therefore, no provision was recorded for these claims and proceedings.

In addition, the following proceedings were in course against the Group, whose likelihood of loss was assessed as possible by legal advisors, and whose amounts are not measurable up to date:

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Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

20. Provision for tax, civil, and labor risks (Continued)

- a) Civil class actions on environmental and health matters brought by state and federal prosecutors of Bahia state, and a class action with the same objective as the abovementioned civil class actions.
- b) Consumer civil class actions in the State of Rio de Janeiro and another one in the State of Pernambuco, in order to prohibit the sale of products containing chrysotile mineral in those states.
- 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 class action and class action, both related to the sale by the state of Goiás of an area of land where the residential quarters of subsidiary SAMA is located.
- e) Part of the decision at the lower court on the proceeding mentioned in item i "b" to this note was assessed as possible loss by the Company's legal advisors.
- f) In 2014, a Civil Class Action was filed by the Labor Prosecution Office against the Company with the Rio de Janeiro Labor Court. This action challenges matters relating to the work environment and occupational health, in addition to indemnification request for collective pain and suffering in the amount of R\$1 billion. In parallel to this action, other Civil Class Action, forwarded by way of dependence, was filed by ABREA with the same Labor Court. Both actions are pending judgment.

The judicial deposits for Provisional Enforcement Guarantees and Appeal Deposits in connection with the provisions for contingencies are classified in a specific account in noncurrent assets.

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Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

22. Net operating revenue

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Gross sales revenue	170,063	178,520	285,609	321,547
Unconditional discounts and rebates	(586)	(732)	(641)	(770)
Sales taxes	(38,047)	(45,863)	(56,046)	(68,058)
Net operating revenue	131,430	131,925	228,922	252,719

23. Information on the nature of expenses

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Cost of products and goods sold	(99,672)	(99,247)	(148,876)	(158,761)
Selling expenses	(14,415)	(14,247)	(26,578)	(27,631)
General and administrative expenses	(10,844)	(10,239)	(23,686)	(23,864)
Management compensation	(1,878)	(2,302)	(3,149)	(3,461)
	(126,809)	(126,035)	(202,289)	(213,717)
Raw material used	(64,696)	(68,239)	(97,394)	(111,233)
Personnel expenses and charges	(30,107)	(27,353)	(41,528)	(39,380)
Material, electric energy and services	(11,735)	(9,212)	(14,974)	(11,102)
Third-party services	(4,805)	(5,777)	(12,457)	(13,450)
Depreciation and amortization	(3,641)	(3,304)	(9,868)	(9,624)
Sales commissions	(3,182)	(3,129)	(4,793)	(5,355)
Variable selling expenses	(1,699)	(2,542)	(8,060)	(10,370)
Lease of chattels	(1,735)	(1,663)	(2,907)	(2,811)
Travel expenses	(931)	(1,219)	(1,634)	(2,019)
Expenses with materials and IT services	(856)	(922)	(1,518)	(1,530)
Advertising and publicity	(2,050)	(724)	(2,375)	(1,222)
Trade union dues	(436)	(729)	(2,145)	(2,460)
Taxes and charges	(202)	(432)	(1,317)	(925)
Expense with allowance for doubtful accounts	(308)	(478)	(462)	(861)
Other	(426)	(312)	(857)	(1,375)
	(126,809)	(126,035)	(202,289)	(213,717)

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Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

24. Other operating income (expenses), net

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
<u>Other operating income:</u>				
PP&E disposals	-	-	3,311	10
Unclaimed interest on equity	17	-	17	-
Reversal of provision for labor risks	-	1,753	222	1,753
Lease	-	-	302	534
Previously unused credit	-	-	1,227	-
FI Fund - Private Pension (i)	-	-	-	673
Other	31	531	1,202	1,174
	48	2,284	6,281	4,144
<u>Other operating expenses:</u>				
Provision for post-employment benefits	(1,134)	(983)	(1,584)	(1,473)
Environmental recovery	-	-	(304)	-
Taxes on other sales	(5)	(7)	(138)	(493)
Quality control	(212)	(271)	(321)	(310)
Replacement of defective products	(69)	(112)	(196)	(112)
Expenses with unexpected halts	-	-	(13)	-
Expenses with labor and civil indemnifications	(287)	(258)	(302)	(326)
Cost of PP&E disposals	-	(7)	(231)	(7)
FibraPrev – Private Pension Plan	-	-	(1,218)	-
Other	(74)	(21)	(376)	(470)
	(1,781)	(1,659)	(4,683)	(3,191)
	(1,733)	625	1,598	953

(i) Private pension credit offset, Company's contribution, in unnamed fund established upon termination of employees, in accordance with the Company's policies.

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25. Financial income (expenses)

	Company		Consolidated	
	03/31/2016	03/31/2015	03/31/2016	03/31/2015
Financial income:				
Short-term investment yield - including Bank Deposit Certificates (CDB)	128	508	614	1,295
Discounts obtained	53	14	118	23
Interest income	665	737	1,344	1,324
Monetary gains	267	234	274	242
Exchange gains	11,727	982	21,283	17,784
	12,840	2,475	23,633	20,668
Financial expenses:				
Interest on financing	(304)	(92)	(1,530)	(184)
Interest on loan	(1,151)	(890)	-	-
Interest payable	(75)	(50)	(2,625)	(673)
Bank expenses	(533)	(310)	(649)	(364)
Discounts granted	(572)	(417)	(959)	(701)
Tax on Financial Transactions (IOF)	(122)	(111)	(135)	(288)
PIS and COFINS - Interest on Equity (IOE)	(276)	(138)	(303)	(138)
Exchange losses	(10,028)	(1,495)	(21,604)	(18,306)
Monetary losses	(414)	(581)	(1,414)	(1,486)
Other	(59)	(75)	(180)	(145)
	(13,534)	(4,159)	(29,399)	(22,285)
Financial income (expenses), net	(694)	(1,684)	(5,766)	(1,617)

26. Segment reporting

Management defined the operating segments as Fiber Cement, Chrysotile Mineral and Concrete Roof Tiles, as well as the geographic area of operation. Information presented in line "Other" refers to expenses not directly attributable to Fiber Cement, Chrysotile and Concrete Roof Tiles segments, among others.

Operating segments defined by senior management are as follows:

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

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Notes to individual and consolidated interim financial information (Continued)

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26. Segment reporting (Continued)

Significant consolidated segment reporting for the quarter ended March 31, 2016 and year ended December 31, 2015 is as follows:

		03/31/2016		03/31/2016					
		Assets	Liabilities	Net revenue	Gross profit	Income (loss) before taxes	Depreciation and amortization	Financial income (expenses)	IRPJ/ CSLL
Fiber cement and synthetic fiber cement									
	Southeast	277,718	28,546	28,022	6,771	2,063	(1,102)	(103)	(430)
	South	57,619	39,807	40,546	9,812	3,001	(1,292)	(150)	(623)
	Midwest	90,077	56,001	45,944	11,820	4,102	(1,169)	(170)	(706)
	North and Northeast	31,410	25,827	26,540	6,413	1,954	(635)	(98)	(408)
		456,824	150,181	141,052	34,816	11,120	(4,198)	(521)	(2,167)
Chrysotile Mineral									
	Domestic market	268,535	177,831	28,813	19,359	7,431	(1,544)	(3,025)	(1,582)
	Foreign market	-	-	39,614	21,156	4,758	(2,247)	(4,159)	(2,174)
		268,535	177,831	68,427	40,515	12,189	(3,791)	(7,184)	(3,756)
Concrete roof tiles	Domestic market	68,146	21,213	12,027	2,184	(1,556)	(966)	(333)	(191)
Other (*)	Domestic market	145,915	81,769	7,416	2,531	(5,517)	(913)	2,272	(1,853)
Total		939,420	430,994	228,922	80,046	16,236	(9,868)	(5,766)	(7,967)

(*) Including (R\$6,229) of equity pickup of joint venture Companhia Sulamericana de Cerâmica S.A. which operates in the ware segment. See Note 9 "Investments".

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March 31, 2016

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26. Segment reporting (Continued)

		12/31/2015		03/31/2015					
		Assets	Liabilities	Net revenue	Gross profit	Income (loss) before taxes	Depreciation and amortization	Financial income (expenses)	IRPJ/ CSLL
Fiber cement and synthetic fiber cement									
	Southeast	226,850	48,611	24,198	5,984	1,110	(851)	(241)	(178)
	South	52,191	64,034	38,388	9,535	1,801	(1,236)	(382)	(282)
	Midwest	83,936	79,226	54,808	14,722	3,680	(892)	(546)	(404)
	North and Northeast	26,908	42,140	25,620	6,346	1,185	(522)	(255)	(189)
		389,885	234,011	143,014	36,587	7,776	(3,501)	(1,424)	(1,053)
Chrysotile Mineral									
	Domestic market	271,088	87,166	36,426	19,538	11,905	(1,766)	216	(3,813)
	Foreign market	-	-	50,599	31,877	19,424	(2,882)	352	(6,222)
		271,088	87,166	87,025	51,415	31,329	(4,648)	568	(10,035)
Concrete roof tiles	Domestic market	71,814	24,133	14,021	4,225	(754)	(1,253)	(779)	(389)
Other (*)	Domestic market	200,407	87,768	8,659	1,731	(6,534)	(222)	18	(184)
Total		933,194	433,078	252,719	93,958	31,817	(9,624)	(1,617)	(11,661)

(*) Including (R\$6,521) of equity pickup of joint venture Companhia Sulamericana de Cerâmica S.A. which operates in the ware segment. See Note 9 "Investments".

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Notes to individual and consolidated interim financial information (Continued)

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27. Insurance coverage

As of March 31, 2016, the insurance taken out by the Group, under the guidance from its insurance advisors, against any risks is as follows. Average maturity of insurance taken out is July 2016.

Type	Insured assets	Insurance amounts
Engineering and operational risks, general civil liability and loss of profits	Buildings, facilities, equipment and other	<u>R\$290,400</u>

28. Financial instruments

28.1. Identification and assessment of financial instruments

a) Financial instrument analysis

To protect its assets and liabilities, the Group maintains insurance coverage for risks that, if incurred, may cause losses that significantly impact the Groups' equity and/or the P&L, considering the risks subject to compulsory insurance, whether legally or contractually.

A comparison by class of Group's financial instruments, presented in the financial statements, is as follows:

Measured at fair value	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
	Level 1	Level 1	Level 1	Level 1
Financial assets				
Cash and cash equivalents	5,517	2,850	15,757	5,578
Short-term investments	-	3,114	5,791	16,734
Accounts receivable - foreign market	-	-	58,173	69,316
	<u>5,517</u>	<u>5,964</u>	<u>79,721</u>	<u>91,628</u>
Measured at amortized cost	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Financial liabilities				
Trade accounts payable	32,787	23,922	53,997	41,420
Loans and financing	20,981	22,621	147,998	167,261
	<u>53,768</u>	<u>46,543</u>	<u>201,995</u>	<u>208,681</u>

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28. Financial instruments (Continued)

28.1. Identification and assessment of financial instruments (Continued)

b) Fair value hierarchy

Over the quarter ended March 31, 2016, there was no fair value measurement transfer between Level I and Level II, or fair value measurement transfer between Level III and Level II.

28.2. Financial risk management

The Company's main financial liabilities refer to trade accounts payable, and loans and financing. The main purpose of these financial liabilities is to raise funds for operations. The Company also has trade accounts receivable, demand deposits and short-term investments that result directly from its operations. Accordingly, the Company is exposed to market, credit and liquidity risks.

I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes four types of risks for the Group: a) currency risk; b) interest rate risk; c) risk of loss in production due to scarcity in the supply of raw material and inputs; and d) growth-related risks.

a) *Currency risk*

Currency risk is the risk that fair value of future cash flows of a financial instrument floats due to exchange rate variations. Company exposure to exchange rate fluctuation refers mostly to the Group's operating activities (when revenues or expenses are denominated in a currency other than the Group's functional currency).

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Notes to individual and consolidated interim financial information (Continued)
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28. Financial instruments (Continued)

28.2. Financial risk management (Continued)

I. Market risk (Continued)

a) *Currency risk* (Continued)

As of March 31, 2016, the Group was exposed to a currency other than its functional currency, as follows:

	Consolidated		Quotation at 03/31/2016 (US\$ / € 1.00 = R\$ 1.00)
	03/31/2016	12/31/2015	
Foreign market customers	58,173	69,316	3.5589
Foreign market suppliers	(9,195)	(5,102)	3.5589
Advances on Export Contracts (ACE)	(1,469)	-	3.5589
Financing (USD)	(46,805)	(58,847)	3.5589
Financing (EUR)	(1,078)	(2,200)	4.0539
Total currency exposure	(374)	3,167	

a1) *Sensitivity analysis*

In order to measure the economic impact of exchange variations on the Group's financial instruments, four scenarios were considered in relation to the exchange rate prevailing at March 31, 2016, as follows:

Balances (foreign currency) - Consolidated	Risk	Rate (*)	Position at 03/31/2016	Rate depreciation		Rate appreciation	
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
USD			3.5589	1.7795	2.6692	4.4486	5.3384
Foreign market customers	USD		58,173	29,087	43,630	72,717	87,260
Foreign market suppliers	USD		(9,195)	(4,597)	(6,896)	(11,493)	(13,792)
Advances on Export Contracts (ACE)	USD		(1,469)	(735)	(1,102)	(1,836)	(2,204)
Financing	USD		(46,805)	(23,403)	(35,104)	(58,506)	(70,208)
EUR			4.0539	2.0270	3.0404	5.0674	6.0809
Financing	EUR		(1,078)	(539)	(809)	(1,348)	(1,617)
Total exposure			(374)	(187)	(281)	(466)	(561)

(*) US dollar and Euro rates available on the web site of the Central Bank of Brazil (BACEN).

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Notes to individual and consolidated interim financial information (Continued)
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28. Financial instruments (Continued)

28.2. Financial risk management (Continued)

I. Market risk (Continued)

b) *Interest rate risks*

Interest rate risk is the risk that fair value of future cash flows of a financial instrument floats due to market interest rate variations.

Group management makes it a policy to maintain the rates of its exposures at asset and liability interest rates pegged to floating rates. Short-term investments are restated by reference to the CDI.

Asset (liability) exposures to interest rates are as follows:

	Company		Consolidated	
	03/31/2016	12/31/2015	03/31/2016	12/31/2015
Short-term investments (cash equivalents)	910	-	4,325	115
Short-term investments	-	3,114	5,791	16,734
Total exposure to interest rate	910	3,114	10,116	16,849

Group management periodically assesses its investments and cash equivalents to avoid the risk of loss, considering the instability allowed by the current monetary policy adopted by the Federal Government, as well as the history of increases in the base interest rate of the Brazilian economy in recent months. Accordingly, the Company considers taking out derivative contracts to hedge 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:

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Notes to individual and consolidated interim financial information (Continued)
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28. Financial instruments (Continued)

28.2. Financial risk management (Continued)

I. Market risk (Continued)

b) Interest rate risks (Continued)

Short-term investments - Consolidated	Index	Position at 03/31/2016	Probable scenario	Reduction risk		Increase risk		
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)	
CDI				14.13%	7.07%	10.60%	17.66%	21.20%
Short-term investments (cash equivalents)	CDI	4,325	4,936	4,019	3,867	5,089	5,242	
Short-term investments	CDI	5,791	6,609	5,382	5,177	6,814	7,018	

Loans and financing - consolidated	Index	Position at 03/31/2016	Probable scenario	Reduction risk		Increase risk		
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)	
CDI				14.13%	7.07%	10.60%	17.66%	21.20%
Loans and financing	CDI	54,246	61,911	50,413	48,497	63,827	65,743	
TJLP				7.50%	3.75%	5.63%	9.38%	11.25%
Loans and financing	TJLP	1,901	2,044	1,830	1,794	2,079	2,115	
SELIC				14.15%	7.08%	10.61%	17.69%	21.23%
Loans and financing	SELIC	573	654	532	512	674	694	

c) *Risk of loss on production due to scarcity in the supply of raw material and inputs*

This growth strand is based on the diversification of the portfolio, through development, launching of new products and entry of new business segments, using the Group's own structure or the ability of third parties. Within this concept there are the constructive solutions (cement slabs and the Wall Panel), metallic roof tiles, ware, sanitary seats and metal fittings. Except for constructive solutions and ware items, third parties' skills are used in other segments.

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Notes to individual and consolidated interim financial information (Continued)
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28. Financial instruments (Continued)

28.2. Financial risk management (Continued)

c) *Risk of loss on production due to scarcity in the supply of raw material and inputs* (Continued)

The Company has no control over certain raw materials such as cement, limestone, sand and recycled pulp, thus a significant increase in prices arising from scarcity, taxes, restrictions or exchange rate fluctuations, or reduction in payment terms, may substantially impact the production cost and adversely affect the Company's business.

d) *Growth-related risk*

Concerning suppliers of ware, sanitary seats and metal fittings whose products Eternit sells in the Brazilian market, the Company may face difficulties in finding new partners in case of a dissolution in the supply contract.

II. Credit risk

Accounts receivable

Customer credit risk is managed by the Company on a daily basis, also such risk is mitigated by the fact that sales are made to a large number of customers and managed through a strict credit rating process. The result of this management and maximum exposure to credit risk are reflected under "Allowance for doubtful accounts", as described in Note 6.

No Company customer accounts for more than 3.31% of total trade accounts receivable balance as of March 31, 2016 (3% as of December 31, 2015).

Demand deposits and short-term investments

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

III. Liquidity risk

The liquidity risk consists in the Company's occasionally not having sufficient funds to meet its commitments, given the different currencies and realization/settlement terms of its rights and obligations.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)
March 31, 2016
(In thousands of reais - R\$, unless otherwise stated)

28. Financial instruments (Continued)

28.2. Financial risk management (Continued)

III. Liquidity risk (Continued)

The control over the Company's liquidity and cash flow is monitored daily by management, in such way as to ensure that the operating cash generation and the available lines of credit, as necessary, are sufficient to meet their schedule of commitments, not generating liquidity risks to the Company.

IV. Capital management

For the quarter ended March 31, 2016, there were no changes in capital structure objectives, policies or processes as compared with 2015. The Company includes in its net debt structure: loans, financing less cash and cash equivalents.

	<u>Company</u>		<u>Consolidated</u>	
	<u>Leverage</u>		<u>Leverage</u>	
	<u>03/31/2016</u>	<u>12/31/2015</u>	<u>03/31/2016</u>	<u>12/31/2015</u>
Loans and financing	20,981	22,621	147,998	167,261
(-) Cash and cash equivalents	(5,517)	(2,850)	(15,757)	(5,578)
Net debt	15,464	19,771	132,241	161,683
Equity	508,409	500,098	508,426	500,116
Net debt and equity	492,945	480,327	376,185	338,433

29. Commitments and guarantees

At March 31, 2016, the Group had the following guarantees:

- (i) Bank Guarantee No. 420.126-8 referring to the electric energy purchase and sale agreement entered into by subsidiary SAMA S.A. Minerações Associadas and the supply company Tractebel, amounting to R\$4,220, with Banco Safra, maturing in January 2, 2017;
- (ii) Bank Guarantee No. 2.052.898 referring to tax enforcement payment - DNPM (National Department of Mineral Production) entered into by SAMA S.A. Minerações Associadas, amounting to R\$1,440, with Banco Bradesco, with indefinite maturity;

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)

March 31, 2016

(In thousands of reais - R\$, unless otherwise stated)

29. Commitments and guarantees (Continued)

- (iii) Bank Guarantee No. 2.043.852-5 referring to the financing related to Goiás State Development Agency entered into with Eternit S.A., amounting to R\$6,034, with Banco Bradesco, maturing in February 25, 2017;
- (iv) Bank Guarantee No. 2.062,549-P, amounting to R\$40,909, referring to (60%) of the financing entered into between Companhia Sulamericana de Cerâmica and BNB, Banco do Nordeste, for installation of a sanitary ware plant, with Banco Bradesco, maturing in January 25, 2017;
- (v) Concession of PP&E items pledged as guarantee for judicial deposits amounting to R\$447, as mentioned in Note 11;
- (vi) Bill of credit with Banco da Amazônia for implementing the Company's R&D plant in Manaus. The Group offered as guarantee a property and its respective improvements located in the city and state of Rio de Janeiro, the market value of which is R\$62,500.
- (vii) Guarantee Insurance Policy No. 54-0775-23-4000138 for payments of debts included in the roster of debtors to government - CDAs No. 80.6.15.066685-39 and 80.6.15.068746-00, referring to CSLL and COFINS, amounting to R\$417 and effective through January 29, 2021.
- (viii) Guarantee Insurance Policy No. 16-0775-23-0132155 for payments of debts included in the roster of debtors to government - CDAs Nos. 80.6.15.068893-81, 80.7.15.015565-27 and 80.3.15.001323-50, referring to the annulment action related to the payment of COFINS debt amounting R\$6,350, effective through October 26, 2020.

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)
March 31, 2016
(In thousands of reais - R\$, unless otherwise stated)

30. Provision for decommissioning of mine

Subsidiary SAMA records the restatement of environmental restoration at fair value, according to the following criteria:

	2016 and 2015
Discount rate	10% p.a.
Long-term inflation rate	5% p.a.

Present value of expected cash outlays	Consolidated	
	03/31/2016	12/31/2015
2032	4,856	4,742
2033	4,168	4,070
2034	2,160	2,109
2035 to 2043	1,737	1,696
Total	12,921	12,617

Considering the agreement entered into under the PAFEM plan, the environmental restoration of the mine will occur between 2032 and 2043.

The expenses recognized for environmental restoration of the mine for the quarter ended March 31, 2016 totaled R\$304 (R\$236 at March 31, 2015), calculated based on the current production of Chrysotile.

SHAREHOLDING POSITION OF THE OWNERS OF MORE THAN 5% OF SHARES OF EACH SPECIES AND CLASS OF THE COMPANY, TO THE INDIVIDUAL ENTITY LEVEL.				
Company: ETERNIT S.A.			Position on 03/31/2016 (In Units)	
Shareholder	Ordinary Shares		Total	
	Qty.	%	Qty.	%
Generation L. Pair Shares Investment Fund	24.394.200	13,63	24.394.200	13,63
Luiz Barsi Filho	24.610.000	13,75	24.610.000	13,75
Victor Adler	14.000.000	7,82	14.000.000	7,82
Shares in treasury	58.732	0,03	58.732	0,03
Others	115.937.068	64,77	115.937.068	64,77
Total	179.000.000	100,00	179.000.000	100,00

SHAREHOLDING POSITION OF THE OWNERS OF MORE THAN 5% OF SHARES OF EACH SPECIES AND CLASS OF THE COMPANY, TO THE INDIVIDUAL ENTITY LEVEL.				
Company: ETERNIT S.A.			Position on 03/31/2015 (In Units)	
Shareholder	Ordinary Shares		Total	
	Qty.	%	Qty.	%
Generation L. Pair Shares Investment Fund	25.782.800	14,40	25.782.800	14,40
Luiz Barsi Filho	24.610.000	13,75	24.610.000	13,75
Victor Adler	12.600.000	7,04	12.600.000	7,04
Shares in treasury	58.732	0,03	58.732	0,03
Others	115.948.468	64,78	115.948.468	64,78
Total	179.000.000	100,00	89.500.000	100,00

2. POSITION OF THE CONTROLLERS, MANAGERS AND CURRENT SHARES (not revised by independent auditors)

ADMINISTRATORS AND CONTROLLERS AND CURRENT SHARES CONSOLIDATED SHAREHOLDING POSITION					
Shareholder	Quantity of ordinary shares (in units) on 03/31/2016	%	Quantity of ordinary shares (in units) Activity	Quantity of ordinary shares (in units) 03/31/2015	%
Controller	N/A	-	N/A	N/A	-
Administrators					
Board of Directors	24.675.066	13,78	24.216.200	458.866	0,26
Advisory Council Management	1.812.848	1,01	-303.300	2.116.148	1,18
Tax Council	764.700	0,43	735.576	29.124	0,01
Shares in treasury	58.732	0,03	0	58.732	0,03
Other shareholders	151.688.654	84,74	-24.648.476	176.337.130	98,52
Total	179.000.000	100,00	0	179.000.000	100,00
Current shares	151.688.654	84,74	-24.648.476	176.337.130	98,52

Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers

Eternit S.A.

São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eternit S.A. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, which comprises the balance sheet as at March 31, 2016 and the related statement of income, of comprehensive income, of changes in equity and of cash flows for the quarter then ended, including explanatory information.

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

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on this interim financial information.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of matter

We draw attention to Note 1 to the individual and consolidated interim financial information, which describes the uncertainty surrounding the Federal Supreme Court of Brazil (STF) judgment of the overall merit of Direct Actions of Unconstitutionality (ADIs) ADI No. 3357, against State Law No.

11643/2001, of the State of Rio Grande do Sul, which prohibits the manufacturing and sale of all types of asbestos-based goods, within that state, and of ADI No. 3937 contesting State Law No. 12684/2007, of the State of São Paulo, which prohibits the use in that State of products, materials or goods that contain any type of asbestos or amianthus, and of other ADIs related to amianthus. Our conclusion is not qualified in respect of this matter.

We draw also attention to Note 21, item i b) and item iii e) to the individual and consolidated interim financial information, which describes Civil Class Actions filed by the São Paulo Labor Prosecution Office and by ABREA-São Paulo against the Company, wherein matters related to the working environment and occupational diseases are challenged, related to the Company's manufacturing unit that was shut down in the early 1990s, for which partially unfavorable decisions were handed down to the Company by the lower court. The likelihood of loss on part of those actions was assessed as probable by the Company's legal advisors. Accordingly, a provision for loss was recorded for such part. No provision for loss was recorded for the part assessed as possible loss by the Company's legal advisors. Our conclusion is not qualified in respect of this matter.

We draw also attention to Note 21, item iii f) to the individual and consolidated interim financial information, which describes Civil Class Actions filed by the Rio de Janeiro Labor Prosecution Office and by ABREA-Rio de Janeiro against the Company, wherein matters related to the working environment and occupational diseases are challenged, for which no decision has been handed down yet. The likelihood of loss on these actions was assessed as possible by the Company's legal advisors. Accordingly, no provision for loss was recorded in connection with those Civil Class Actions. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the quarter ended March 31, 2016, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, consistently with the accompanying overall individual and consolidated interim financial information.

São Paulo, May 11, 2016

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

ETERNIT S.A.

Corporate Taxpayer ID (C.N.P.J.): 61.092.037/0001-81

Company Registry (NIRE): 35.300.013.344

AUDIT BOARD REPORT

The Audit Board of Eternit S.A. ("Company"), in compliance with the law and with the Bylaws, has examined the separate and consolidated interim financial information of the Company related to the three-month period ended March 31, 2016.

Based on its examination, and also taking into account the unqualified report of the independent auditors EY Auditores Independentes S.S., which has not been restated thus far, as well as the information and clarifications provided during said period, the Audit Board believes the documents are in fair conditions to be submitted to the Board of Directors.

São Paulo, May 11, 2016.

Signed by: André Eduardo Dantas – Coordinator; Pedro Paulo de Souza; Luciano Luiz Barsi;
Vera Lucia Martins Ferreira Nogueira Ferraz - Secretary

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, March 11, 2016.

The Management