Individual and Consolidated Interim Financial Information

Eternit S.A.

Quarter ended September 30, 2014
with Independent Auditor's Review Report

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INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2014 **ETERNIT SA**

Information from company / Paid-up capital

Number of shares (Thousands)	**Current Quarter 09/30/2014**
Paid-in Capital	
Common	179,000
Preferred	0
Total	**179,000**
Trasury shares	
Common	59
Preferred	0
Total	**59**

INTERIM FINANCIAL STATEMENTS (ITR) - 09/30/2013 **ETERNIT SA**

Information from company / Paid-up capital

Dividends aproved and/or paid during and after quarter

Event	Approval	Profit	Date of payment	Type of share	Class of share	Amount per share
Board of directors meeting	05/07/2014	Dividends	05/28/2014	Common		0,13300
Board of directors meeting	05/07/2014	Interest on capital	05/28/2014	Common		0,06700
Board of directors meeting	08/06/2014	Dividends	08/27/2014	Common		0,13300
Board of directors meeting	08/06/2014	Interest on capital	08/27/2014	Common		0,06700
Board of directors meeting	11/05/2014	Dividends	11/27/2014	Common		0,06700
Board of directors meeting	11/05/2014	Interest on capital	11/27/2014	Common		0,03400

Individual FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current financial year 09/30/2014	Current financial year 12/31/2013
1	Total Assets	701,352	694,937
1.01	Current Assets	226,630	227,911
1.01.01	Cash and Cash Equivalents	353	9,516
1.01.02	Temporary investments	12,029	9,897
1.01.02.02	Financial Investments Valued at Amortized Cost	12,029	9,897
1.01.02.02.01	Securities held until maturity	12,029	9,897
1.01.03	Accounts receivable	86,385	69,774
1.01.03.01	Clients	86,385	69,774
1.01.04	Inventory	84,077	85,833
1.01.06	Recoverable Taxes	5,954	16,542
1.01.06.01	Current and Recoverable Taxes	5,954	16,542
1.01.07	Prepaid expenses	860	195
1.01.08	Other Current assets	36,972	36,154
1.01.08.03	Other	36,972	36,154
1.01.08.03.01	Related parties	31,351	31,615
1.01.08.03.02	Other	5,621	4,539
1.02	Non-current asset	474,722	467,026
1.02.01	Long-term assets	72,682	65,288
1.02.01.03	Accounts receivable	340	490
1.02.01.03.02	Other Accounts Receivable	340	490
1.02.01.06	Deferred Taxes	23,291	24,037
1.02.01.06.01	Differed Income Tax And Social Contribution	23,291	24,037
1.02.01.08	Credits with Related Parties	18,423	9,723
1.02.01.08.02	Credits with Subsidiaries	18,423	9,723
1.02.01.09	Other noncurrent assets	30,628	31,038
1.02.01.09.03	Recoverable taxes	22,674	22,219
1.02.01.09.04	Escrow deposits and tax incentives	7,954	8,819
1.02.02	Investments	253,872	247,729
1.02.02.01	Shareholdings	253,872	247,729
1.02.02.01.02	Shareholding in Subsidiaries	253,872	247,729
1.02.03	Fixed	141,642	149,425
1.02.03.01	Non-current in Operation	111,131	111,261
1.02.03.01.01	Non-current in Operation	116,277	116,407
1.02.03.01.02	Provision for Loss with Non-current	(5,146)	(5,146)
1.02.03.03	Non-current in progress	30,511	38,164
1.02.04	Intangible	6,526	4,584
1.02.04.01	Intangible	6,526	4,584
1.02.04.01.02	Software	1,209	1,729
1.02.04.01.03	Other intangible assets	11	11
1.02.04.01.05	Intangible assets in progress	5,306	2,844

Individual FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current financial year 09/30/2014	Current financial year 12/31/2013
2	Total Liabilities	701,352	694,937
2.01	Current liabilities	89,268	88,826
2.01.01	Labor and Social Obligations	16,574	12,980
2.01.01.01	Social obligations	2,557	2,516
2.01.01.02	Labor Obligations	14,017	10,464
2.01.02	Trade accounts payable	21,354	22,444
2.01.02.01	National Trade accounts payable	18,039	15,497
2.01.02.02	Foreign Trade accounts payable	3,315	6,947
2.01.03	Tax obligations	13,974	12,226
2.01.03.01	Federal Taxes Obligations	6,275	5,922
2.01.03.01.01	Payable income tax and social contribution	-	863
2.01.03.01.02	Other Federal Taxes	6,275	5,059
2.01.03.02	State tax obligations	7,699	6,304
2.01.04	Loans and financing	3,881	8,944
2.01.04.01	Loans and financing	3,881	8,944
2.01.05	Other Obligations	31,311	30,058
2.01.05.01	Liabilities with Related Parties	9,193	7,243
2.01.05.02	Other	22,118	22,815
2.01.05.02.01	Payable dividends and interest on capital	17,724	17,881
2.01.05.02.04	Other accounts payable	4,394	4,934
2.01.06	Provisions	2,174	2,174
2.01.06.01	Labor and Civil Social Security Tax Provisions	2,174	2,174
2.01.06.01.05	Provision for future benefits to former employees	2,174	2,174
2.02	Noncurrent liabilities	97,728	99,998
2.02.01	Loans and financing	6,445	14,368
2.02.01.01	Loans and financing	6,445	14,368
2.02.01.01.01	In national currency	6,445	14,368
2.02.02	Other Obligations	41,364	36,805
2.02.02.01	Liabilities with Related Parties	31,036	29,108
2.02.02.02	Other	10,328	7,697
2.02.02.02.03	Taxes, fees and contributions payable	10,328	7,697
2.02.04	Provisions	49,919	48,825
2.02.04.01	Labor and Civil Social Security Tax Provisions	49,919	48,825
2.02.04.01.02	Labor and Social Security Provisions	19,610	19,780
2.02.04.01.04	Civil Provisions	5,806	5,335
2.02.04.01.05	Provision for future benefits to former employees	24,503	23,710
2.03	Net Property	514,356	506,113
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,672	19,672
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,649	19,649
2.03.04	Profit reserves	155,633	155,633
2.03.04.01	Legal reserve	30,630	30,630
2.03.04.02	Statutory Reserve	26,990	26,990
2.03.04.05	Retained Profits Reserve	98,187	98,187
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	8,243	-
2.03.08	Other Comprehensive Results	(3,443)	(3,443)

Individual FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter 07/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Current quarter 07/01/2013 to 09/30/2013	Accumulated of Current financial year 01/01/2013 to 09/30/2013
3.01	Revenue from Sale of Goods and/or Services	134,457	366,898	134,366	374,316
3.02	Cost of Goods and/or Services Sold	(97,794)	(269,976)	(98,679)	(273,453)
3.03	Gross Income	36,663	96,922	35,687	100,863
3.04	Operational Expenses/Revenues	(14,171)	(35,597)	(6,788)	(22,700)
3.04.01	Sale expenses	(15,070)	(44,468)	(14,529)	(43,030)
3.04.02	General and administrative expenses	(13,426)	(38,836)	(16,052)	(43,167)
3.04.04	Other Operational Incomes	2,987	4,926	3,992	5,362
3.04.05	Other Operational Expenses	(2,252)	(5,149)	(4,560)	(8,278)
3.04.06	Result of equity equivalence	13,590	47,930	24,361	66,413
3.05	Result Before Financial Result and Taxes	22,492	61,325	28,899	78,163
3.06	Financial Results	(521)	1,393	(1,046)	(2,471)
3.06.01	Financial income	3,708	15,683	5,189	10,496
3.06.02	Financial expenses	(4,229)	(14,290)	(6,235)	(12,967)
3.07	Result Before Income Taxes	21,971	62,718	27,853	75,692
3.08	Income Tax and Social Contribution on Profit	(1,663)	(793)	517	1,290
3.08.01	Current	(47)	(47)	(544)	(544)
3.08.02	Deferred	(1,616)	(746)	1,061	1,834
3.09	Net result from continued operations	20,308	61,925	28,370	76,982
3.11	Profit/Loss for the Period	20,308	61,925	28,370	76,982
3.99.01.01	PN	0.11	0.35	0.32	0.86
3.99.02.01	ON	0.11	0.35	0.32	0.86

Individual FSs / Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current quarter 07/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Current quarter 07/01/2013 to 09/30/2013	Accumulated of Current financial year 01/01/2013 to 09/30/2013
4.01	Net Income for the Period	20,308	61,925	28,370	76,982
4.03	Comprehensive Result for the Period	20,308	61,925	28,370	76,982

Individual FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2013 to 09/30/2013
6.01	Net Cash Operational Activities	84,569	53,488
6.01.01	Cash Generated by Operations	27,240	23,768
6.01.01.01	Net Income for the Period	62,718	75,692
6.01.01.02	Result of equity equivalence	(47,930)	(66,413)
6.01.01.03	Depreciation, amortization and exhaustion	8,771	8,211
6.01.01.04	Result on discharge of fixed assets	(130)	(65)
6.01.01.05	Provision for credits of doubtful payment	446	284
6.01.01.06	Provision for risks	2,077	3,064
6.01.01.07	Miscellaneous Provisions	564	2,118
6.01.01.08	Financial charges, monetary variation and exchange rate	1,077	1,526
6.01.01.09	Incomes from temporary investments	(1,559)	(1,814)
6.01.01.10	Realization of anticipated expenses	1,206	1,165
6.01.02	Variations in assets e liabilities	57,329	29,720
6.01.02.01	Accounts receivable from clients	(17,231)	(7,220)
6.01.02.02	Receivables from Related parties	680	519
6.01.02.03	Dividends received	57,252	56,213
6.01.02.04	Inventory	2,173	(16,289)
6.01.02.05	Taxes recoverable	11,531	(1,136)
6.01.02.07	Legal deposits	(911)	(2,091)
6.01.02.08	Other assets	(2,662)	(2,470)
6.01.02.09	Trade accounts payable	(1,104)	(583)
6.01.02.10	Tax obligations payable	3,125	2,688
6.01.02.11	Labor and Social Obligations	3,594	179
6.01.02.13	Other liabilities	(597)	1,394
6.01.02.14	Interest paid	(471)	(231)
6.01.02.15	Paid income tax and social contribution	-	(59)
6.01.02.16	Payables to Related parties	1,950	(1,194)
6.02	Net Cash Investing Activities	(43,219)	(13,379)
6.02.01	Acquisition of fixed and intangible assets	(17,689)	(29,063)
6.02.03	Rcvd. sale of fixed and intangible assets	241	354
6.02.08	Intercompany loans receivable	(8,700)	(404)
6.02.09	Investment Acquisition	(16,498)	(24,519)
6.02.10	Short-term investments	(85,000)	(87,183)
6.02.11	Redemption of short-term investments	84,427	127,436
6.03	Net Cash from Financing Activities	(50,513)	(39,096)
6.03.01	Capture of financings - third parties	7,085	13,283
6.03.02	Intercompany loans	(340)	(229)
6.03.05	Amortization of financing	(5,346)	(268)
6.03.06	Payment of dividends and interest on capital	(51,912)	(51,882)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(9,163)	1,013
6.05.01	Initial Balance and Cash and Cash Equivalents	9,516	3,852
6.05.02	Final Balance of Cash and Cash Equivalents	353	4,865

Individual FSs / Changes in Equity - 09/30/2014

(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	19,498	155,807	-	(3,443)	506,113
5.03	Initial Adjusted Balance	334,251	19,498	155,807	-	(3,443)	506,113
5.04	Transactions with Capital from the Partners	-	-	-	(53,682)	-	(53,682)
5.04.06	Dividends	-	-	-	(35,698)	-	(35,698)
5.04.07	Interest on equity	-	-	-	(17,984)	-	(17,984)
5.05	Total Comprehensive Result	-	-	-	61,925	-	61,925
5.05.01	Net Income for the Period	-	-	-	61,925	-	61,925
5.07	Final Balances	334,251	19,498	155,807	8,243	(3,443)	514,356

Individual FSs / Changes in Equity - 09/30/2013

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
5.01	Initial Balance	334,251	19,214	126,055	-	-	479,520
5.03	Initial Adjusted Balance	334,251	19,214	126,055	-	-	479,520
5.04	Transactions with Capital from the Partners	-	-	-	(53,683)	-	(53,683)
5.04.06	Dividends	-	-	-	(36,415)	-	(36,415)
5.04.07	Interest on equity	-	-	-	(17,268)	-	(17,268)
5.05	Total Comprehensive Result	-	-	-	76,982	-	76,982
5.05.01	Net Income for the Period	-	-	-	76,982	-	76,982
5.07	Final Balances	334,251	19,214	126,055	23,299	-	502,819

Individual FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2013 to 09/30/2013
7.01	Revenues	496,049	507,774
7.01.01	Sales of goods, products and services	496,474	507,746
7.01.02	Other revenues	20	318
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(445)	(290)
7.02	Inputs Purchased From Third Parties	(328,422)	(349,313)
7.02.01	Costs Prods., Mercs. and servs. Sold	(232,735)	(257,860)
7.02.02	Materials, energy and services from third parties and others	(86,969)	(83,838)
7.02.03	Loss / Recovery of asset values	(5,195)	(4,922)
7.02.04	Other	(3,523)	(2,693)
7.03	Gross Added Value	167,627	158,461
7.04	Retentions	(8,771)	(8,211)
7.04.01	Depreciation, amortization and exhaustion	(8,771)	(8,211)
7.05	Net added value produced	158,856	150,250
7.06	Added value received in transfer	70,494	78,832
7.06.01	Result of equity equivalence	47,930	66,413
7.06.02	Financial income	15,683	10,496
7.06.03	Other	6,881	1,923
7.07	Total Added Value To Distribute	229,350	229,082
7.08	Distribution Of Value Added	229,350	229,082
7.08.01	Personal	70,816	71,820
7.08.01.01	Direct compensation	48,733	44,473
7.08.01.02	Benefits	17,973	22,769
7.08.01.03	F.G.T.S.	4,110	4,578
7.08.02	Taxes, fees and contributions	77,625	60,980
7.08.02.01	Federal	51,273	43,772
7.08.02.02	State	25,414	16,179
7.08.02.03	Municipal	938	1,029
7.08.03	Remuneration of capital from third parties	18,984	19,300
7.08.03.01	Interest	14,290	12,967
7.08.03.02	Rentals	4,694	6,333
7.08.04	Remuneration of own capital	61,925	76,982
7.08.04.01	Interest on equity	17,984	17,268
7.08.04.02	Dividends	35,699	36,415
7.08.04.03	Retained Profit/Loss for the Period	8,242	23,299

Consolidated FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Financial 09/30/2014	Current Financial 12/31/2013
1	Total Assets	898,403	833,632
1.01	Current Assets	409,538	389,943
1.01.01	Cash and Cash Equivalents	5,590	13,295
1.01.02	Temporary investments	36,525	35,661
1.01.02.02	Financial Investments Valued at Amortized Cost	36,525	35,661
1.01.02.02.01	Securities held until maturity	36,525	35,661
1.01.03	Accounts receivable	182,794	160,389
1.01.03.01	Clients	182,794	160,389
1.01.04	Inventory	153,403	141,944
1.01.06	Recoverable Taxes	10,169	19,648
1.01.06.01	Current and Recoverable Taxes	10,169	19,648
1.01.07	Prepaid expenses	1,491	498
1.01.08	Other Current assets	19,566	18,508
1.01.08.03	Other	19,566	18,508
1.01.08.03.01	Related parties	9,287	9,780
1.01.08.03.02	Other	10,279	8,728
1.02	Non-current asset	488,865	443,689
1.02.01	Long-term assets	99,280	99,917
1.02.01.03	Accounts receivable	2,084	2,229
1.02.01.03.02	Other Accounts Receivable	2,084	2,229
1.02.01.06	Deferred Taxes	53,912	55,112
1.02.01.06.01	Differed Income Tax And Social Contribution	53,912	55,112
1.02.01.08	Credits with Related Parties	4,194	2,018
1.02.01.08.03	Credits with Controllers	4,194	2,018
1.02.01.09	Other noncurrent assets	39,090	40,558
1.02.01.09.03	Taxes Recoverable	24,517	25,022
1.02.01.09.04	Escrow deposits and tax incentives	14,573	15,536
1.02.02	Investments	31,109	36,032
1.02.02.01	Shareholdings	31,109	36,032
1.02.02.01.01	Shareholding in Affiliates	31,109	36,032
1.02.03	Fixed	327,909	279,064
1.02.03.01	Non-current in Operation	230,624	235,280
1.02.03.01.01	Non-current in Operation	235,921	240,577
1.02.03.01.02	Provision for Loss with Non-current	(5,297)	(5,297)
1.02.03.03	Non-current in progress	97,285	43,784
1.02.04	Intangible	30,567	28,676
1.02.04.01	Intangible	10,572	8,681
1.02.04.01.02	Software	3,777	4,347
1.02.04.01.03	Other intangible assets	1,490	1,490
1.02.04.01.04	Intangible assets in progress	5,305	2,844
1.02.04.02	Goodwill	19,995	19,995

Consolidated FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Financial 09/30/2014	Current Financial 12/31/2013
2	Total Liabilities	898,403	833,632
2.01	Current liabilities	207,358	193,082
2.01.01	Labor and Social Obligations	33,546	28,009
2.01.01.01	Social obligations	4,064	4,365
2.01.01.02	Labor Obligations	29,482	23,644
2.01.02	Trade accounts payable	38,691	39,293
2.01.02.01	National Trade accounts payable	35,243	31,723
2.01.02.02	Foreign Trade accounts payable	3,448	7,570
2.01.03	Tax obligations	32,760	34,015
2.01.03.01	Federal Taxes Obligations	22,309	24,643
2.01.03.01.01	Payable income tax and social contribution	11,023	14,674
2.01.03.01.02	Other Federal Taxes	11,286	9,969
2.01.03.02	State tax obligations	10,451	9,372
2.01.04	Loans and financing	66,541	56,881
2.01.04.01	Loans and financing	66,541	56,881
2.01.05	Other Obligations	31,959	31,023
2.01.05.02	Other	31,959	31,023
2.01.05.02.01	Payable dividends and interest on capital	17,724	17,881
2.01.05.02.04	Other accounts payable	14,235	13,142
2.01.06	Provisions	3,861	3,861
2.01.06.01	Labor and Civil Social Security Tax Provisions	3,861	3,861
2.01.06.01.05	Provision for future benefits to former employees	3,861	3,861
2.02	Noncurrent liabilities	176,673	134,421
2.02.01	Loans and financing	60,045	25,799
2.02.01.01	Loans and financing	60,045	25,799
2.02.01.01.01	In national currency	60,045	25,799
2.02.02	Other Obligations	23,788	19,436
2.02.02.02	Other	23,788	19,436
2.02.02.02.03	Taxes, fees and contributions payable	13,026	9,432
2.02.02.02.04	Reassembling of the mine	10,461	9,726
2.02.02.02.05	Other accounts payable	301	278
2.02.04	Provisions	92,840	89,186
2.02.04.01	Labor and Civil Social Security Tax Provisions	92,840	89,186
2.02.04.01.02	Labor and Social Security Provisions	29,465	29,219
2.02.04.01.04	Civil Provisions	28,147	25,440
2.02.04.01.05	Provision for future benefits to former employees	35,228	34,527
2.03	Consolidated Equity	514,372	506,129
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,672	19,672
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,649	19,649
2.03.04	Profit reserves	155,633	155,633
2.03.04.01	Legal reserve	30,630	30,630
2.03.04.02	Statutory Reserve	26,990	26,990
2.03.04.05	Retained Profits Reserve	98,187	98,187
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	8,243	-
2.03.08	Other Comprehensive Results	(3,443)	(3,443)
2.03.09	Participation of non-controlling shareholders	16	16

Consolidated FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter 07/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Current quarter 07/01/2013 to 09/30/2013	Accumulated of Current financial year 01/01/2013 to 09/30/2013
3.01	Revenue from Sale of Goods and/or Services	250,270	714,590	251,371	704,134
3.02	Cost of Goods and/or Services Sold	(154,878)	(438,978)	(148,468)	(417,757)
3.03	Gross Income	95,392	275,612	102,903	286,377
3.04	Operational Expenses/Revenues	(62,996)	(183,968)	(61,560)	(176,302)
3.04.01	Sale expenses	(29,787)	(87,712)	(28,533)	(84,741)
3.04.02	General and administrative expenses	(31,365)	(91,169)	(30,848)	(84,866)
3.04.04	Other Operational Incomes	3,869	8,573	5,973	9,580
3.04.05	Other Operational Expenses	(3,392)	(8,737)	(6,099)	(12,480)
3.04.06	Result of equity equivalence	(2,321)	(4,923)	(2,053)	(3,795)
3.05	Result Before Financial Result and Taxes	32,396	91,644	41,343	110,075
3.06	Financial Results	(175)	1,836	(798)	(2,567)
3.06.01	Financial income	13,172	38,615	14,731	33,918
3.06.02	Financial expenses	(13,347)	(36,779)	(15,529)	(36,485)
3.07	Result Before Income Taxes	32,221	93,480	40,545	107,508
3.08	Income Tax and Social Contribution on Profit	(11,913)	(31,555)	(12,176)	(30,526)
3.08.01	Current	(11,046)	(30,356)	(14,097)	(34,656)
3.08.02	Deferred	(867)	(1,199)	1,921	4,130
3.09	Net result from continued operations	20,308	61,925	28,369	76,982
3.11	Profit/Loss Consolidated for the Period	20,308	61,925	28,369	76,982
3.11.01	Assigned to Partners of the Parent Company	20,308	61,925	28,370	76,981
3.11.02	Assigned to Non-Controlling Partners	-	-	(1)	1
3.99.01.01	ON	0.11	0.35	0.32	0.86
3.99.02.01	ON	0.11	0.35	0.32	0.86

Consolidated FSs /Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current quarter 07/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Current quarter 07/01/2013 to 09/30/2013	Accumulated of Current financial year 01/01/2013 to 09/30/2013
4.01	Net Profit Consolidated for the Period	20,308	61,925	28,369	76,982
4.03	Consolidated Comprehensive Income for the Period	20,308	61,925	28,369	76,982
4.03.01	Assigned to Partners of the Parent Company	20,308	61,925	28,370	76,981
4.03.02	Assigned to Non-Controlling Partners			(1)	1

Consolidated FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2013 to 09/30/2013
6.01	Net Cash Operational Activities	79,822	73,754
6.01.01	Cash Generated by Operations	132,385	143,759
6.01.01.01	Net Income for the Period	93,480	107,508
6.01.01.02	Depreciation, amortization and exhaustion	27,936	25,636
6.01.01.03	Result on discharge of fixed assets	(265)	(106)
6.01.01.04	Provision for credits of doubtful payment	1,038	623
6.01.01.05	Provision for risks	4,729	4,481
6.01.01.06	Miscellaneous Provisions	1,410	3,676
6.01.01.07	Financial charges, monetary and exchange variation	1,359	(198)
6.01.01.08	Incomes from temporary investments	(3,570)	(3,303)
6.01.01.10	Net changes in prepaid expenses	1,345	1,647
6.01.01.12	Performance of Goodwill - "added value" in inventories	4,923	3,795
6.01.02	Variations in assets e liabilities	(52,563)	(70,005)
6.01.02.01	Accounts receivable from clients	(24,001)	(2,948)
6.01.02.02	Inventory	(10,920)	(29,809)
6.01.02.03	Taxes recoverable	10,709	(2,030)
6.01.02.05	Legal deposits	(813)	(2,228)
6.01.02.06	Other assets	(4,055)	(4,822)
6.01.02.07	Trade accounts payable	(557)	1,502
6.01.02.08	Taxes payable	3,256	3,763
6.01.02.09	Provision for staff, salaries and social fees	5,537	(64)
6.01.02.11	Other liabilities	1,391	3,040
6.01.02.12	Interest paid	(1,058)	(360)
6.01.02.13	Paid income tax and social contribution	(32,545)	(36,049)
6.01.02.14	Interest paid	493	-
6.02	Net Cash Investing Activities	(78,052)	(18,637)
6.02.01	Acquisition of fixed and intangible assets	(78,980)	(45,704)
6.02.02	Receipt of sale of fixed and intangible assets	398	415
6.02.08	Intercompany loans receivable	(2,176)	-
6.02.09	Capital contribution ins subsidiaries	-	(24,519)
6.02.10	Short-term investments	(226,153)	(213,451)
6.02.11	Redemption of short-term investments	228,859	264,622
6.03	Net Cash from Financing Activities	(9,475)	(63,500)
6.03.01	Capture of financings - third parties	186,994	124,267
6.03.05	Amortization of financing	(144,557)	(135,885)
6.03.06	Payment of dividends and INTEREST ON CAPITAL	(51,912)	(51,882)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(7,705)	(8,383)
6.05.01	Initial Balance and Cash and Cash Equivalents	13,295	16,656
6.05.02	Final Balance of Cash and Cash Equivalents	5,590	8,273

Consolidated FSs / Changes in Equity - 09/30/2014

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
5.01	Initial Balance	334,251	19,498	155,807	-	(3,443)	506,113	16	506,129
5.03	Initial Adjusted Balance	334,251	19,498	155,807	-	(3,443)	506,113	16	506,129
5.04	Transactions with Capital from the Partners	-	-	-	(53,682)	-	(53,682)	-	(53,682)
5.04.06	Dividends	-	-	-	(35,698)	-	(35,698)	-	(35,698)
5.04.07	Interest on equity	-	-	-	(17,984)	-	(17,984)	-	(17,984)
5.05	Total Comprehensive Result	-	-	-	61,925	-	61,925	-	61,925
5.05.01	Net Income for the Period	-	-	-	61,925	-	61,925	-	61,925
5.07	Final Balances	334,251	19,498	155,807	8,243	(3,443)	514,356	16	514,372

Consolidated FSs / Changes in Equity - 09/30/2013

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
5.01	Initial Balance	334,251	19,214	126,055	-	-	479,520	14	479,534
5.03	Initial Adjusted Balance	334,251	19,214	126,055	-	-	479,520	14	479,534
5.04	Transactions with Capital from the Partners	-	-	-	(53,683)	-	(53,683)	-	(53,683)
5.04.06	Dividends	-	-	-	(36,415)	-	(36,415)	-	(36,415)
5.04.07	Interest on equity	-	-	-	(17,268)	-	(17,268)	-	(17,268)
5.05	Total Comprehensive Result	-	-	-	76,982	-	76,982	2	76,984
5.05.01	Net Income for the Period	-	-	-	76,982	-	76,982	2	76,984
5.07	Final Balances	334,251	19,214	126,055	23,299	-	502,819	16	502,835

Consolidated FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated of Current financial year 01/01/2014 to 09/30/2014	Accumulated of Current financial year 01/01/2013 to 09/30/2013
7.01	Revenues	946,679	935,488
7.01.01	Sales of goods, products and services	909,225	901,524
7.01.02	Other revenues	38,469	34,549
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(1,015)	(585)
7.02	Inputs Purchased From Third Parties	(558,550)	(548,099)
7.02.01	Costs Prods., Mercs. and servs. Sold	(402,265)	(403,216)
7.02.02	Materials, energy and services from third parties and others	(144,634)	(136,435)
7.02.03	Loss / Recovery of asset values	(5,203)	(4,922)
7.02.04	Other	(6,448)	(3,526)
7.03	Gross Added Value	388,129	387,389
7.04	Retentions	(27,936)	(25,636)
7.04.01	Depreciation, amortization and exhaustion	(27,936)	(25,636)
7.05	Net added value produced	360,193	361,753
7.06	Added value received in transfer	40,704	31,572
7.06.01	Result of equity equivalence	(4,923)	(3,795)
7.06.02	Financial income	38,616	33,918
7.06.03	Other	7,011	1,449
7.07	Total Added Value To Distribute	400,897	393,325
7.08	Distribution Of Value Added	400,897	393,325
7.08.01	Personal	143,749	138,423
7.08.01.01	Direct compensation	98,066	88,373
7.08.01.02	Benefits	37,578	42,430
7.08.01.03	F.G.T.S.	8,105	7,620
7.08.02	Taxes, fees and contributions	141,835	126,824
7.08.02.01	Federal	95,965	90,266
7.08.02.02	State	44,349	34,986
7.08.02.03	Municipal	1,521	1,572
7.08.03	Remuneration of capital from third parties	53,388	51,096
7.08.03.01	Interest	36,779	36,484
7.08.03.02	Rentals	16,609	14,612
7.08.04	Remuneration of own capital	61,925	76,982
7.08.04.01	Interest on equity	17,984	17,268
7.08.04.02	Dividends	35,699	36,415
7.08.04.03	Retained Profit/Loss for the Period	8,242	23,299

Eternit S.A.

Balance sheets
September 30, 2014 and December 31, 2013
(In thousands of reais)

		Company		Consolidated	
	Note	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Assets					
Current assets					
Cash and cash equivalents	4	**353**	9,516	**5,590**	13,295
Short-term investments	5	**12,029**	9,897	**36,525**	35,661
Trade accounts receivable	6	**86,385**	69,774	**182,794**	160,389
Inventories	7	**84,077**	85,833	**153,403**	141,944
Taxes recoverable	8	**5,954**	16,542	**10,169**	19,648
Related parties	10	**31,351**	31,615	**9,287**	9,780
Other current assets		**6,481**	4,734	**11,770**	9,226
Total current assets		**226,630**	227,911	**409,538**	389,943
Noncurrent assets					
Judicial deposits		**7,954**	8,819	**14,573**	15,536
Taxes recoverable	8	**22,674**	22,219	**24,517**	25,022
Deferred income and social contribution taxes	20.b	**23,291**	24,037	**53,912**	55,112
Related parties	10	**18,423**	9,723	**4,194**	2,018
Investments	9	**253,872**	247,729	**31,109**	36,032
Property, plant and equipment	11	**141,642**	149,425	**327,909**	279,064
Intangible assets	12	**6,526**	4,584	**30,567**	28,676
Other noncurrent assets		**340**	490	**2,084**	2,229
Total noncurrent assets		**474,722**	467,026	**488,865**	443,689
Total assets		**701,352**	694,937	**898,403**	833,632

		Company		Consolidated	
	Note	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Liabilities and equity					
Current					
Trade accounts payable	13	**21,354**	22,444	**38,691**	39,293
Related parties	10	**9,193**	7,243	**-**	-
Loans and financing	14	**3,881**	8,944	**66,541**	56,881
Provision for social charges	15	**16,574**	12,980	**33,546**	28,009
Dividends and interest on equity payable	18.e	**17,724**	17,881	**17,724**	17,881
Provision for future benefits to former employees	17.b	**2,174**	2,174	**3,861**	3,861
Taxes, charges and contributions payable	16	**13,974**	12,226	**32,760**	34,015
Other current liabilities		**4,394**	4,934	**14,235**	13,142
Total current liabilities		**89,268**	88,826	**207,358**	193,082
Noncurrent					
Provision for future benefits to former employees	17.b	**24,503**	23,710	**35,228**	34,527
Loans and financing	14	**6,445**	14,368	**60,045**	25,799
Related parties	10	**31,036**	29,108	**-**	-
Provision for tax, civil and labor risks	21	**25,416**	25,115	**57,612**	54,659
Taxes, charges and contributions payable	16	**10,328**	7,697	**13,026**	9,432
Provision for mine reconstruction	31	**-**	**-**	**10,461**	9,726
Other noncurrent liabilities		**-**	-	**301**	278
Total noncurrent liabilities		**97,728**	99,998	**176,673**	134,421
Equity					
Capital	18.a	**334,251**	334,251	**334,251**	334,251
Capital reserve		**19,672**	19,672	**19,672**	19,672
Treasury stock		**(174)**	(174)	**(174)**	(174)
Income reserves		**155,807**	155,807	**155,807**	155,807
Retained earnings		**8,243**	-	**8,243**	-
Other comprehensive income		**(3,443)**	(3,443)	**(3,443)**	(3,443)
Equity attributable to non-minority shareholders		**514,356**	506,113	**514,356**	506,113
Minority interests		**-**	-	**16**	16
Total equity		**514,356**	506,113	**514,372**	506,129
Total liabilities and equity		**701,352**	694,937	**898,403**	833,632

See accompanying notes.

Eternit S.A.

Income statements
Three and nine-month periods ended September 30, 2014 and 2013
(In thousands of reais - R$, except earnings per share)

		Company				Consolidated			
	Note	3Q14	3Q13	09/30/2014	09/30/2013	3Q14	3Q13	09/30/2014	09/30/2013
Net operating income	23	**134,457**	134,366	**366,898**	374,316	**250,270**	251,371	**714,590**	704,134
Cost of sales	24	**(97,794)**	(98,679)	**(269,976)**	(273,453)	**(154,878)**	(148,468)	**(438,978)**	(417,757)
Gross profit		**36,663**	35,687	**96,922**	100,863	**95,392**	102,903	**275,612**	286,377
Operating income (expenses)									
Selling expenses	24	**(15,070)**	(14,529)	**(44,468)**	(43,030)	**(29,787)**	(28,533)	**(87,712)**	(84,741)
General and administrative	24	**(10,220)**	(11,172)	**(32,470)**	(34,296)	**(28,225)**	(25,576)	**(83,253)**	(74,026)
Management compensation	24	**(3,206)**	(4,880)	**(6,366)**	(8,871)	**(3,140)**	(5,272)	**(7,916)**	(10,840)
Other operating income (expenses), net	25	**735**	(568)	**(223)**	(2,916)	**477**	(126)	**(164)**	(2,900)
Equity pickup	9	**13,590**	24,361	**47,930**	66,413	**(2,321)**	(2,053)	**(4,923)**	(3,795)
Total operating income (expenses)		**(14,171)**	(6,788)	**(35,597)**	(22,700)	**(62,996)**	(61,560)	**(183,968)**	(176,302)
Financial expenses	26	**(4,229)**	(6,235)	**(14,290)**	(12,967)	**(13,347)**	(15,529)	**(36,779)**	(36,485)
Financial income	26	**3,708**	5,189	**15,683**	10,496	**13,172**	14,731	**38,615**	33,918
Financial income (expenses), net		**(521)**	(1,046)	**1,393**	(2,471)	**(175)**	(798)	**1,836**	(2,567)
Income before income and social contribution taxes		**21,971**	27,853	**62,718**	75,692	**32,221**	40,545	**93,480**	107,508
Income and social contributions taxes									
Current	20	**(47)**	(544)	**(47)**	(544)	**(11,046)**	(14,097)	**(30,356)**	(34,656)
Deferred	20	**(1,616)**	1,061	**(746)**	1,834	**(867)**	1,921	**(1,199)**	4,130
Net income for the period		**20,308**	28,370	**61,925**	76,982	**20,308**	28,369	**61,925**	76,982
Attributable to:									
Non-minority shareholders		**20,308**	28,370	**61,925**	76,982	**20,308**	28,370	**61,925**	76,981
Minority shareholders		**-**	-	**-**	-	**-**	(1)	**0**	1
Net income for the period		**20,308**	28,370	**61,925**	76,982	**20,308**	28,369	**61,925**	76,982
Earnings per share, basic and diluted – R$	18,c	**0.11**	0.32	**0.35**	0.86	**0.11**	0.32	**0.35**	0.86
Outstanding common shares, less common shares in treasury		**178,941**	89,470	**178,941**	89,470	**178,941**	89,470	**178,941**	89,470

See accompanying notes.

Eternit S.A.

Statements of comprehensive income
Three and nine-month periods ended September 30, 2014 and 2013
(In thousands of reais)

	Company				Consolidated			
	3Q14	**3Q13**	**09/30/2014**	**09/30/2013**	**3Q14**	**3Q13**	**09/30/2014**	**09/30/2013**
Net income for the period	**20,308**	28,370	**61,925**	76,982	**20,308**	28,369	**61,925**	76,982
Other comprehensive income	**-**	-	-	-	**-**	-	**0**	-
Comprehensive income for the period	**20,308**	28,370	**61,925**	76,982	**20,308**	28,369	**61,925**	76,982
Attributable to:								
Non-minority shareholders	**20,308**	28,370	**61,925**	76,982	**20,308**	28,370	**61,925**	76,981
Minority shareholders	**-**	-	-	-	**-**	(1)	**0**	1

See accompanying notes.

Eternit S.A.

Statements of changes in equity
Nine-month periods ended September 30, 2014 and 2013
(In thousands of reais)

			Capital reserve			Income reserve							
	Note	Capital	Subsidies for investment	Goodwill on share acquisition	Treasury stock	Statutory	Legal	Retained profit	Retained earnings	Other comprehensive income	Total Company	Minority interest	Total equity
Balances at January 1, 2013		334,251	19,365	23	(174)	21,873	25,513	78,669	-	-	479,520	14	479,534
Net income for the period		-	-	-	-	-	-	-	76,982	-	76,982	2	76,984
Allocation of net income:													
Interest on equity - R$0.193 per outstanding share		-	-	-	-	-	-	-	(17,268)	-	(17,268)	-	(17,268)
Dividends – R$0.407 per outstanding share		-	-	-	-	-	-	-	(36,415)	-	(36,415)	-	(36,415)
Balance at September 30, 2013		**334,251**	**19,365**	**23**	**(174)**	**21,873**	**25,513**	**78,669**	**23,299**	**-**	**502,819**	**16**	**502,835**
Balances at January 1, 2014		**334,251**	**19,649**	**23**	**(174)**	**26,990**	**30,630**	**98,187**	**-**	**(3,443)**	**506,113**	**16**	**506,129**
Net income for the period		-	-	-	-	-	-	-	**61,925**	-	**61,925**	**0**	**61,925**
Allocation of net income:													
Interest on equity - R$0.102 per outstanding share	**18**	-	-	-	-	-	-	-	**(17,984)**	-	**(17,984)**	-	**(17,984)**
Dividends – R$0.201 per outstanding share	**18**	-	-	-	-	-	-	-	**(35,698)**	-	**(35,698)**	-	**(35,698)**
Balance at September 30, 2014		**334,251**	**19,649**	**23**	**(174)**	**26,990**	**30,630**	**98,187**	**8,243**	**(3,443)**	**514,356**	**16**	**514,372**

See accompanying notes.

Eternit S.A.

Statements of cash flows
Nine-month periods ended September 30, 2014 and 2013
(In thousands of reais)

	Note	Company		Consolidated	
		09/30/2014	09/30/2013	09/30/2014	09/30/2013
Cash flows from operating activities					
Income before income and social contribution taxes		**62,718**	75,692	**93,480**	107,508
Adjustments to reconcile pre-tax income to net cash generated by (used in) operating activities:					
Equity pickup	9	**(47,930)**	(66,413)	**4,923**	3,795
Depreciation and amortization	11/12	**8,771**	8,211	**27,936**	25,636
Income from permanent assets	25	**(130)**	(65)	**(265)**	(106)
Allowance for doubtful accounts on accounts receivable	6	**446**	284	**1,038**	623
Provision for tax, civil and labor risks	21	**2,077**	3,064	**4,729**	4,481
Reversal of (provision for) sundry losses		**564**	2,118	**1,410**	3,676
Financial charges, currency and foreign exchange variation		**1,077**	1,526	**1,359**	(198)
Short-term investment yield		**(1,559)**	(1,814)	**(3,570)**	(3,303)
Net variation of prepaid expenses		**1,206**	1,165	**1,345**	1,647
		27,240	23,768	**132,385**	143,759
(Increase) decrease in operating assets:					
Trade accounts receivable	6	**(17,231)**	(7,220)	**(24,001)**	(2,948)
Transactions with related parties	10 a	**680**	519	**493**	-
Inventories	7	**2,173**	(16,289)	**(10,920)**	(29,809)
Taxes recoverable		**11,531**	(1,136)	**10,709**	(2,030)
Judicial deposits		**(911)**	(2,091)	**(813)**	(2,228)
Dividends received and interest on equity received		**57,252**	56,213	**-**	-
Other assets		**(2,662)**	(2,470)	**(4,055)**	(4,822)
Increase (decrease) in operating liabilities					
Trade accounts payable	13	**(1,104)**	(583)	**(557)**	1,502
Payables to related parties	10	**1,950**	(1,194)	-	-
Taxes, charges and contributions payable	16	**3,125**	2,688	**3,256**	3,763
Provisions and social charges	15	**3,594**	179	**5,537**	(64)
Other liabilities		**(597)**	1,394	**1,391**	3,040
Interest paid		**(471)**	(231)	**(1,058)**	(360)
Income and social contribution taxes paid		**-**	(59)	**(32,545)**	(36,049)
Cash flow provided by (used in) operating activities		**84,569**	**53,488**	**79,822**	**73,754**
Cash flows from investing activities					
Intercompany loan receivable	10	**(8,700)**	(404)	**(2,176)**	-
Receipt from the disposal of property, plant and equipment (PP&E) items	25	**241**	354	**398**	415
Additions to property, plant and equipment and intangible assets	11/12	**(17,689)**	(29,063)	**(78,980)**	(45,704)
Investment in subsidiaries	9	**(16,498)**	(24,519)	**-**	(24,519)
Short-term investments		**(85,000)**	(87,183)	**(226,153)**	(213,451)
Redemption of short-term investments		**84,427**	127,436	**228,859**	264,622
Net cash from (used in) investing activities		**(43,219)**	(13,379)	**(78,052)**	(18,637)
Cash flows from financing activities					
Loans and financing taken out	14	**7,085**	13,283	**186,994**	124,267
Repayment of loans and financing	14	**(5,346)**	(268)	**(144,557)**	(135,885)
Loan with related party	10	**(340)**	(229)	**-**	-
Payment of dividends and interest on equity		**(51,912)**	(51,882)	**(51,912)**	(51,882)
Net cash used in financing activities		**(50,513)**	(39,096)	**(9,475)**	(63,500)
Decrease in cash and cash equivalents		**(9,163)**	1,013	**(7,705)**	(8,383)
Decrease in cash and cash equivalents					
At the beginning of the period	4	**9,516**	3,852	**13,295**	16,656
At the end of the period	4	**353**	4,865	**5,590**	8,273
Decrease in cash and cash equivalents		**(9,163)**	1,013	**(7,705)**	(8,383)

See accompanying notes.

Eternit S.A.

Statements of value added
Nine-month periods ended September 30, 2014 and 2013
(In thousands of reais)

	Note	Company		Consolidated	
		09/30/2014	09/30/2013	09/30/2014	09/30/2013
Revenue					
Sales of goods, products and services	23	**496,474**	507,746	**909,225**	901,524
Other income		**20**	318	**38,469**	34,549
Allowance for doubtful accounts on accounts receivable		**(445)**	(290)	**(1,015)**	(585)
Total		**496,049**	507,774	**946,679**	935,488
Input products acquired from third parties					
Cost of sales and services		**(232,735)**	(257,860)	**(402,265)**	(403,216)
Materials, energy, third-party services and other expenses		**(86,969)**	(83,838)	**(144,634)**	(136,435)
Loss/recovery of assets		**(5,195)**	(4,922)	**(5,203)**	(4,922)
Other discounts, rebates and donations		**(3,523)**	(2,693)	**(6,448)**	(3,526)
		(328,422)	(349,313)	**(558,550)**	(548,099)
Gross value added		**167,627**	158,461	**388,129**	387,389
Depreciation, amortization and depletion	11/12	**(8,771)**	(8,211)	**(27,936)**	(25,636)
Net value added produced by the Company		**158,856**	150,250	**360,193**	361,753
Value added received in transfer					
Equity pickup	9	**47,930**	66,413	**(4,923)**	(3,795)
Financial income	26	**15,683**	10,496	**38,616**	33,918
Others		**6,881**	1,923	**7,011**	1,449
		70,494	78,832	**40,704**	31,572
Total value added to be distributed		**229,350**	229,082	**400,897**	393,325
Distribution of value added		**229,350**	229,082	**400,897**	393,325
Personnel:					
Direct compensation		**48,733**	44,473	**98,066**	88,373
Benefits		**17,973**	22,769	**37,578**	42,430
FGTS		**4,110**	4,578	**8,105**	7,620
		70,816	71,820	**143,749**	138,423
Taxes, charges and contributions:					
Federal		**51,273**	43,772	**95,965**	90,266
State		**25,414**	16,179	**44,349**	34,986
Local		**938**	1,029	**1,521**	1,572
		77,625	60,980	**141,835**	126,824
Third-party capital remuneration:					
Interest		**14,290**	12,967	**36,779**	36,484
Rent		**4,694**	6,333	**16,609**	14,612
		18,984	19,300	**53,388**	51,096
Equity remuneration:					
Dividends	18	**35,699**	36,415	**35,699**	36,415
Interest on equity	18	**17,984**	17,268	**17,984**	17,268
Retained profits		**8,242**	23,299	**8,242**	23,299
		61,925	76,982	**61,925**	76,982
		229,350	229,082	**400,897**	393,325

See accompanying notes.

1. Operations

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

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

The Group is structured as follows:

- The Company has four plants in Bahia, Goiás, Paraná and Rio de Janeiro states.
- Subsidiary Sama S.A. Minerações Associadas (“SAMA”), a privately-held corporation, located in Goiás State, is the single chrysotile mining company in Brazil, with the business purpose of mining and processing chrysotile ore, which is sold in Brazil and abroad.
- Subsidiary Tégula Soluções para Telhados Ltda. (“Tégula”) has six plants in the states of Bahia, Goiás, Rio Grande do Sul, Santa Catarina and São Paulo. Its main business purpose is the manufacture and sale of concrete roofing and roofing accessories.
- Subsidiary Precon Goiás Industrial Ltda. (“Precon”) has a plant in Anápolis, Goiás state, and its business purpose is the production and sale of fiber cement products.
- Subsidiary Prel Empreendimentos e Participações Ltda. (“Prel”), located in the city of São Paulo, state of São Paulo, and its main business purposes in holding interest in industrial and commercial companies.
- Subsidiary Engedis Distribuição Ltda. (“Engedis”), located in Minaçu in Goiás state, does not have any economic activity.
- Subsidiaries Wagner Ltda. (“Wagner”) and Wagner da Amazônia Ltda. (“Wagner da Amazônia”) located in the city of São Paulo, state of São Paulo, do not have any economic activity.

1. Operations (Continued)

- Subsidiary Eternit da Amazônia Indústria de Fibrocimento Ltda., located in the city of Manaus, Amazonas State, is mainly engaged in performing input development research for the construction industry.

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

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

Legal issues involving asbestos

The Company clarifies that the mining, processing, use, sale and transport of chrysotile asbestos and products containing the mineral are regulated by Federal Law 9055/95, Decree 2350/97 and the Regulatory Rules of the Ministry of Labor and Employment.

State Law 10813/2001 in the state of São Paulo and State Law 2210/2001 in the state of Mato Grosso do Sul, which prohibited the importation, extraction, processing, sale and installation of products or materials containing any sort of asbestos, in any form, were both, through Direct Actions of Unconstitutionality (ADI) No. 2656 and No. 2396, adjudicated and declared unconstitutional by the Federal Supreme Court (STF), based on the fact that they violated the jurisdiction of the federal government.

Current State Laws 12684/2007 in São Paulo, 3579/2004 in Rio de Janeiro, 11643/2001 in Rio Grande do Sul and 12589/2007 in Pernambuco that restrict the use of asbestos in their jurisdiction are currently the subject-matter of the ADIs filed by the National Confederation of Industrial Workers (CNTI) at the Federal Supreme Court (STF).

On April 2, 2008, the National Association of Labor Court Judges (ANAMATRA) and the National Association of Labor Prosecutors (ANPT) filed ADI No. 4066 questioning the constitutionality of Article 2 of Federal Law 9055 of 1995.

1. Operations (Continued)

On October 31, 2012, the STF started the judgment of the merits of ADI No. 3357 in relation to State Law No. 11643/2001, of the state of Rio Grande do Sul, and ADI No. 3937 in relation to State Law No. 12684/2007, of the state of São Paulo. The session was suspended after reporting Judge Ayres Britto voted for the constitutionality of the laws and Judge Marco Aurelio 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 judgment.

On Dec. 30, 2013, State Law 21,114/13 was sanctioned, whose Article 1 prohibits the importation, transportation, storage, manufacturing, sale and use of products containing asbestos in the state of Minas Gerais, providing for a period of 8 to 10 years for full compliance with said Article 1. Therefore, compliance with this provision will be required as of 2021 and 2023, respectively.

2. Summary of significant accounting practices

2.1 Statement of compliance and basis of preparation

The presentation of the interim financial information was approved and authorized by the Company's Supervisory Board on November 4, 2014 and Board of Directors on November 5, 2014, to be published on November 6, 2014.

The Company's interim financial information, contained in the quarterly financial information form (ITR) for the quarter ended September 30, 2014, comprises:

- The consolidated interim financial information prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board - IASB and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR); and

- The individual interim financial information of the Company prepared in accordance with CPC 21 (R1) - Interim Financial Reporting and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR).

2. Summary of significant accounting practices (Continued)

2.1 Statement of compliance and basis of preparation (Continued)

The individual interim financial information presents measurement of investments in subsidiaries and joint ventures by the equity method, in accordance with ruling Brazilian legislation. In view of this, this individual financial information is not considered compliant with IFRS, under which these investments must be stated in the separate financial statements of the parent company at their fair value or cost of acquisition.

The interim financial information was prepared based on 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 considerations paid in exchange for assets.

The main accounting practices applied in the preparation of this individual and consolidated interim financial information are disclosed in Note 2 to the Company's annual financial statements for the year ended December 31, 2013, disclosed on March 17, 2014. These practices were consistently applied in the presented prior year.

2.2 Basis of consolidation and investments in subsidiaries

The consolidated interim financial information includes interim financial information of the Company and 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 Board of Directors of an entity in order to earn benefits from its activities.

The Company management, based on shareholder statutes and agreements, controls the companies listed in Note 1 and therefore fully consolidated these entities with the exception of Companhia Sulamericana de Cerâmica S.A. (CSC) which is considered based on the parameters described in the prior paragraph as a joint venture and not consolidated given that its income is considered in the consolidated financial statements based on the equity method as provided in CPC 19R2 (IFRS 11).

2. Summary of significant accounting practices (Continued)

2.2 Basis of consolidation and investments in subsidiaries (Continued)

Minority 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, subsidiaries' financial information is recognized under 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 financial statements represent balances receivable from and payable to third parties and/or jointly-controlled companies.

- Interest in capital and net income (loss) for the period of wholly-owned subsidiaries.

The financial year of consolidated subsidiaries coincides with that of the Company. Accounting practices were uniformly applied by consolidated companies, and are consistent with those used in the prior year. All intercompany balances and transactions of subsidiaries are fully eliminated in the consolidated financial information Transactions between the Company and its subsidiaries are carried out under conditions established by the parties.

Profit and loss of subsidiaries acquired or sold over the year are included in the consolidated income statements as of the date they were effectively acquired to the sale date, as applicable.

Whenever necessary, the subsidiaries' interim financial information is adjusted to align their accounting practices to those set by the Group.

2. Summary of significant accounting practices (Continued)

2.3 Standards, amendments and standard interpretations

2.3.1 Standards, amendments, and interpretations of existing standards with first-time adoption from January 1, 2014.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

  These amendments provide an exception to the consolidation requirements for entities qualifying as an investment entity under IFRS 10. This exception requires that investment entities carry their investments in subsidiaries at fair value in the statement of income. These amendments did not have significant impact on the financial position, performance or disclosures in the Group's financial information, since none of its entities qualifies as investment entity.

- IAS 32 Offsetting Financial Assets and Liabilities - Amendments to IAS 32

  These amendments explain the meaning of "currently has a legally enforceable right to set off" and also the criterion that would make non-simultaneous settlement systems of clearing houses qualify for offsetting. The Group detected no impacts on its interim financial information considering these amendments.

- IFRIC 21 Levies

  This provides guidance on when to recognize a liability for a tax or levy when the obligating event occurs. For a levy that is triggered upon reaching a given metric, the interpretation indicates that no liability should be recognized before the specified metric is reached. The Group detected no material impacts on its interim financial information considering these amendments.

2. Summary of significant accounting practices (Continued)

2.3 Standards, amendments and standard interpretations (Continued)

2.3.1 Existing standards, amendments and standard interpretations with first-time adoption as of January 1, 2014 (Continued)

- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting - Amendment to IAS 39

  This amendment provides an exception to the requirement to discontinue hedge accounting upon novation of a derivative designated as hedge meets certain criteria. The Group did not novate its derivatives for the amendment adoption review.

2.3.2 Existing standard with first-time adoption as from January 1, 2015.

- IFRS 9 – Financial Instruments

  IFRS 9, as issued, is the first step in IASB's project to replace IAS 39 and applies to classification and measurement of financial assets and liabilities as defined by IAS 39. Initially, the pronouncement would become effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9: Mandatory Effective Date and Transition Disclosures, issued in December 2011, amended the effective date of IFRS 9 to annual periods beginning on or after January 1, 2015. In the subsequent steps, IASB will tackle issues such as hedge accounting and provision for impairment of financial assets. Adoption of IFRS 9 first phase will have impacts on the classification and measurement of the financial assets, but is expected to have no impacts on the classification and measurement of financial liabilities. The Group will quantify the effects with the effects of other IASB project phases as soon as a final consolidated standard is issued.

- IFRS 15 – Revenue from Contracts with Customers

  IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry.

2. Summary of significant accounting practices (Continued)

2.3 Standards, amendments and standard interpretations (Continued)

2.3.2 Existing standard with first-time adoption as from January 1, 2015 (Continued)

- IFRS 15 – Revenue from Contracts with Customers (Continued)

  The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required by this standard. The standard must be applied for annual periods beginning on or after January 1, 2017, with earlier application permitted.

2.3.3 Amendment to an existing standard

- IFRS 7 – Financial Instruments (Disclosure) – Servicing Contracts

  This amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendment must be applied for annual periods beginning on or after January 1, 2016, with earlier application permitted.

- IFRS 7 – Financial Instruments (Disclosure) – Applicability of the offsetting disclosures to condensed interim financial statements

  This amendment removes the phrase "and interim periods within those annual periods" from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in condensed interim financial report.

2. Summary of significant accounting practices (Continued)

2.3 Standards, amendments and standard interpretations (Continued)

2.3.3 Amendment to an existing standard (Continued)

- IFRS 7 – Financial Instruments (Disclosure) – Applicability of the offsetting disclosures to condensed interim financial statements (Continued)

  However, IAS 34 requires an entity to disclose “an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period.” Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, it would expected that the disclosures be included in the entity’s condensed interim financial report. The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted.

- IAS 19 – Employee Benefits – Discount rate: regional market issue

  This amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied for annual periods beginning on or after January 1, 2016, with earlier application permitted.

2. Summary of significant accounting practices (Continued)

2.3 Standards, amendments and standard interpretations (Continued)

2.3.3 Amendment to an existing standard (Continued)

- IAS 34 – Interim Financial Reporting – Disclosure of information "elsewhere in the interim financial report"

  The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment should be applied retrospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Group intends to adopt the abovementioned standards when they become effective, and disclose and recognize possible impacts on the financial information upon adoption.

Considering the current operations carried out by the Group and its subsidiaries, management expects that these new standards will have no significant impact on the financial information upon their adoption.

There are no other standards or interpretations issued and not yet adopted that may, based on management's opinion, have a significant impact on P&L or equity reported by the Group.

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.

Accounting estimates and assumptions are assessed on an ongoing basis, and are based on past experience and other factors, including expected future events considered reasonable for the circumstances. Such estimates and assumption may be different from effective results. The effects of reviewed accounting estimates are recognized for the review period.

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

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

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

3.1. Impairment of goodwill for expected future profitability

In order to determine whether there is impairment of goodwill, it is necessary to estimate the value in use of cash-generating units to which the goodwill has been allocated. Calculation of value in use requires management to estimate expected future cash flows from cash-generating units and an appropriate discount rate for calculating the present value.

No evidence of goodwill impairment was detected.

	Consolidated	
Subsidiary:	09/30/2014	12/31/2013
SAMA	**16,559**	16,559
Tégula	**3,436**	3,436
	19,995	19,995

3.2. Useful lives of property, plant and equipment

The Group has effective controls over property, plant and equipment assets which enable it to identify impairment and changes in estimated useful lives. Recoverable amounts and estimated useful lives are periodically reviewed. Economic facts, changes in business, technological changes or any use of the asset item that may affect its useful life are taken into account. Current depreciation rates used appropriately represent the useful life of equipment.

3.3. Income, social contribution and other taxes

The Group recognizes deferred assets and liabilities based on the difference between the carrying amount presented in the financial statements and the tax base of assets and liabilities using rates in force. Management regularly reviews deferred tax assets and liabilities in terms of recovery, considering the history of profit generated and projected future taxable profit, according a technical feasibility study.

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

3.4. Provision for tax, civil, and labor risks

The Group is party to several legal and administrative proceedings, as mentioned in Note 21. Provisions are set up for all contingencies representing probable losses estimated with a certain reliability level. Assessment of the likelihood of loss includes an evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of legal advisers. Management believes that these provisions for contingencies are fairly presented in the interim financial information.

3.5. Provision for future benefits to former employees

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

3.6. Environmental restoration of degraded mining areas

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

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

4. Cash and cash equivalents

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Cash and banks	**353**	9,516	**2,724**	11,100
Investments in bank deposit certificates	**-**	-	**2,866**	2,195
	353	9,516	**5,590**	13,295

At September 30, 2014, investments were remunerated at average rates of 102% of the Interbank Deposit Certificate (CDI) variation (103% at December 31, 2013), with the portfolio basically comprising investments remunerated based on a percentage of CDI and fixed income investments. Balances are highly liquid and readily redeemable, in order to meet short-term cash commitments, and subject to insignificant risk of change in value.

5. Short-term investments

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Investment funds	**12,029**	9,897	**36,525**	35,661

Most investment funds are fixed-income investments, repurchase agreements, remunerated at average CDI rates of 102% (103% as of December 31, 2013).

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

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

6. Trade accounts receivable

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Domestic market	**90,100**	73,487	**128,200**	112,241
Foreign market	**-**	-	**62,841**	55,521
(-) Adjustment to present value	**(606)**	(432)	**(1,920)**	(1,362)
	89,494	73,055	**189,121**	166,400
Allowance for doubtful accounts	**(3,109)**	(3,281)	**(6,327)**	(6,011)
	86,385	69,774	**182,794**	160,389

Expenses with the provision for impairment losses on accounts receivable are recorded as "selling expenses”.

Aging list of accounts receivable

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Falling due	**85,311**	65,939	**177,675**	146,010
Overdue:				
Within 30 days	**475**	2,362	**3,754**	10,538
From 30 to 60 days	**139**	1,283	**286**	2,654
Over 60 days	**460**	190	**1,079**	1,187
	86,385	69,774	**182,794**	160,389

Changes in the provision for impairment losses on accounts receivable

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Opening balance	**(3,281)**	(3,242)	**(6,011)**	(6,518)
Addition	**(525)**	(782)	**(1,125)**	(1,482)
Reversal	**79**	380	**87**	497
Write-off	**618**	363	**722**	1,492
Closing balance	**(3,109)**	(3,281)	**(6,327)**	(6,011)

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

7. Inventories

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Finished products	**46,831**	41,554	**91,245**	72,551
Semi-finished products	**-**	-	**2,138**	2,116
Resale	**8,964**	9,751	**13,842**	14,698
Raw materials	**22,646**	29,854	**22,652**	31,142
Support materials	**5,636**	5,091	**24,339**	22,789
(-) Provision for losses (*)	**-**	(417)	**(813)**	(1,352)
	84,077	85,833	**153,403**	141,944

(*) The matching entry of the provision for losses is recorded as “cost of sales” in the income statements.

Changes in provision for inventory losses for the nine-month period ended September 30, 2014 and for the year ended December 31, 2013 are as follows:

	Company	Consolidated
Balance at January 1, 2013	-	(935)
(+) Provision	(443)	(443)
(-) Reversal	26	26
Balance at December 31, 2013	(417)	(1,352)
(+) Provision	**-**	**(100)**
(-) Reversal	**417**	**639**
Balance at September 30, 2014	**-**	**(813)**

In the nine-month period ended September 30, 2014, consumption of raw material reached approximately R$ 186,428 (R$ 192,004 in September 2013), recorded as cost in Company, and R$ 301,692 (R$ 286,657 in September 2013) in Consolidated, as mentioned in Note 24.

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

8. Taxes recoverable

	Company		Consolidated	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Current:				
State VAT (ICMS)	**1,615**	1,005	**3,538**	2,131
Withholding Income Tax (IRRF)	**579**	191	**920**	413
Corporate Income Tax (IRPJ)	**635**	8,285	**1,054**	8,690
Social Contribution Tax on Net Profit (CSLL)	**352**	2,243	**407**	2,311
Withholding income tax, interest on equity	**811**	3,400	**811**	3,400
Fomentar Fund - ICMS (*)	**1,460**	1,197	**1,460**	1,197
Contribution tax on gross revenue for social security financing (COFINS) and other	**502**	221	**1,979**	1,506
	5,954	16,542	**10,169**	19,648
Noncurrent:				
State VAT (ICMS)	**1,121**	1,218	**2,964**	4,021
Withholding Income Tax (IRRF)	**13,715**	13,363	**13,715**	13,363
Corporate Income Tax (IRPJ)	**7,838**	7,638	**7,838**	7,638
	22,674	22,219	**24,517**	25,022

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

9. Investments

The Company's subsidiaries and jointly controlled entities are as follows:

Subsidiaries	Company (%) Interest and voting capital held	
	09/30/2014	12/31/2013
Precon	**99.99**	**99.99**
Prel	**99.99**	**99.99**
SAMA	**99.99**	**99.99**
Tégula	**99.99**	**99.99**
Wagner	**99.85**	**99.85**
Wagner da Amazônia Ltda (ii)	**99.99**	**99.99**
Companhia Sulamericana de Cerâmica S.A. ("CSC") (i)	**60.00**	**60.00**
Engedis (ii)	**99.94**	**99.94**
Eternit da Amazônia (iii)	**99.99**	**99.99**

(i) Joint venture
(ii) Indirect subsidiary
(iii) Pre-operating venture

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

9. **Investments** (Continued)

Summary of significant information on subsidiaries and joint ventures:

Subsidiary	Location	Business activity
SAMA	Minaçu/GO	Mining and processing of chrysotile asbestos ore
Engedis	Minaçu/GO	No economic activity
Precon	Anápolis/GO	Production and sale of fiber cement products and devices.
Prel	São Paulo/SP	Holding interest in industrial and commercial companies, among others.
Wagner	São Paulo/SP	No economic activity
Wagner da Amazônia	São Paulo/SP	No economic activity
Tégula	Atibaia/SP	Production and sale of concrete roof tiles and accessories.
Companhia Sulamericana de Cerâmica - CSC	Caucaia/CE	Import, manufacture, sale, export, distribution of sanitary wares and related accessories in general.
Eternit da Amazônia	Manaus/AM	Research and development and inputs for construction materials. It has not started up its operations until the nine-month period ended September 30, 2014.

Breakdown of investments:

	Company							
	Eternit da Amazônia	**Precon**	**Prel**	**SAMA**	**CSC**	**Tégula**	**Wagner**	**Total**
Investments	12,501	22,264	8,232	90,914	31,109	68,159	4,134	237,313
Surplus value of net assets	-	-	-	16,559	-	-	-	16,559
Balance at September 30, 2014	**12,501**	**22,264**	**8,232**	**107,473**	**31,109**	**68,159**	**4,134**	**253,872**

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

9. **Investments** (Continued)

	Eternit da Amazônia	Precon	Prel	SAMA	CSC	Tégula	Wagner	Total
At January 1, 2013	-	17,578	7,821	107,183	13,029	72,246	4,059	221,916
Dividends	-	(7,222)	(2,653)	(65,112)	-	-	-	(74,987)
Interest on Equity (IOE)	-	(829)	-	(4,492)	-	-	-	(5,321)
Equity pickup	(938)	10,694	2,890	70,304	(6,223)	(459)	(1)	76,267
Equity pickup on comprehensive income	-	-	-	428	-	-	-	428
Capital contribution	200	-	-	-	29,226	-	-	29,426
December 31, 2013	(738)	20,221	8,058	108,311	36,032	71,787	4,058	247,729
Dividends	**-**	**(5,361)**	**(2,150)**	**(46,665)**	**-**	**-**	**-**	**(54,176)**
Interest on Equity (IOE)	**-**	**(715)**	**-**	**(3,394)**	**-**	**-**	**-**	**(4,109)**
Equity pickup	**(3,259)**	**8,119**	**2,324**	**49,221**	**(4,923)**	**(3,628)**	**76**	**47,930**
Capital contribution	**16,498**	**-**	**-**	**-**	**-**	**-**	**-**	**16,498**
At September 30, 2014	**12,501**	**22,264**	**8,232**	**107,473**	**31,109**	**68,159**	**4,134**	**253,872**

The balance of investments in the consolidated interim financial information at September 30, 2014, amounting to R$31,109 (R$36,032 at December 31, 2013), refers to investment in the jointly controlled entity with CSC.

The balance of subsidiaries at September 30, 2014 is as follows:

	Eternit da Amazônia	Precon	Prel	SAMA	Tégula	Wagner
Current assets	2,328	26,377	3,826	151,107	36,498	3,908
Noncurrent assets	63,643	14,389	5,089	116,881	61,032	1,802
Current liabilities	1,077	14,537	682	117,525	17,218	15
Noncurrent liabilities	52,391	3,963	-	54,155	12,147	1,554
Equity	12,503	22,266	8,233	96,308	68,165	4,141
Proportional interest	99.9900%	99.9946%	99.9977%	99.9977%	99.9900%	99.8465%
Investment carrying amount	12,501	22,264	8,232	96,306	68,158	4,134
Net operating income	-	55,439	-	302,775	62,230	-
Cost of sales	-	(39,255)	-	(156,927)	(44,307)	-
Unrealized income in inventories	-	-	-	835	-	-
Net income (loss) from continued operations	(3,259)	8,119	2,324	49,221	(3,628)	76
Attributable to:						
Company interest	(3,259)	8,119	2,324	49,221	(3,628)	76

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

9. **Investments** (Continued)

Interest in joint ventures:

The Group holds 60% interest in jointly controlled entity Companhia Sulamericana de Cerâmica S.A., whose business purpose is the import, production, sale, export and distribution of sanitary wares and related accessories in general.

The balance of this jointly controlled entity as of September 30, 2014 is as follows:

	09/30/2014
Current assets	**77,962**
Noncurrent assets	**95,710**
Current liabilities	**53,644**
Noncurrent liabilities	**68,179**
Equity	**51,849**
Proportional interest	**60.0000%**
Investment carrying amount	**31,109**

Net operating income	09/30/2014
Operating revenue, net	**30,811**
Cost of sales	**(26,652)**
General and administrative expenses	**(11,040)**
Financial expenses	**(5,206)**
Financial income	**3,883**
Loss on continuing operations	**(8,204)**
Attributable to:	
Company interest	**(4,923)**

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

10. Related parties

a) Balances and transactions of the Company with related parties

	Company	
	09/30/2014	**12/31/2013**
Balances:		
Current assets		
Eternit da Amazônia (ii)	**60**	1,062
Precon (i) and (ii)	**1,143**	488
SAMA (ii)	**171**	169
Prel	**128**	-
Tégula (i) and (ii)	**126**	96
Companhia Sulamericana de Cerâmica (i)	**9,287**	9,780
	10,915	11,595
Dividend and interest on equity receivable:		
SAMA	**15,201**	8,735
Prel	**390**	2,653
Precon	**4,139**	7,926
Tégula	**706**	706
	20,436	20,020
	31,351	31,615
Noncurrent assets		
Intercompany loan		
Companhia Sulamericana de Cerâmica (iii)	**4,194**	2,018
Tégula (iii)	**8,229**	7,705
Eternit da Amazônia (iii)	**6,000**	-
	18,423	9,723
Total assets	**49,774**	41,338
Current liabilities		
Trade accounts payable		
SAMA (i)	**9,074**	7,128
Other accounts payable		
Prel	**88**	88
SAMA	**29**	26
Tégula	**-**	1
Precon	**2**	-
	9,193	7,243
Noncurrent liabilities		
Intercompany loan		
SAMA (iii)	**31,036**	29,108
Total liabilities	**40,229**	36,351

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

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

10. Related parties (Continued)

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

	Company	
	09/30/2014	**09/30/2013**
Transactions:		
Sales:		
Precon	**2,119**	8,201
Tégula	**329**	272
CSC	**1,706**	-
	4,154	8,473
Purchases:		
SAMA	**59,782**	53,551
Discounts obtained – SAMA	**30**	-
Administrative expenses – Prel	**789**	750
	60,601	54,301
Interest on intercompany loan:		
Expense – SAMA	**2,268**	1,525
	2,268	1,525
Income:		
Interest on intercompany loan – Tégula	**617**	404
Interest on equity:		
SAMA	**3,394**	3,579
Precon	**715**	658
	4,726	4,641

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

At September 30, 2014 and December 31, 2013, there were no outstanding guarantees with related parties, and there were no provision for impairment losses for related-party accounts receivable.

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

10. Related parties (Continued)

b) Key management personnel compensation

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

	Company		Consolidated	
	09/30/2014	**09/30/2013**	**09/30/2014**	**09/30/2013**
Salaries, fees and benefits	**3,037**	3,384	**3,693**	4,013
Social charges	**908**	1,026	**1,138**	1,238
Profit sharing (PLRE)	**1,621**	2,742	**1,948**	3,244
Supplementary bonus	**735**	1,519	**1,062**	2,020
Post-employment benefits	**65**	200	**75**	325
	6,366	8,871	**7,916**	10,840

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

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 to 100% paid as profit sharing, and purchases Company shares by means of an outside brokerage.

As of September 30, 2014, Officers' shareholding position was 2,212,166 shares – ETER3 (995,283 shares – ETER3 for the year ended December 31, 2013).

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)
September 30, 2014
(In thousands of reais - R$, except when indicated otherwise)

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										
Balances at January 1, 2013	701	32,165	94,939	12,877	77,109	3,578	5,109	3,372	12,717	242,567
Additions	-	-	-	-	-	-	-	-	36,913	36,913
Write-offs	-	-	(381)	-	(272)	(791)	(36)	(103)	-	(1,583)
Transfers	-	639	7,093	78	2,251	-	670	735	(11,466)	-
Balances at December 31, 2013	701	32,804	101,651	12,955	79,088	2,787	5,743	4,004	38,164	277,897
Additions	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,220**	**15,220**
Write-offs	-	**(16)**	**(399)**	**(4)**	**(171)**	**(454)**	**(72)**	**(72)**	**(14,473)**	**(15,661)**
Transfers	-	**332**	**6,062**	**104**	**1,584**	**-**	**185**	**133**	**(8,400)**	**-**
Balance at September 30, 2014	**701**	**33,120**	**107,314**	**13,055**	**80,501**	**2,333**	**5,856**	**4,065**	**30,511**	**277,456**
Average depreciation rates	-	4%	8.6%	15%	10%	20%	10%	20%	-	-
Accumulated depreciation										
Balances at January 1, 2013	-	(18,631)	(44,152)	(8,651)	(40,643)	(2,531)	(2,310)	(2,589)	-	(119,507)
Additions	-	(722)	(1,852)	(1,087)	(5,542)	(259)	(452)	(342)	-	(10,256)
Write-offs	-	-	358	-	72	734	26	101	-	1,291
Balances at December 31, 2013	-	(19,353)	(45,646)	(9,738)	(46,113)	(2,056)	(2,736)	(2,830)	-	(128,472)
Additions	**-**	**(554)**	**(2,128)**	**(698)**	**(4,118)**	**(94)**	**(357)**	**(295)**	-	**(8,244)**
Write-offs	**-**	**16**	**190**	**2**	**165**	**405**	**52**	**72**	-	**902**
Transfers	-	-	**29**	-	**(30)**	-	**1**	-	-	**-**
Balance at September 30, 2014	-	**(19,891)**	**(47,555)**	**(10,434)**	**(50,096)**	**(1,745)**	**(3,040)**	**(3,053)**	-	**(135,814)**
<u>Net book value</u>										
At January 1, 2013	701	13,534	50,787	4,226	36,466	1,047	2,799	783	12,717	123,060
At December 31, 2013	**701**	**13,451**	**56,005**	**3,217**	**32,975**	**731**	**3,007**	**1,174**	**38,164**	**149,425**
At September 30, 2014	**701**	**13,229**	**59,759**	**2,621**	**30,405**	**588**	**2,816**	**1,012**	**30,511**	**141,642**

Eternit S.A.

Notes to individual and consolidated interim financial information (Continued)
September 30, 2014
(In thousands of reais - R$, except when indicated otherwise)

11. Property, plant and equipment (Continued)

	Consolidated													
	Land	Buildings and improvements	Machinery and equipment	Excavator equipment	Tooling and molds	Facilities	Vehicles	Off-road vehicles	Furniture and fixtures	IT equipment	Renovation of mining areas	Mineral resources	Construction in progress	Total
Cost														
Balances at January 1, 2013	4,084	80,585	181,492	24,610	26,479	208,398	25,051	4,280	15,366	7,514	5,778	13,387	16,070	613,094
Additions	-	283	3,472	-	64	133	161	-	844	129	-	-	55,041	60,127
Write-offs	-	-	(786)	-	(215)	(324)	(968)	-	(553)	(317)	-	-	-	(3,163)
Transfers	-	672	11,595	2,960	395	8,187	461	259	1,671	1,127	-	-	(27,327)	-
Balances at December 31, 2013	4,084	81,540	195,773	27,570	26,723	216,394	24,705	4,539	17,328	8,453	5,778	13,387	43,784	670,058
Additions	-	**25**	**569**	-	-	**90**	**855**	-	**53**	**111**	-	-	**74,175**	**75,878**
Write-offs	-	**(16)**	**(498)**	**(7)**	**(5)**	**(171)**	**(1,087)**	-	**(132)**	**(184)**	-	-	**-**	**(2,100)**
Transfers	-	**1,035**	**8,450**	**2,495**	**104**	**6,986**	**457**	-	**657**	**490**	-	-	**(20,674)**	**-**
Balance at September 30, 2014	**4,084**	**82,584**	**204,294**	**30,058**	**26,822**	**223,299**	**24,930**	**4,539**	**17,906**	**8,870**	**5,778**	**13,387**	**97,285**	**743,836**
Average depreciation rate	-	4%	8.6%	28.4%	15%	10%	20%	26.8%	10%	20%	2.9%	5.3%	-	-
Accumulated depreciation														
Balances at January 1, 2013	-	(46,226)	(101,538)	(15,034)	(17,535)	(147,493)	(11,861)	(3,856)	(7,550)	(5,840)	(825)	(2,879)	-	(360,637)
Additions	-	(1,755)	(4,424)	(4,028)	(2,645)	(11,046)	(5,731)	(185)	(1,515)	(685)	(494)	(696)	-	(33,204)
Write-offs	-	-	762	-	207	124	912	-	535	307	-	-	-	2,847
Transfers	-	-	29	-	-	-	-	-	(29)	-	-	-	-	-
Balances at December 31, 2013	-	(47,981)	(105,171)	(19,062)	(19,973)	(158,415)	(16,680)	(4,041)	(8,559)	(6,218)	(1,319)	(3,575)	-	(390,994)
Additions	-	**(1,360)**	**(4,531)**	**(3,342)**	**(1,837)**	**(8,805)**	**(4,238)**	**(144)**	**(1,190)**	**(583)**	**(173)**	**(522)**	-	**(26,725)**
Write-offs	-	**16**	**280**	**7**	**3**	**166**	**1,036**	**-**	**106**	**178**	-	-	-	**1,792**
Transfers	-	-	**29**	-	-	**(30)**	-	-	**1**	-	-	-	-	-
Balance at September 30, 2014	-	**(49,325)**	**(109,393)**	**(22,397)**	**(21,807)**	**(167,084)**	**(19,882)**	**(4,185)**	**(9,642)**	**(6,623)**	**(1,492)**	**(4,097)**	-	**(415,927)**
Net book value														
At January 1, 2013	4,084	34,359	79,954	9,576	8,944	60,905	13,190	424	7,816	1,674	4,953	10,508	16,070	252,457
At December 31, 2013	4,084	33,559	90,602	8,508	6,750	57,979	8,025	498	8,769	2,235	4,459	9,812	43,784	279,064
At September 30, 2014	**4,084**	**33,259**	**94,901**	**7,661**	**5,015**	**56,215**	**5,048**	**354**	**8,264**	**2,247**	**4,286**	**9,290**	**97,285**	**327,909**

Due to legal proceedings, subsidiary SAMA gave in warranty PP&E (machinery and equipment) in the net book value of R$811 (R$ 1,272 at December 31, 2013).

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

12. Intangible assets

Company	Software	Intangible assets in progress	Others	Total
Cost				
Balance at January 1, 2013	7,185	-	11	7,196
Additions	45	2,844	-	2,889
Balance at December 31, 2013	7,230	2,844	11	10,085
Additions	-	**2,469**	-	**2,469**
Transfers	**7**	**(7)**	-	**-**
Balance at September 30, 2014	**7,237**	**5,306**	**11**	**12,554**
Useful life in years	5	-	-	-
Amortization				
Balance at January 1, 2013	(4,682)	-	-	(4,682)
Additions	(819)	-	-	(819)
Balance at December 31, 2013	(5,501)	-	-	(5,501)
Additions	**(527)**	-	-	**(527)**
Balance at September 30, 2014	**(6,028)**	-	-	**(6,028)**
Net book value				
Balance at January 1, 2013	2,503	-	11	2,514
Balance at December 31, 2013	1,729	2,844	11	4,584
Balance at September 30, 2014	**1,209**	**5,306**	**11**	**6,526**

Consolidated	Software	Goodwill	Trademarks and patents	Intangible assets in progress	Others	Total
Cost						
Balance at January 1, 2013	13,143	19,995	1,156	-	75	34,369
Additions	325	-	260	3,636	-	4,221
Transfers	792	-	-	(792)	-	-
Balance at December 31, 2013	14,260	19,995	1,416	2,844	75	38,590
Additions	**148**	-	-	**2,954**	-	**3,102**
Transfers	**493**	-	-	**(493)**	-	-
Balance at September 30, 2014	**14,901**	**19,995**	**1,416**	**5,305**	**75**	**41,692**
Useful life (in years)	5	-	-	-	-	-
Amortization						
Balance at January 1, 2013	(8,328)	-	-	-	(1)	(8,329)
Additions	(1,585)	-	-	-	-	(1,585)
Balance at December 31, 2013	(9,913)	-	-	-	(1)	(9,914)
Additions	**(1,211)**	-	-	-	-	**(1,211)**
Balance at September 30, 2014	**(11,124)**	-	-	-	**(1)**	**(11,125)**
Net book value						
Balance at January 1, 2013	4,815	19,995	1,156	-	74	26,040
Balance at December 31, 2013	4,347	19,995	1,416	2,844	74	28,676
Balance at September 30, 2014	**3,777**	**19,995**	**1,416**	**5,305**	**74**	**30,567**

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

13. Trade accounts payable

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Domestic market	**18,246**	15,718	**35,542**	31,977
Foreign market	**3,315**	6,947	**3,448**	7,570
(-) Present value adjustment (domestic/foreign market)	**(207)**	(221)	**(299)**	(254)
	21,354	22,444	**38,691**	39,293

14. Loans and financing

	Company		Consolidated	
	09/30/2014	12/31/2013	**09/30/2014**	12/31/2013
Current:				
Loans and financing (a) (b) (c) (d) (e) (f) (g) (i)	**3,881**	8,944	**14,882**	16,926
ACE (h)	**-**	-	**51,659**	39,955
	3,881	8,944	**66,541**	56,881
Noncurrent:				
Loans and financing (a) (b) (c) (d) (e) (f) (g) (i)	**6,445**	14,368	**60,045**	25,799
	10,326	23,312	**126,586**	82,680
Noncurrent repayment schedule:				
2015	**3,546**	11,328	**33,346**	17,663
2016	**1,844**	2,336	**13,168**	6,161
2017	**883**	490	**9,043**	1,210
2018	**172**	214	**4,488**	562
2019	**-**	-	**-**	203
	6,445	14,368	**60,045**	25,799

(a) Over the nine-month period ended September 30, 2014, in order to acquire machine and equipment, and due to expenses with civil construction intended to its operating activity, the Company took out Government Machinery and Equipment Financing (FINAME) 28 to 31 and Brazilian Development Bank (BNDES) 2 and 4 in the amount of R$ 913 at the interest rate of 2.85% to 3.50% p.a., and BNDES 1 and 3 in the amount of R$ 1,297 at the interest rate of 3.85% p.a. + TJLP, maturing in 48 months.

(b) For the nine-month period ended September 30, 2014, the Company took out Import Financing (FINIMP). It raised FINIMP 11, 14 and 15, amounting to R$3,059, to purchase machinery and equipment for its operating activity, at the interest rate of 1.03% to 1.98% p.a., maturing within 36 months, raised in US dollars, translated and restated at the PTAX exchange rate.

(c) Subsidiary Eternit da Amazônia raised FINIMP 8, 9, 10, 12, 13 and 16, in the amount of R$ 23,414, for the acquisition of machinery and equipment intended to operations, at the rates of 1.21% to 2.39% p.a., maturing within 60 months.

(d) Subsidiary Tégula took out finance lease to acquire vehicles at the interest rate of 1.23% p.m., maturing within 30 months. The principal amount of the operation totals R$ 513. It also took out lease for IT equipment amounting to R$ 59 at the interest rate of 1.14% p.m., maturing within 36 months.

(e) Subsidiary Tégula took out a R$ 1,000 loan from Banco Itaú for working capital purposes, in order to ensure the normality of its operations for the quarter ended September 30, 2014, at the interest rate of 1.80% p.a. + 100% CDI, maturing at the end of the agreement term, i.e., three months.

(f) Subsidiary Precon raised FINAME 3 in the amount of R$ 190 for the acquisition of machinery and equipment intended to its operations, at the rate of 6% p.a., maturing within 48 months.

(g) Subsidiary Eternit da Amazônia took out a R$ 10,000 loan from Banco Itaú for working capital purposes, in order to ensure the normality of its operations for the quarter ended September 30, 2014, at the interest rate of 0.90% p.a. + 100% daily CDI, maturing at the end of the agreement term, i.e., 12 months.

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

14. Loans and financing (Continued)

(h) Advance on Export Contracts – ACE – These are funds to increase working capital of subsidiary SAMA, raised in US dollars at average exchange rate of R$2,2791 and restated by the current exchange rate of R$ 2.4504 as of September 30, 2014. The average PRIME lending rate is of 3.25% p.a. and, given the characteristics of the transaction, such advances are traded at each sale transaction and mature within 360 days. The Company collaterally signed R$ 7,122 in ACE operations of subsidiary SAMA in June 2014, and currently has no surety. At September 30, 2014, this loan amounted to R$51,659 (R$39,955 as of December 31, 2013).

(i) For the nine-month period ended September 30, 2014, the Company and its subsidiary Eternit da Amazônia entered into the Contract for Assignment of Rights and Assumption of Obligations. Assumption by the subsidiary of all rights and obligations related to the import financing contracts (Finimp) was agreed, related to import and construction of machinery for the plants. The operation amounted to R$ 14,352.

The Group has loan agreements with non-financial covenants with which it was compliant as of September 30, 2014.

15. Provisions and social charges

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
13th monthly salary pay	**4,273**	-	**7,684**	-
Vacation pay	**7,592**	6,760	**13,921**	12,980
Profit sharing (a)	**2,152**	3,704	**7,532**	10,145
Unemployment Compensation Fund (FGTS)	**474**	593	**761**	1,008
Social security contribution tax (INSS)	**2,079**	1,848	**3,407**	3,367
Salaries	**4**	73	**12**	73
Private pension plan (b)	**-**	-	**212**	423
Union dues	**-**	2	**17**	13
	16,574	12,980	**33,546**	28,009

(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 amounts recorded are as follows:

	Profit sharing	
	09/30/2014	**09/30/2013**
Company	**3,170**	5,715
Consolidated	**8,763**	11,766

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

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

16. Taxes, charges and contributions payable

	Company		Consolidated	
Current:	**09/30/14**	**12/31/13**	**09/30/14**	**12/31/13**
Income taxes				
Corporate Income Tax (IRPJ)	**-**	863	**8,983**	12,242
Social Contribution Tax on Net Profit (CSLL)	**-**	-	**2,040**	2,432
Other taxes				
State value-added tax (ICMS)	**7,699**	6,304	**10,451**	9,372
Federal value-added tax (IPI)	**2,512**	1,824	**3,428**	2,107
Contribution tax on gross revenue for social security financing (COFINS)	**2,005**	1,405	**3,532**	3,258
Contribution tax on gross revenue for social integration program (PIS)	**409**	281	**741**	683
Withholding income tax (IRRF)	**1,145**	1,331	**1,670**	1,943
Mineral resource offsetting financial contribution	**-**	-	**1,518**	1,515
Other	**204**	218	**397**	463
Total	**13,974**	12,226	**32,760**	34,015
Noncurrent:				
State value-added tax (ICMS) (*)	**10,328**	7,697	**13,026**	9,432

(*) ICMS deriving from tax incentive programs PRODUZIR and DESENVOLVE in the Company, FOMENTAR in subsidiary Precon, and FUNDOPEM and PRODUZIR in subsidiary Tégula.

17. Provision for future benefits to former employees

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

a) Main actuarial assumption used to determine the present value of benefits:

	12/31/2013
Actual actuarial annual interest rate	**6.32%**
Actual annual medical cost increase rate	**3.80%**
Annual projected inflation rate	**5.80%**
Mortality table	**AT-2000**

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

17. Provision for future benefits to former employees (Continued)

b) Plan liabilities for future benefits to former employees:

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Current	**2,174**	2,174	**3,861**	3,861
Noncurrent	**24,503**	23,710	**35,228**	34,527
	26,677	25,884	**39,089**	38,388

c) Net expenses with the benefit in 2014 (posted to income statement)

	Company		Consolidated	
	09/30/2014	**09/30/2013**	**09/30/2014**	**09/30/2013**
Current service and interest cost	**(2,424)**	(2,689)	**(3,596)**	(4,730)
Benefits paid	**(1,631)**	(1,449)	**(2,895)**	(2,655)
Net expense with the benefit	**(4,055)**	(4,138)	**(6,491)**	(7,385)

18. Equity

a) Capital

At September 30, 2014, the Company's fully subscribed and paid-in capital amounted to R$ 334,251.

In the Special General Shareholders' Meeting held on September 24, 2014, shareholders resolved to split common shares of the Company. On September 25, 2014, each 1 (one) share issued by the Company comprised 2 (two) shares of the same type, with no changes in capital. The 89,500,000 shares then comprised 179,000,000 common registered book-entry shares, with no par value, with the right to vote in Annual Meeting deliberations, and, as of September 30, 2014, were held as follows:

	09/30/2014		12/31/2013	
Shareholding structure	**Shareholders**	**Shares**	**Shareholders**	**Shares**
Individuals	**8,334**	**113,156,680**	7,866	54,404,983
Legal entities	**93**	**3,046,280**	97	1,752,168
Persons resident abroad	**139**	**20,933,022**	146	9,732,774
Clubs, funds and foundations	**112**	**41,805,286**	131	23,580,709
	8,678	**178,941,268**	8,240	89,470,634
Treasury stock	**-**	**58,732**	-	29,366
	8,678	**179,000,000**	8,240	89,500,000

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

18. **Equity** (Continued)

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, who will establish the share issue price and other conditions for the respective subscriptions and payments.

b) Treasury shares

At September 30, 2014, market value of treasury stock was R$ 116 (R$ 257 as of December 31, 2013).

c) Earnings (loss) per share

In compliance with technical pronouncement CPC 41 – Earnings per Share (equivalent to IAS 33), the following table reconciles net income to amounts used to calculate basic and diluted earnings per share.

Company

	09/30/2014	09/30/2013
Dilutive effect		
Net income for the period attributable to non-controlling interest	**61,925**	76,982
Weighted average number of outstanding common shares, less the average of treasury common shares	**178,941**	89,470
Basic and diluted earnings per share – R$	**0.35**	0.86

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

d) Dividend

The Company's articles of incorporation allow dividend payment based on annual, semiannual or interim balance sheets.

Dividend proposed for the nine-month period ended September 30, 2014 was as follows:

Event	Payment beginning on	Total value	Amount per share – R$
BDM (*) of May 07, 2014	05/28/2014	11,900	0.133
BDM (*) of August 6, 2014	08/27/2014	11,899	0.133
BDM (*) of November 5, 2014	11/27/2014	11,899	0.067

(*) BDM – Board of Directors' Meeting

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

18. Equity (Continued)

e) Interest on equity

The Board of Directors may also decide about profit distribution as interest on equity, under the terms of ruling legislation. IOE proposed for the year nine-month period ended September 30, 2014 was as follows:

Event	Payment beginning on	Total value	Amount per share – R$
BDM (*) of May 07, 2014	05/28/2014	5,994	0.067
BDM (*) of August 6, 2014	08/27/2014	5,995	0.067
BDM (*) of November 5, 2014	11/27/2014	5,995	0.034

(*) BDM – Board of Directors' Meeting

Dividend and interest on equity payable

Divided and IOE outstanding balance as of September 30, 2014 represent:

	Company and Consolidated	
	09/30/2014	12/31/2013
Interest on equity	**5,095**	4,639
Dividend	**11,900**	12,436
Proceeds from prior years	**729**	806
	17,724	17,881

f) Retained earnings

During the quarters, the Company does not allocate total profit, but interim dividend and IOE. Total profit is allocated at year end.

19. Government grants

- **Tégula**

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

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

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

The benefit was granted as from December 28, 2007, by the Finance Department of the State of Goiás, through Special Tax Regime Agreement No. 223/07, when a 73% reduction in ICMS was recognized for Tégula Soluções Para Telhados on sales of goods produced by the unit established in Anápolis/GO, limited to R$ 6,875, with deadline to obtain the benefit up to December 31, 2020.

For the period in 2014, the benefit totaled R$ 732. The benefit is treated as a subsidy for investment because the Company benefits through reduction, refund or exemption from taxes due, and intends to expand its activities.

Moreover, PRODUZIR's goal is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of that state.

19. Government subsidies (Continued)

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

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

On May 27, 2008, Tégula Soluções para Telhados Ltda., formerly Lafarge Roofing Brazil Ltda. claimed the right to reduce the ICMS, as it had a branch located in the State of Rio Grande do Sul.

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

For the period in 2014, the benefit totaled R$ 50. The benefit is treated as a subsidy for investment because the Company benefits through reduction, refund or exemption from taxes due, and intends to expand its activities. Moreover, FONDOPEM/RS's goal is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of that state.

19. Government subsidies (Continued)

- **Precon**

a) Investment subsidy - Agência de Fomento Goiás S/A company in the state of Goiás - FOMENTAR.

On January 26, 1990, Precon Goiás Industrial Ltda. claimed a benefit to reduce ICMS as it had a branch in the State of Goiás. The claim was granted by the Goiás State Department of Finance of Goiás state through Special Tax Regime Agreement No. 227/07 when a 70% reduction in ICMS was recognized for Precon Goiás Industrial Ltda on sales of goods produced by the unit established in Anápolis/GO, limited to R$ 31,880, already restated by INPC/IBGE, up to December 31, 2020, as per amendment 5 to the agreement.

The benefit is treated as a subsidy for investment because the Company benefits through reduction, refund or exemption from taxes due, and intends to expand its activities. Moreover, FOMENTAR's goal is to attract investment for integration, expansion, modernization and consolidation in the industrial segment of that state.

- **Eternit**

a) Investment subsidy - Brazilian Supervisory Office for Development of the Northeast (SUDENE)

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

19. Government subsidies (Continued)

a) Investment subsidy - Brazilian Supervisory Office for Development of the Northeast (SUDENE) (Continued)

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

In March 2011, Eternit S.A. obtained through the Constitutive Report 0018/2011 the right to reduce corporate income tax and non-refundable additions on profit from tax incentive operations (lucro da exploração), for it is located in the relevant area for companies in the Northeast, with the benefit until calendar year 2020.

This benefit intends to fully modernize a venture in the area where SUDENE operates.

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

20. Income and social contribution taxes

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

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

	Company		Consolidated	
	09/30/2014	09/30/2013	09/30/2014	09/30/2013
Income before income and social contribution taxes	**62,718**	75,692	**93,480**	107,508
Statutory rate	**34%**	34%	**34%**	34%
Income and social contribution taxes at nominal rates	**(21,324)**	(25,735)	**(31,783)**	(36,553)
IRPJ and CSLL effect on permanent differences:				
Equity pickup	**16,296**	22,581	**(1,674)**	(1,290)
Interest on equity	**4,717**	4,430	**6,114**	5,871
Donations and gifts	**(452)**	(84)	**(1,586)**	(595)
Non-deductible taxes and fines	**(33)**	(17)	**(77)**	(57)
Tax incentive	**3**	-	**301**	(167)
Other (additions) exclusions on permanent differences	**28**	115	**(3,465)**	2,265
Income and social contribution taxes in P&L	**(793)**	1,290	**(31,555)**	(30,526)
Effective rate	**1.3%**	1.7%	**33.7%**	28.4%

Breakdown of income and social contribution tax expenses presented in individual and consolidated interim financial information for the quarters ended September 30, 2014 and 2013 is as follows:

	Company		Consolidated	
	09/30/2014	09/30/2013	09/30/2014	09/30/2013
Current income and social contribution taxes	**(47)**	(544)	**(30,356)**	(34,656)
Deferred income and social contribution taxes	**(746)**	1,834	**(1,199)**	4,130
	(793)	1,290	**(31,555)**	(30,526)

In November 2013, Provisional Executive Order No. 627 was published and established that no taxation should be levied on profits and dividend calculated based on Profit and Loss computed between January 1, 2008 and December 31, 2013, by legal entities adopting the taxable profit, profit computed as a percentage of the Company's gross revenue, or profit determined by authorities, effectively paid through the publication date of the referred to Provisional Executive Order, at amounts exceeding those computed in light of the accounting methods and criteria in force as of December 31, 2007, provided that the company that has paid profit and dividend elected early adoption of the new tax regime as from 2014.

In May 2014, this Provisional Executive Order was converted into Law No. 12973, with amendment to some provisions, including in connection with how to address dividend, IOE and investment measurement at equity value. Differently from the Provisional Executive Order, Law No. 12973 determined that no taxes are to be levied, unconditionally, on profit and dividend calculated based on P&L computed from January 1, 2008 to December 31, 2013.

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

20. Income and social contributions taxes (Continued)

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

Management prepared studies on the effects that might arise from the application of Law No. 12973 provisions, and concluded that there would be no material effects on the Group’s financial information. This scenario, in conjunction with uncertainties scenario by the Brazilian IRS as to the tax regulation, which is still undergoing changes by means of revenue procedures, had management opt for not early adopting the new tax regime in 2014. This option was formalized in the August 2014 Federal Tax Debt and Credit Return (DCTF).

b) Breakdown of deferred income and social contribution taxes

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

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Income and social contribution tax losses	**5,455**	5,483	**15,126**	15,154
Future benefits to former employees	**9,070**	8,800	**13,290**	13,052
Provision for tax, civil and labor claims	**7,784**	7,682	**16,251**	15,485
Unrealized income in inventories	**-**	-	**2,778**	2,348
Allowance for doubtful accounts	**-**	-	**703**	610
Provision for profit sharing	**732**	1,259	**1,648**	2,811
Provision for losses on PP&E	**1,750**	1,750	**1,750**	1,750
Unshipped products	**-**	-	**2,229**	2,271
Other provisions	**(1,500)**	(937)	**137**	1,631
	23,291	24,037	**53,912**	55,112

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:

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

20. Income and social contribution taxes (Continued)

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

Expected realization of tax credits (Continued)

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

	Company 09/30/2014	Consolidated 09/30/2014
2014	**742**	**1,645**
2015	**456**	**1,022**
2016	**793**	**1,701**
2017	**787**	**1,816**
2018 to 2023	**2,677**	**8,942**
	5,455	**15,126**

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 September 30, 2014, subsidiary Tégula had income tax loss carryforward amounting to R$28,444, and social contribution tax loss of R$28,444, for which deferred taxes were not recorded. Up to September 30, 2014, there were no projections of future taxable profit 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:

	Company 09/30/2014	Consolidated 09/30/2014
2014	**3,356**	**6,651**
2015	**1,056**	**5,072**
2016	**1,556**	**3,346**
2017	**1,636**	**4,667**
2018 to 2023	**10,232**	**19,050**
	17,836	**38,786**

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

20. Income and social contribution taxes (Continued)

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

Expected realization of tax credits (Continued)

ii. *Temporary differences* (Continued)

Estimated realization of deferred tax balances calculated on temporary differences, as of September 30, 2014, may vary, as many of them depend on court orders that are beyond the Group's possible control and it is not possible to predict when a final decision will be awarded.

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

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

21. Provision for tax, civil and labor risks

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

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

The Group management believes that the provision for risks is sufficient to cover any losses from legal proceedings, as follows:

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Labor claims (i)	**19,610**	19,780	**29,465**	29,219
Civil claims	**-**	-	**4,397**	4,397
Tax claims (ii)	**5,806**	5,335	**23,750**	21,043
	25,416	25,115	**57,612**	54,659

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

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

i) Labor claims include:

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

ii) Tax claims include:

- Difference in ICMS amounts paid, and
- Difference in rates paid for INSS purposes.

Changes in provision for tax, civil and labor risks:

	Company		
	Provision for labor claims	**Provisions for tax claims**	**Total**
Balance as of January 1, 2013	17,214	5,443	22,657
Additions	3,678	1,918	5,596
Reversals	(1,112)	(2,026)	(3,138)
Balance as of December 31, 2013	19,780	5,335	25,115
Additions	**1,736**	**471**	**2,207**
Write-offs	**(1,776)**	**-**	**(1,776)**
Reversals	**(130)**	**-**	**(130)**
Balance as of September 30, 2014	**19,610**	**5,806**	**25,416**

	Consolidated			
	Provision for labor claims	**Provisions for civil claims**	**Provisions for tax claims**	**Total**
Balance as of January 1, 2013	26,321	4,346	20,449	51,116
Additions	5,546	508	3,650	9,704
Payments	(168)	-	-	(168)
Reversals	(2,480)	(457)	(3,056)	(5,993)
Balance as of December 31, 2013	29,219	4,397	21,043	54,659
Additions	**2,678**	**-**	**2,707**	**5,385**
Write-offs	**(1,776)**	**-**	**-**	**(1,776)**
Reversals	**(656)**	**-**	**-**	**(656)**
Balance as of September 30, 2014	**29,465**	**4,397**	**23,750**	**57,612**

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

iii) Claims whose likelihood of an unfavorable outcome is rated as possible:

At September 30, 2014, the following claims, whose likelihood of an unfavorable outcome was rated as possible by legal advisers, had been filed against the Group:

a) Public interest suits on environmental and health matters brought by state and federal prosecutors of the state of Bahia, in Vitória da Conquista judicial district, and a class action in Poções judicial district with the same objective as the abovementioned public interest suit.

b) Consumer public interest suit 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. The suit concerning the state of Rio de Janeiro was dismissed, whereas the one concerning Pernambuco was upheld. Both are pending appeal. However, in the public interest suit in Rio de Janeiro, the Court suspended the process for it understands that this matter is constitutional.

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) Public interest and class suits, 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) On August 21, 2014, the Rio de Janeiro State Department of Labor filed Public Interest Suit (proceeding No. 0011104-96.2014.5.01.0049) against the Company, wherein subject matters related to occupational disease and work environment. Claims include payment of R$ 1 billion as collective pain and suffering to be deposited in entities or projects appointed by the State Department of Labor or in the Worker's Support Fund (FAT).

   In parallel, on September 3, 2014, ABREA/RJ also fined a Public Interest Suit (proceeding No. 0011169-91.2014.5.01.0049) with cases assigned by department, with the São Paulo State Labor Court, as these address the same facts challenged in the abovementioned suits. Both defenses will be filed on a timely basis.

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

iii) Claims whose likelihood of an unfavorable outcome is rated as possible: (Continued)

f) On August 9, 2013, the São Paulo State Department of Labor filed a Public Interest Suit (proceeding No. 0002106-72.2013.5.02.0009) against the Company, wherein the same subject matters of the Public Interest Suit filed in 2004 are discussed. This suit is with the 9th Labor Court in the State of São Paulo. While the facts and subject matters of the former and current suits are the same, in this suit there are some different claim, among which the claim for payment of R$ 1 billion as collective pain and suffering to be deposited in the Worker's Support Fund (FAT).

In parallel, on October 4, 2013, ABREA also filed a Public Interest Suit (proceeding No. 0002715-55.2013.5.02.0009), with cases assigned by department, with the São Paulo State Labor Court, as these address the same facts challenged in the abovementioned suits. Both defenses were filed and are pending judgment of the merits.

We should clarify that, in 2004, a Public Interest Suit had already been filed by the São Paulo State Department of Labor (proceeding No. 000.04.043.728-0), which addressed the same facts and with the same subject matter of the abovementioned suit, in relation to the unit in Osasco, whose activities ended in 1993.

An unfavorable decision was awarded for the suit by São Paulo Justice, which, by means of its judges, considered that Eternit was fully compliant with the legislation as far as employees' safety and health are concerned, as determined by Federal Law No. 9055/95, Decree No. 2350/97 and Regulating Standards by the Ministry of Labor. In September 2013, a final favorable decision was awarded for the Company.

In addition, as of September 30, 2014, there were other labor, civil, tax and administrative proceedings against the Group, whose likelihood of an unfavorable outcome was rated as possible by the legal counsel, in the consolidated amount of R$ 9,714 (R$ 9,714 as of December 31, 2013). Therefore, no provision was recorded for these claims.

On the other hand, whenever necessary, the Group makes judicial deposits not linked to the provisions for claims in a specific account in noncurrent assets.

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

22. Private pension plan

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

For the nine-month periods ended September 30, 2014 and 2013, the Group and its participants made contributions to fund benefit plans as follows:

	Company		Consolidated	
	09/30/2014	**09/30/2013**	**09/30/2014**	**09/30/2013**
Contributions for the period ended:	**1,450**	2,212	**3,340**	2,834

23. Operating revenue, net

	Company		Consolidated	
	09/30/2014	**09/30/2013**	**09/30/2014**	**09/30/2013**
Gross sales revenue	**496,474**	507,746	**909,225**	901,524
Unconditional discounts and rebates	**(2,270)**	(2,615)	**(2,443)**	(2,732)
Sales taxes	**(127,306)**	(130,815)	**(192,192)**	(194,658)
Operating revenue, net	**366,898**	374,316	**714,590**	704,134

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

24. Information on the nature of expenses

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

	Company		Consolidated	
	09/30/2014	**09/30/2013**	**09/30/2014**	**09/30/2013**
Cost of sales	**(269,976)**	(273,453)	**(438,978)**	(417,757)
Selling expenses	**(44,468)**	(43,030)	**(87,712)**	(84,741)
General and administrative expenses and management fees	**(38,836)**	(43,167)	**(91,169)**	(84,866)
	(353,280)	(359,650)	**(617,859)**	(587,364)
Raw material used	**(186,428)**	(192,004)	**(301,692)**	(286,657)
(-) Present value adjustment	**1,382**	1,613	**1,948**	1,906
Personnel expenses and charges	**(79,018)**	(79,561)	**(124,785)**	(123,133)
Material, electric energy and services	**(24,138)**	(25,627)	**(34,109)**	(35,384)
Rental of personal properties	**(5,348)**	(6,183)	**(8,769)**	(6,871)
Variable selling expenses	**(7,820)**	(9,956)	**(29,911)**	(30,432)
Depreciation and amortization	**(8,771)**	(8,211)	**(27,936)**	(25,636)
Travel expenses	**(3,468)**	(4,398)	**(6,192)**	(7,406)
Expenses with IT materials and services	**(2,873)**	(2,606)	**(4,956)**	(4,391)
Third-parties services	**(15,346)**	(14,851)	**(39,139)**	(34,909)
Commissions on sales	**(8,723)**	(8,261)	**(15,783)**	(14,705)
Trade union contributions	**(2,867)**	(1,159)	**(10,537)**	(5,066)
Advertising and publicity	**(6,697)**	(4,735)	**(8,569)**	(6,103)
Taxes and charges	**(1,127)**	(1,310)	**(2,504)**	(1,844)
Expenses with allowance for doubtful accounts	**(446)**	(290)	**(1,038)**	(586)
Other	**(1,592)**	(2,111)	**(3,887)**	(6,147)
	(353,280)	(359,650)	**(617,859)**	(587,364)

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

25. Other operating income/expenses, net

	Company		Consolidated	
	09/30/14	**09/30/13**	**09/30/14**	**09/30/13**
Other operating income:				
PP&E disposal	**241**	354	**398**	415
Incidental income	**273**	-	**735**	-
Unclaimed dividend and interest on equity	**271**	119	**271**	119
Rental	**-**	-	**2,297**	2,259
Previously unused tax credit	**2,678**	4,889	**2,678**	6,787
FI Fund – Private Pension	**1,446**	-	**1,446**	-
Other	**17**	-	**748**	-
	4,926	5,362	**8,573**	9,580
Other operating expenses:				
Provision for tax, civil and labor claims	**(280)**	(2,171)	**(548)**	(2,171)
Provision for future benefits to former employees	**(2,424)**	(2,689)	**(3,596)**	(4,730)
Environmental recovery	**-**	-	**(735)**	-
Taxes on other sales	**(245)**	(356)	**(784)**	(877)
Quality control	**(421)**	(500)	**(627)**	(623)
Replacement of defective products	**(312)**	(335)	**(312)**	(335)
Expenses with labor and civil indemnifications	**(439)**	(710)	**(814)**	(1,032)
Cost of PP&E disposal	**(111)**	(289)	**(133)**	(309)
Other	**(917)**	(1,228)	**(1,188)**	(2,403)
	(5,149)	(8,278)	**(8,737)**	(12,480)
Total	**(223)**	(2,916)	**(164)**	(2,900)

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

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

26. Financial income (expenses)

	Company		Consolidated	
	09/30/2014	09/30/2013	09/30/2014	09/30/2013
Financial income:				
Short-term investment yield – including bank deposit certificates	**1,559**	1,835	**3,675**	3,474
Discounts obtained	**91**	59	**154**	172
Interest receivable	**4,921**	4,723	**7,681**	7,231
Monetary gains	**2,490**	502	**2,555**	528
Exchange gains	**6,622**	3,376	**24,456**	22,412
Other financial income	**-**	1	**94**	101
	15,683	10,496	**38,615**	33,918
Financial expenses:				
Interest on financing	**(241)**	(571)	**(773)**	(910)
Interest on intercompany loan	**(2,268)**	(1,525)	**-**	-
Interest payable	**(1,570)**	(1,684)	**(3,447)**	(4,245)
Banking expenses	**(828)**	(726)	**(1,027)**	(926)
Discounts granted	**(684)**	(784)	**(1,685)**	(1,715)
Tax on financial transactions (IOF)	**(268)**	(233)	**(870)**	(400)
PIS and COFINS - interest on equity	**(253)**	(390)	**(253)**	(390)
Exchange losses	**(6,336)**	(5,373)	**(24,281)**	(23,913)
Monetary variation	**(1,634)**	(1,470)	**(3,940)**	(3,510)
Other	**(208)**	(211)	**(503)**	(476)
	(14,290)	(12,967)	**(36,779)**	(36,485)
Financial income (expenses), net	**1,393**	(2,471)	**1,836**	(2,567)

27. Segment reporting

The Company segmented its operational structure taking into consideration internal financial information used in the evaluation of the business and senior management decision making under the requirements of CPC 22 (IFRS8).

Based on the information available for its segments, products and regions, senior management separately monitored the results of business unit operations to make decisions on the allocation of funds and to assess performance.

27. Segment reporting (Continued)

Operational segments defined by senior management are as follows:

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

- Fiber cement: includes production and sale of roof tiles and supplementary parts.

- Chrysotile: includes chrysotile ore mining and sale.

- Concrete roof tiles: includes production and sale of concrete roof tiles.

- Other: includes production and sale of components for construction systems, polyethylene water tanks, synthetic marble and resale of sanitary wares, sanitary seats, filters for water pipes, solar water heaters, metallic roof tiles and metal fittings, and accessories for concrete roof tiles.

Financial information on the Company's segments is summarized below. Amounts stated for P&L and total assets are consistent with the balances carried in the financial information, and the accounting policies applied.

Eternit S.A.
Notes to individual and consolidated interim financial information (Continued)
September 30, 2014
(In thousands of reais - R$, unless otherwise stated)

27. Segment reporting (Continued)

		09/30/2014		09/30/2014					
		Total 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	220,027	43,355	66,628	17,443	3,824	1,990	295	(563)
	South	48,505	51,763	105,797	28,029	6,402	3,593	469	(893)
	Mid-West	78,274	66,321	155,440	43,156	11,381	2,227	689	(1,312)
	North and Northeast	25,396	34,312	70,751	18,686	4,224	1,378	314	(597)
		372,202	195,751	398,616	107,314	25,831	9,188	1,767	(3,365)
Chrysotile									
						62,159			
	Domestic market	267,988	93,450	110,761	95,087		14,329	532	(12,507)
	Foreign market	-	-	121,709	49,495	13,312	-	584	(13,743)
		267,988	93,450	232,470	144,582	75,471	14,329	1,116	(26,250)
Concrete roof tiles	Domestic market	97,537	29,367	52,712	17,924	(2,400)	3,729	(1,455)	(1,228)
Other (*)	Domestic market	160,676	65,463	30,792	5,792	(5,422)	690	408	(712)
Total		898,403	384,031	714,590	275,612	93,480	27,936	1,836	(31,555)

(*) Including investment in the ware segment, consolidated by means of equity pickup. See Note 9. Investments.

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

27. Segment reporting (Continued)

		12/31/2013		09/30/2013					
		Total 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	246,494	40,269	72,592	19,326	3,167	1,809	(418)	(267)
	South	59,274	47,950	92,140	24,815	4,306	2,894	(519)	(331)
	Mid-West	74,053	61,234	130,157	39,042	10,071	1,655	(721)	(460)
	North and Northeast	28,377	31,706	63,787	17,128	2,930	1,285	(325)	(207)
		408,198	181,159	358,676	100,311	20,474	7,643	(1,983)	(1,265)
Chrysotile									
	Domestic market	252,140	89,294	116,268	83,199	51,814	13,165	325	(15,125)
	Foreign market	-	-	109,006	66,826	36,667	-	286	(13,293)
		252,140	89,294	225,274	150,025	88,481	13,165	611	(28,418)
Concrete roof tiles	Domestic market	96,713	25,124	55,376	20,553	1,284	3,403	(1,226)	(264)
Other (*)	Domestic market	76,581	31,926	64,808	15,488	(2,731)	1,425	31	(579)
Total		833,632	327,503	704,134	286,377	107,508	25,636	(2,567)	(30,526)

(*) Including investment in the ware segment, consolidated by means of equity pickup. See Note 9. Investments.

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

28. Insurance coverage

The Group has insurance coverage at an amount considered sufficient to cover any losses arising from contingent events, considering the nature of its activities, risks involved in its operations and guidance from its insurance advisers. Insurance taken out by the Group as of September 30, 2014 is as follows:

Type	Insured items	Insured amount
Engineering and operational risks, general civil liability and loss of profits	Buildings, facilities, equipment and other	R$ 358,100

29. Financial instruments

29.1 Identification and assessment of financial instruments

a) Financial instrument analysis

The Group measures its financial assets and liabilities in relation to their market values, though appropriate evaluation methodologies and information available. However, such evaluation requires considerable judgment and estimates to detect the most appropriate realizable value. As such, the estimates presented may not necessarily reflect the current market values.

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

	Company		Consolidated	
Measured at fair value	**09/30/2014**	**12/31/2013**	**09/30/2014**	**12/31/2013**
Financial assets				
Cash and cash equivalents	**353**	9,516	**5,590**	13,295
Short-term investments	**12,029**	9,897	**36,525**	35,661
Accounts receivable from foreign market	**-**	-	**62,841**	55,521
	12,382	19,413	**104,956**	104,477

	Company		Consolidated	
Measured at amortized cost	**09/30/2014**	**12/31/2013**	**09/30/2014**	**12/31/2013**
Financial liabilities				
Trade accounts payable	**21,354**	22,444	**38,691**	39,293
Loans and financing	**10,326**	23,312	**126,586**	82,680
	31,680	45,756	**165,277**	121,973

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

29. Financial instruments (Continued)

29.1 Identification and assessment of financial instruments (Continued)

b) Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair value of financial assets and liabilities by the valuation technique:

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

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

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

The Company adopted the hierarchy-based assumption that cash and cash equivalents, short-term investments and accounts receivable have no difference between carrying amount and fair value ("market value").

The following table presents the financial instruments recorded at fair value, by measurement method:

	Company			
Measured at fair value	**09/30/2014**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash and cash equivalents	353	353	-	-
Short-term investments	12,029	12,029	-	-
	12,382	**12,382**	**-**	**-**

	Consolidated			
Measured at fair value	**09/30/2014**	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash and cash equivalents	5,590	5,590	-	-
Short-term investments	36,525	36,525	-	-
Accounts receivable from foreign market	62,841	62,841	-	-
	104,956	**104,956**	**-**	**-**

29. Financial instruments (Continued)

29.1 Identification and assessment of financial instruments (Continued)

For the period ended September 30, 2014, there was no fair value assessment transfer between Level I and Level II, or fair value assessment transfer between Level III and Level II.

29.2 Financial risk management

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes two types of risks for the Group: a) currency risk and b) interest rate risk

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 functional currency).

As of September 30, 2014, the Group was exposed to a currency other than its functional currency, as follows:

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

29. Financial instruments (Continued)

29.2 Financial risk management (Continued)

a) Currency risk (Continued)

	Consolidated		Quote as of September 30, 2014
	09/30/2014	12/31/2013	(US$ / € 1.00 = R$1.00)
Foreign market customers	**62,841**	55,521	2.45
Foreign market suppliers	**(3,448)**	(7,570)	2.45
ACE	**(51,659)**	(39,955)	2.45
Financing – (USD)	**(44,495)**	(24,020)	2.45
Financing (EUR)	**(914)**	(1,067)	3.10
Total currency exposure	**(37,675)**	(17,091)	

a1) *Sensitivity analysis*

In order to measure the economic impact of exchange variation on the Group's financial instruments, four scenarios were considered in relation to the exchange rate at September 30, 2014. Pursuant to CVM Ruling No. 475/08, the Group conducted a sensitivity analysis using the probable depreciation scenario at the rate of 50% (Scenario I) and 25% (Scenario II), and appreciation at the rate of 25% (Scenario III) and 50% (Scenario IV), as follows.

				Rate depreciation		Rate appreciation	
Balances (foreign currency) – consolidated	**Risk**	**Rate (*)**	**Position as of September 30, 2014**	**Scenario I (-50%)**	**Scenario II (-25%)**	**Scenario III (+25%)**	**Scenario IV (+50%)**
USD				1.23	1.84	3.06	3.68
Foreign market customers	USD	2.45	62,841	31,421	47,131	78.551	94.262
Foreign market suppliers	USD	2.45	(3,448)	(1,724)	(2,586)	(4.310)	(5.172)
ACE	USD	2.45	(51,659)	(25,830)	(38,744)	(64.574)	(77.489)
Financing	USD	2.45	(44,495)	(22,248)	(33,372)	(55.619)	(66.743)
EUR				1.55	2.32	3.87	4.64
Financing	EUR	3.10	(914)	(457)	(686)	(1.143)	(1.371)
		Potential gain (loss)	**(37.675)**	**(18.838)**	**(28,257)**	**(47,094)**	**(56,513)**

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

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

29. Financial instruments (Continued)

29.2 Financial risk management (Continued)

b) Interest rate risk

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 CDI.

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

	Company		Consolidated	
	09/30/2014	**12/31/2013**	**09/30/2014**	**12/31/2013**
Short-term investments (cash equivalents)	**-**	-	**2,866**	2,195
Short-term investments	**12,029**	9,897	**36,525**	35,661
Total exposure to interest rate	**12,029**	9,897	**39,391**	37,856

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

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

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

29. Financial instruments (Continued)

29.2 Financial risk management (Continued)

b) Interest rate risks (Continued)

			Projection of financial income – one year				
				Reduction risk		Increase risk	
Short-term investments – Consolidated	**Index**	**Position as of September 30, 2014**	**Probable scenario**	**Scenario I (-50%)**	**Scenario II (-25%)**	**Scenario III (+25%)**	**Scenario IV (+50%)**
CDI			**11.06%**	**5.53%**	**8.30%**	**13.83%**	**16.59%**
Short-term investments (cash equivalents)	CDI	2,866	3,183	3,024	3,104	3,262	3,341
Short-term investments	CDI	36,525	40,565	38,545	39,557	41,576	42,584

c) Credit risk

Trade accounts receivable
Customer credit risk is managed by the Group on a daily basis, also such risk is mitigated by the fact that sales are made to a large number of customers and 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 Group customer accounts for more than 5% of total trade accounts receivable balance as of September 30, 2014 (5% at December 31, 2013).

Demand deposits and short-term investments
The Group is also subject to credit risks related to financial instruments taken out for business management purposes. The Group management considers that there is low risk of non-settlement of transactions in financial institutions in Brazil.

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

29. Financial instruments (Continued)

29.2 Financial risk management (Continued)

d) Liquidity risk

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

The control over the Group'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.

e) Capital management

The major objective of Group capital management is to ensure that capital has a strong credit classification and a problem-free capital ratio, in order to support business and maximize value for the shareholder.

Management may adjust capital of the Group in accordance with its strategy, seeking the best capital structure and adjusting it to current economic conditions. For the quarter ended September 30, 2014, there were no changes in the Company's objectives, policies or capital structure processes. The Group includes in its net debt structure: loans, financing less cash and cash equivalents.

	Company		Consolidated	
	Leverage		Leverage	
	09/30/2014	12/31/2013	09/30/2014	12/31/2013
Loans and financing	**10,326**	23,312	**126,586**	82,680
(-) Cash and cash equivalents	**(353)**	(9,516)	**(5,590)**	(13,295)
Net Debt	**9,973**	13,796	**120,996**	69,385
Equity	**514,356**	506,113	**514,372**	506,129
Net debt and equity	**504,383**	492,317	**393,376**	436,744

30. Commitments and guarantees

The Group has a commitment with supplier Oerlikon Neumag, Zweigniederlassung der Oerlikon Textile GmbH & Co. KG, for the purchase of equipment items and the rendering of equipment creation and commissioning services for the amount of € 592,750 (R$18,257 as of September 30, 2014). The existing commitment follows market practices.

As of September 30, 2014, the Group had the following guarantees:

(i) Assignment of fixed assets provided as guarantee in legal proceedings, amounting to R$ 811, as mentioned in Note 11;

(ii) Guarantee of the electric energy purchase and sale agreement entered into by subsidiary SAMA and the supply company Tractebel, amounting to R$ 3,770, with Banco Safra, maturing in March 2015;

(iii) Guarantee of tax enforcement payment - DNPM (National Department of Mineral Production) amounting to R$ 1,440, with Banco Bradesco, with indefinite maturity;

(iv) Financing guarantee to the Goiás State Development Agency, amounting to R$ 4,371, with Banco Bradesco, maturing in February 2015;

(v) R$ 40,909 (60%) guarantee 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 2015.

(vi) Guarantee of the equipment import financing contract with Banco Bradesco S.A. amounting to € 593 (R$ 1,835.57 as of September 30, 2014).

31. Environment and mineral resources

Environment

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

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

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

31. Environment and mineral resources (Continued)

Following the PRAD plan, SAMA is able to extract and process Chrysotile ore. According to the initial project, extraction and processing of Chrysotile ore will end in 2032, when the project for dismantlement, indemnification and restoration of degraded areas will be implemented.

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

	09/30/2014	12/31/2013
Discount rate	**10% p.a.**	10% p.a.
Long-term inflation rate	**5% p.a.**	5% p.a.

Present value of expected cash outlays	09/30/2014	12/31/2013
2032	**3,932**	3,655
2033	**3,374**	3,137
2034	**1,748**	1,625
2035 to 2039	**1,407**	1,309
Total	**10,461**	9,726

Under the PRAD plan, environmental restoration in degraded mining sites will occur between 2032 and 2039.

Total expenses recognized for environmental restoration of degraded mining areas for the nine-month period ended September 30, 2014 amounted to R$ 735 (R$ 442 as of September 30, 2013), calculated based on the current production of Chrysotile.

Mineral resources (unaudited)

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

Description	09/30/2014
Mineral resources	**7,937,880 t**
Production for the period	**233,578 t**
Mine estimated useful life	**18 years**

Management Report

General and Market Scenario

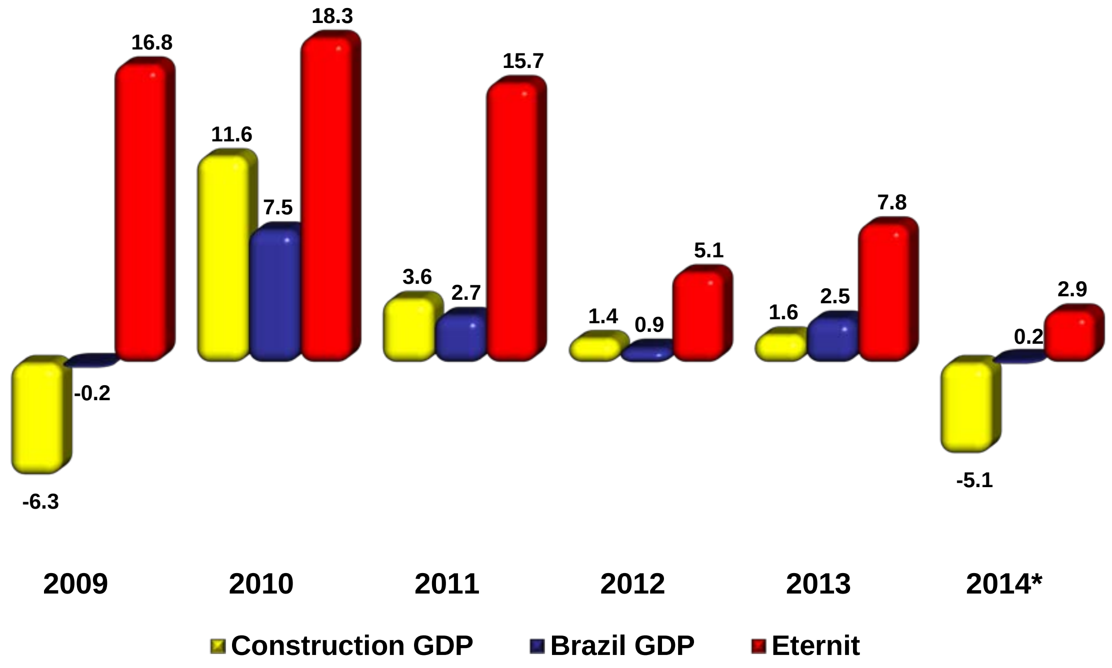
With regard to global economic activity, since the previous Inflation Report, the Central Bank of Brazil (BACEN) has indicated a different growth pace in mature economies. Overall, BACEN considers that the risks to financial stability remained high and, considering the external scenario as a whole, the prospects of growth rates remaining below potential remained unchanged.

On the domestic front, BACEN points to slower growth in economic activity in 2014 compared to 2013. It also revised the GDP growth forecast for 2014 from 2.0% at the start of the year to 0.24% (FOCUS report of BACEN dated October 31), and the construction industry's GDP growth from -2.2% to -5.1% (September edition of the Inflation Report).

A report from the International Monetary Fund (IMF) on the domestic scenario in Brazil highlights that low confidence among businessmen and consumers, tighter financial conditions, low investments and weak competitiveness are the reasons for this continued slowdown.

According to the Brazilian Association of Construction Materials Industry (ABRAMAT), the market was severely affected by a pessimist view of the economy, fewer business days on account of the World Cup and holidays, and the growth in imports and, despite the improved sales results in 3Q14, domestic sales in 9M14 dropped 6.5% from the same period the previous year. Given the negative result compared to 2013, the forecast for 2014 was once again revised to a 4.0% reduction in 2014.

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



(*) – Forecast.
Source: Central Bank of Brazil, projected GDP growth of Brazil and the construction industry in 2014.
The growth in Eternit's consolidated gross revenue is arrived at by comparing the period from January to September 2014 with the same period in 2013, corrected for inflation in accordance with the IGP-M index.

Operational and Financial Aspects

The construction materials industry registered a slight recovery in sales in 3Q14 after the weak performance in 1H14, yet ended 9M14 well below the forecast for the end of 2014, as announced by ABRAMAT.

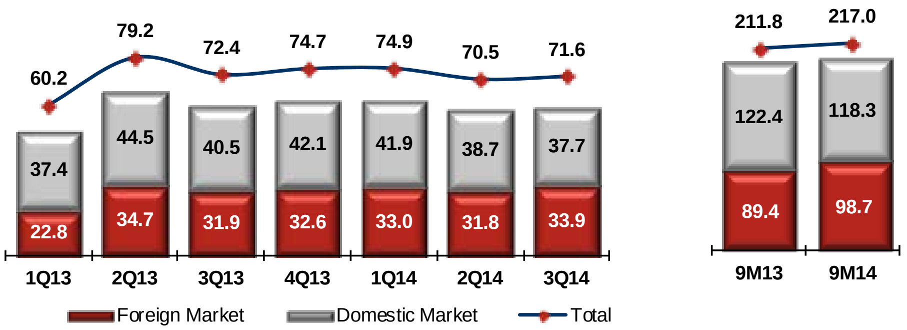
In 3Q14, the Company's chrysotile mining unit operated at full capacity and in its line of finished products, the production of fiber-cement and concrete roofing tiles kept pace with market demand.

Sales

Chrysotile Asbestos

Chrysotile asbestos sales in 3Q14 reached 71,600 tons, practically stable (1% lower) compared to 3Q13. Domestic sales decreased 6.9% during the period, due to the lower consumption of the chrysotile, especially in the South. On the other hand, exports increased 6.5%, driven by the gradual recovery of the Asian market, especially India.

Sales of Chrysotile Asbestos (thous. Tons.)*



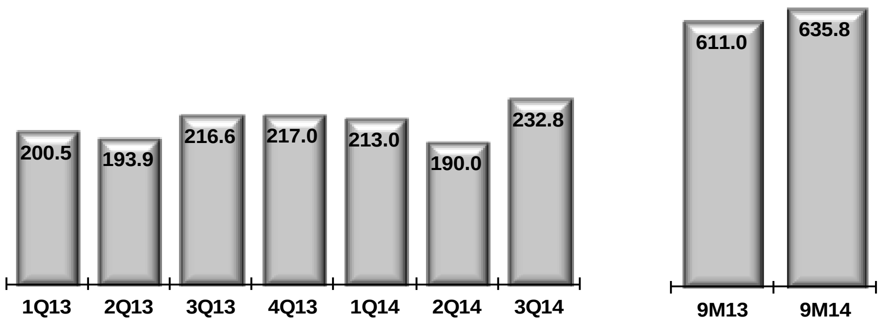
(*) Chrysotile asbestos sales include intercompany sales, which accounted for 45.5% of domestic sales in 3Q14.

Sales in 9M14 totaled 217,000 tons, increasing 2.5% from 9M13. In the same comparison period, exports posted a significant 10.6% growth, due to the factors mentioned above, which offset the slight reduction of 3.4% in domestic sales.

Fiber-cement

Domestic fiber-cement sales, including construction solutions, totaled 232,800 tons in 3Q14, up 7.5% from 3Q13 due to the recovery of the suppressed demand in the second quarter resulting from the high number of public holidays because of the World Cup.

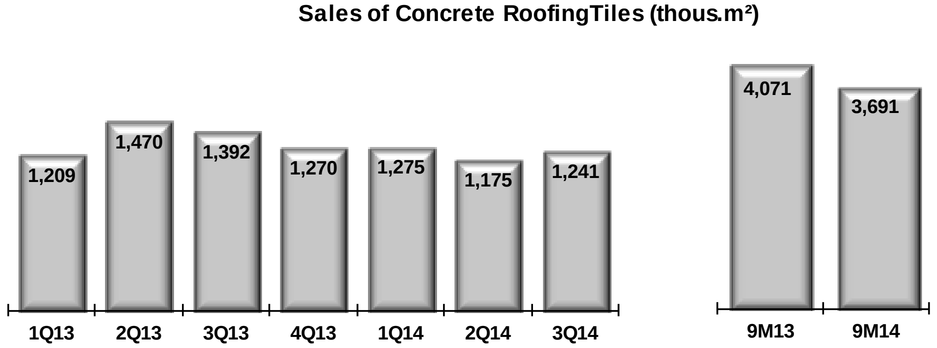
Sales of Fiber-cement (thous. Tons.)



Sales in 9M14 totaled 635,800 tons, up 4.1% year on year due to the factors mentioned above.

Concrete Tiles

In 3Q14, domestic concrete tile sales totaled 1,241,000 square meters (equivalent to 10,908,000 pieces), down 10.9% from the third quarter of 2013, due to lower demand in the high-end roofing segment, especially in the B2C (business-to-consumer) and building companies segments.



In 9M14, sales volume reached 3,691,000 square meters (equivalent to 32,801,000 pieces), down 9.3% from 9M13 due to the factors mentioned above.

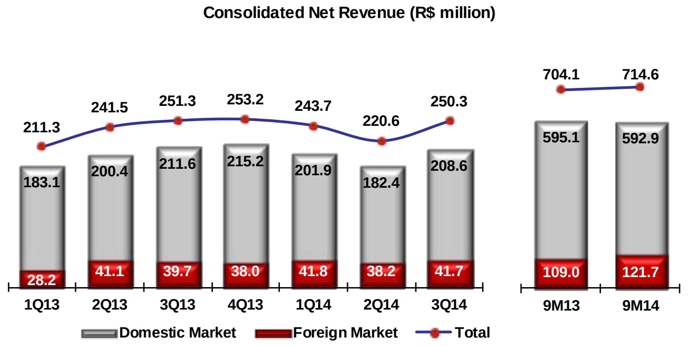
Consolidated Net Revenue

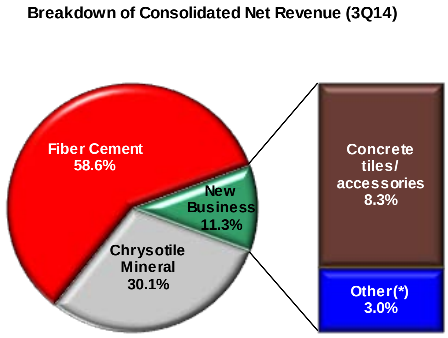
Consolidated net revenue in 3Q14 reached R$ 250.3 million, virtually stable (down 0.4%) compared to the same period in 2013. Domestic market revenue amounted to R$ 208.6 million, a decrease of 1.5% primarily due to the lower chrysotile mineral and concrete roofing tile sales, which was partially offset by increased fiber-cement sales and the repositioning of chrysotile mineral prices. Net revenue from exports increased 5.0% from 3Q13, totaling R$ 41.7 million, due to higher sales volume.

Comparing 3Q14 and 3Q13 by product lines, the chrysotile asbestos and the concrete tiles and roofing accessories recorded revenue decrease of 4.3% and 7.5% to reach R$ 75.4 million and R$ 20.7 million, respectively, while fiber-cement revenue increased 14.7% to reach R$ 146.7 million, due to the factors mentioned above.

Revenue from the other products line totaled R$ 7.5 million in 3Q14, a decrease of 66.5% from 3Q13, mainly because Companhia Sulamericana de Cerâmica (CSC) started commercializing bathroom chinaware and toilet seats in January 2014 due to the transfer of inventories from Eternit to CSC with the start of its industrial operations.

Sales of bathroom chinaware and lavatory seats by CSC since January 2014 are not consolidated given that the shareholders (Eternit and Colceramica, a Colombian multinational) exercise joint control, in accordance with CPC 36 and IFRS 10 on consolidated financial statements, and CPC 19 and IFRS 11 on joint arrangements.





(*) Other: metal bathroom fixtures, metal roofing tiles, polyethylene water tanks and construction solutions, among others.

In the first nine months of 2014, net revenue amounted to R$ 714.6 million, up 1.5% from the same period in 2013. This increase was driven by higher chrysotile mineral exports and the 8.1% appreciation of the U.S. dollar against the real (based on the average PTAX rate in the period). Domestic sales totaled R$ 592.9 million, virtually stable (down 0.4%) compared to 9M13.

Cost of Mining, Production and Goods Sold

Consolidated cost of goods sold came to R$ 154.9 million in 3Q14, up 4.3% compared to 3Q13 as a result of the increase in mining and production costs. Gross margin decreased 3 percentage points during the period to 38%.

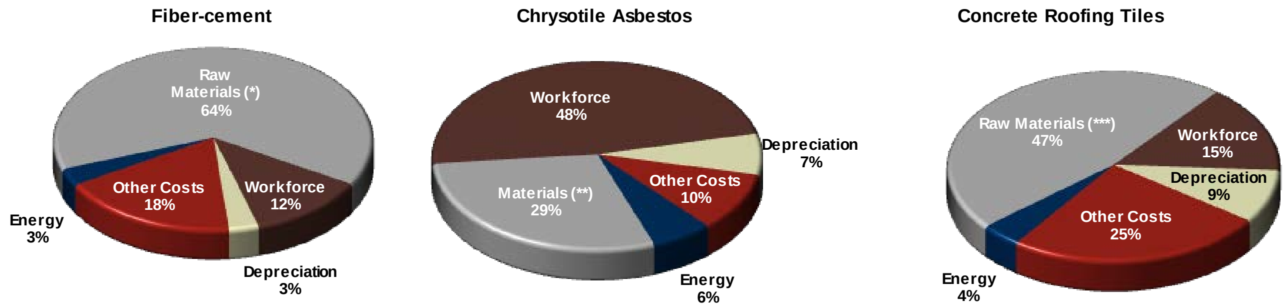
The main variations in mining and production costs are shown below:

Chrysotile mining: 23% increase due to higher expenses with manpower and outsourced services related to increased rock handling (strip ratio).

Fiber-cement: 6% increase due to the increase in the prices of raw materials (especially chrysotile asbestos, pulp and lime) and electricity, as well as higher consumption of packaging.

Concrete roofing tiles: 13% increase due to the increase in the prices of raw materials (especially white cement and pigments, which are imported) and inputs (electricity and fuel).

Breakdown of Cost of Mining and Production (3Q14)



(*) Raw materials: cement (44%), chrysotile asbestos (44%) and others (12%).
(**) Materials: fuel, explosives, packaging and others.
(***) Raw materials: cement (54%), sand (29%) and others (17%).

In 9M14, consolidated cost of goods sold totaled R$ 439.0 million, increasing 5.1% from 9M13, due to the increase in mining and production costs. Since the increase in the consolidated cost of goods sold outpaced the increase in net consolidated revenue in 9M14, gross margin declined 2 percentage points from 9M13 to 39%.

Operating Expenses

Total operating expenses in 3Q14 increased 2.0% from the prior-year period, mainly due to the following variations:

Selling expenses: 4.4% increase due to highway transportation expenses, resulting from higher chrysotile mineral sales in the export market.

General and administrative expenses: 1.7% increase arising from expenses with defending the use of chrysotile asbestos.

Other operating (expenses) revenues: variation due to the contingency provisions booked in 3Q13 after analyzing the probability of winning or losing ongoing court cases.

In R$ '000	3rd Quarter			Accum. 9 Months		
	2014	2013	Chg. %	2014	2013	Chg. %
Selling expenses	(29,787)	(28,533)	4.4	(87,712)	(84,741)	3.5
General and administrative expenses	(31,365)	(30,848)	1.7	(91,169)	(84,866)	7.4
Other operating revenues (expenses), net	477	(126)	-	(164)	(2,900)	(94.3)
Total operating expenses	**(60,675)**	**(59,507)**	**2.0**	**(179,045)**	**(172,507)**	**3.8**
Percetage of net revenue	*28%*	*25%*	*3 p.p.*	*39%*	*38%*	*1 p.p.*

In the first nine months of 2014, operating expenses totaled R$ 179.0 million, 3.8% higher than in 9M13, mainly due to the factors mentioned earlier.

Net Financial Result

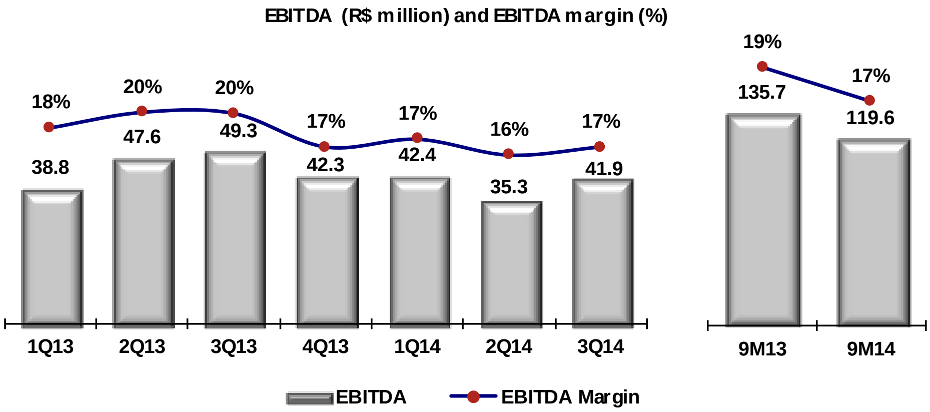
Net financial result declined 78.0% in 3Q14, primarily driven by the effects of exchange variation on the Eternit Group's financial operations.

In R$ '000	3rd Quarter			Accum. 9 Months		
	2014	2013	Chg. %	2014	2013	Chg. %
Financial expenses	(13,347)	(15,529)	(14.0)	(36,779)	(36,485)	0.8
Financial income	13,172	14,731	(10.6)	38,615	33,918	13.8
Net financial result	**(175)**	**(798)**	**(78.0)**	**1,836**	**(2,567)**	**-**

In 9M14, net financial result was positive at R$ 1.8 million, compared to the negative result of R$ 2.6 million in 9M13, mainly due to gains from exchange variation and monetary restatement related to offsets of federal taxes for previous fiscal years.

EBITDA

Consolidated EBITDA (Earnings Before Interests, Taxes, Depreciation and Amortization) totaled R$ 41.9 million in 3Q14, 15.1% lower than in 3Q13, mainly due to the increase in the cost of goods sold, the factors mentioned in the section on operating expenses and the equity loss from the joint-venture CSC[1]. As a result, EBITDA margin in 3Q14 was 17%, down 3 percentage points from 3Q13.



In the first nine months of 2014, EBITDA totaled R$ 119.6 million, down 11.9%, with EBITDA margin of 17%, down 2 percentage point from 9M13, as a result of the aspects commented earlier.

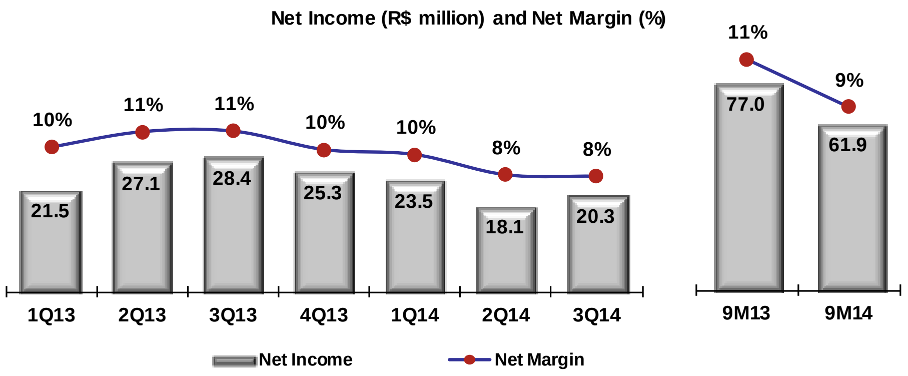
Reconciliation of consolidated EBITDA - (R$'000)	3rd Quarter			Accum. 9 Months		
	2014	2013	% Chg.	2014	2013	% Chg.
Net income	**20,308**	**28,369**	**(28.4)**	**61,925**	**76,982**	**(19.6)**
Income tax and social contributions	11,913	12,176	(2.2)	31,555	30,526	3.4
Net financial Income	175	798	(78.0)	(1,836)	2,567	-
Depreciation and amortization	9,468	7,951	19.1	27,936	25,636	9.0
EBITDA	**41,864**	**49,294**	**(15.1)**	**119,581**	**135,711**	**(11.9)**

EBITDA is calculated in accordance with Instruction 527 issued by the Securities and Exchange Commission of Brazil (CVM) on October 4, 2012.

Net Income

Eternit registered net income of R$ 20.3 million in 3Q14, down 28.4% from 3Q13, while net margin decreased 3 percentage points to end the period at 8%, due to the factors explained in the EBITDA section.

[1] With the start of the industrial operations of Companhia Sulamericana de Cerâmica (CSC), the consolidated EBITDA includes the result based on the equity income method.



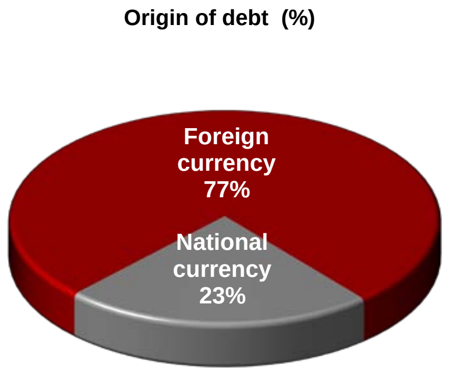
In 9M14, net income amounted to R$ 61.9 million, with net margin of 9%, compared to R$ 77.0 million and 11% in 9M13, respectively.

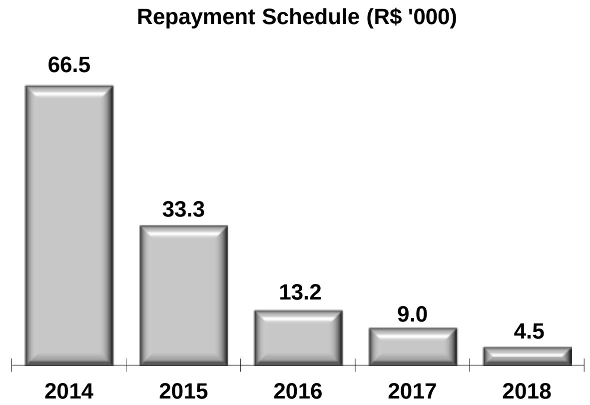
Debt

The Company ended 3Q14 with net debt of R$ 84.5 million. In September 2014, the gross debt of Eternit and its subsidiaries totaled R$ 126.6 million, basically explained by: (i) the advances against draft presentation (ACE) for working capital; and (ii) the financing lines contracted for the acquisition of machinery and equipment for its operations under the program FINIMP (import financing) and for the acquisition of trucks, machinery and equipment for its operations under the program FINAME (long-term financing for the acquisition and manufacture of new machinery and equipment).

Cash, cash equivalents and short-term financial investments amounted to R$ 42.1 million, with financial investments remunerated at an average rate corresponding to 102% of the variation in the interbank overnight rate (CDI).

DEBT	Parent Company		Consolidated	
	09/30/14	12/31/13	09/30/14	12/31/13
Short- term gross debt	3,881	8,944	66,541	56,881
Long-term gross debt	6,445	14,368	60,045	25,799
Cash and cash equivalents	(353)	(9,516)	(5,590)	(13,295)
Short-term investments (same cash equivalents)	(12,029)	(9,897)	(36,525)	(35,661)
Net debt	**(2,056)**	**3,899**	**84,471**	**33,724**
EBITDA (last 12 months)	38,551	36,347	161,907	178,037
Net debt / EBITDA x	**(0.05)**	**0.11**	**0.52**	**0.19**
Net debt / Equity	**-**	**0.8%**	**16.4%**	**6.7%**



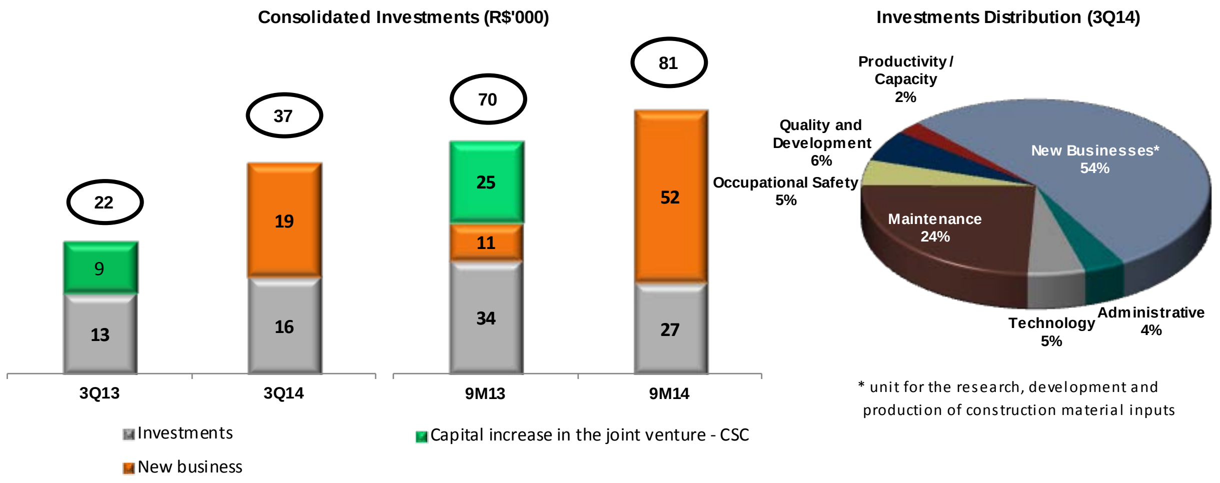


Note that the Company does not contract leveraged operations involving derivative instruments of any type that could be interpreted as speculative positions.

Investments

The investments of Eternit and its subsidiaries in 3Q14 totaled R$ 35.0 million, 59.4% more than in 3Q13. The funds were allocated primarily to the establishment of a unit for the research, development and production of construction material inputs in the state of Amazonas and the maintenance and modernization of the Group's industrial facilities.

In the first nine months of 2014, investments totaled R$ 79.0 million, up 12.5% from the same period a year earlier, and were allocated as follows: (i) R$ 51.8 million to the establishment of a unit for the research, development and production of construction material inputs, and (ii) R$ 27.2 million for the maintenance and modernization of the industrial facilities.



Capital Markets

Eternit has been listed on the stock exchange since 1948 and since 2006 its stock has been trading on the Novo Mercado, the listing segment of the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa) with the highest level of corporate governance, under the stock ticker ETER3. The Company has also maintained a Level I American Depositary Receipt (ADR) program since May 2010, which allows its shares to trade on the secondary or over-the-counter market in the United States under the stock ticker ETNTY.

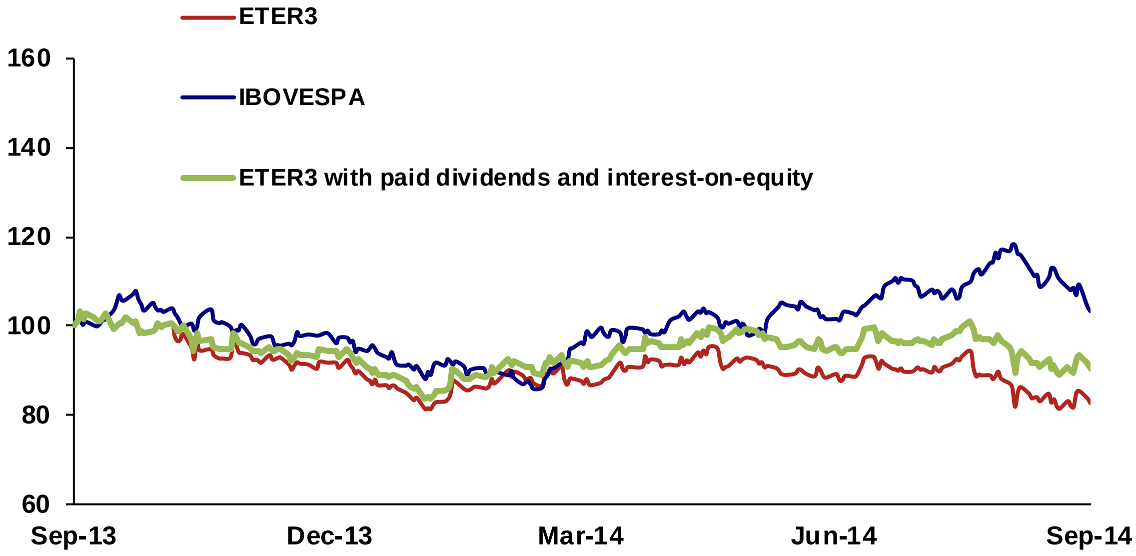
In the third quarter of 2014, Eternit's shareholder base continued to have a high concentration of individual shareholders, who accounted for 63.2%, while foreign investors accounted for 11.7% and institutional investors, investment clubs, investment funds and foundations accounted for 25.1%.

The shares of Eternit (ETER3) were being quoted at R$ 3.94 in September 2014, showing a depreciation of 17.2% compared to September 2013. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 54,115 points, representing a gain of 3.4%. As at September 30, 2014, Eternit's market capitalization stood at R$ 705.3 million.

Capital Markets					
ETERNIT (ETER3)	3Q13	4Q13	1Q14	2Q14	3Q14
Closing Price (R$/Share) - Without dividends*	4.76	4.37	4.18	4.25	3.94
Average Volume Traded (Shares)	170,437	129,846	105,502	119,013	122,972
Average Volume Traded (R$)	774,671	598,194	437,625	516,649	513,042
ETER3 - Quarterly Profitability (%)	-	-8.2	-4.5	1.7	-7.2
ETER3 - 12 Months Profitability (%)	-	7.9	-6.3	-10.2	-17.2
IBOVESPA - Quarterly Profitability (%)	-	-1.6	-2.1	5.5	1.8
IBOVESPA - 12 Months Profitability (%)	-	-15.5	-10.5	12.0	3.4
Market Capitalization (R$ Million)	852.0	782.2	747.3	759.9	705.3

** Closing prices adjusted after the stock split approved on 09/24/14.*

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



Source: Economática

Stock Split

The Extraordinary Shareholders Meeting ("ESM") held on September 24, 2014, approved the proposal for the split of common shares without par value issued by the Company, such that one (1) share will be represented by two (2) shares of the same type and with no change in the capital stock, which will be represented by one hundred seventy-nine million (179,000,000) common shares, all nominative and with no par value.

The rights of common shares resulting from the split, including holders of American Depositary Receipts, level 1, issued by the Company ("ADRs") will remain unchanged in relation to the previous shareholder base. The ratio between the underlying shares and the ADRs remains at 1:1, where each ADR shall continue to be represented by one common share of the Company.

The shareholder base as on September 25, 2014 was considered as base date for the stock split of the common shares issued by the Company. Starting from September 26, 2014, the shares were traded ex-stock split. The split shares were automatically credited by the custodian bank Banco Itaú Unibanco S.A. to the accounts of shareholders on October 1, 2014.

The proposed stock split was aimed at broadening investors' access to the Company's shares, diversifying the shareholder base and increasing the liquidity of shares.

Dividends and Interest on Equity

Eternit continues to be one of the publicly held corporations in Brazil delivering the highest returns to shareholders. In 2014, Eternit's dividend yield[2] is already at 9.2%, with earnings distributed to shareholders amounting to R$ 71.6 million.

Dividends and interest on equity have historically been paid on a quarterly basis. In view of this practice, individual investors account for a major share of Eternit's shareholder base.

[2] Dividend yield = It is the result of dividing shareholder earnings (dividends + interest on equity) per share distributed in the fiscal year (payment base date) by the stock price quoted on the last trading day of the previous fiscal year.

Dividends Distribution (2012 to 2014)				
Approval Date	Type	Payment Start Date	Total Value R$ 000	Value per Share (R$)
	2012			
12/07/11 (*)	BDM	03/28/12	5,905	0.0330
03/07/12 (*)	BDM	03/28/12	11,989	0.0670
04/25/12	BDM	05/17/12	5,905	0.0330
04/25/12	BDM	05/17/12	11,989	0.0670
08/08/12	BDM	08/29/12	6,710	0.0375
08/08/12	BDM	08/29/12	11,184	0.0625
10/24/12	BDM	11/14/12	5,726	0.0320
10/24/12	BDM	11/14/12	12,168	0.0680
Total		**-**	**71,576**	**0.4000**
Closing Price		**-**	-	**4.45**
Dividend Yield		-	-	**9.0%**
	2013			
12/12/12 (*)	BDM	03/26/13	5,726	0.0320
03/06/13 (*)	BDM	03/26/13	12,168	0.0680
04/17/13	BDM	05/10/13	5,726	0.0320
04/17/13	BDM	05/10/13	12,168	0.0680
08/07/13	BDM	08/28/13	5,726	0.0320
08/07/13	BDM	08/28/13	12,168	0.0680
10/23/13	BDM	11/13/13	5,816	0.0325
10/23/13	BDM	11/13/13	12,079	0.0675
Total		**-**	**71,577**	**0.4000**
Closing Price		**-**	-	**4.05**
Dividend Yield		-	-	**9.9%**
	2014			
11/12/13 (*)	BDM	04/02/14	5,458	0.0305
03/06/13 (*)	BDM	04/02/14	12,436	0.0695
05/07/14	BDM	05/28/14	5,994	0.0335
05/07/14	BDM	05/28/14	11,900	0.0665
08/06/14	BDM	08/27/14	5,995	0.0335
08/06/14	BDM	08/27/14	11,899	0.0665
11/05/14	BDM	11/27/14	5,995	0.0335
11/05/14	BDM	11/27/14	11,900	0.0665
Total			**71,576**	**0.4000**
Closing Price		**-**	-	**4.37**
Dividend Yield		-	-	**9.2%**

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

PS: Value per Share and Closing Prices adjusted after the stock split approved on 09/24/14.

Social, Environmental and Corporate Responsibility

Open Doors Program

To contribute to a better understanding by society of the extraction and processing of chrysotile asbestos, the manufacturing of fiber-cement products in a sustainable manner and the health and safety practices adopted, in November 2004, Eternit created its Open Doors Program. The program entails visits by the public to the Group's five fiber–cement units located in Anápolis (Goiás), Colombo (Paraná), Goiânia (Goiás), Rio de Janeiro (Rio de Janeiro), and Simões Filho (Bahia), as well as to SAMA, the mining company located in Minaçu in the north of Goiás. Since its launch, the program, which is considered one of the largest in the market, has already received over 66,000 visitors.

To schedule a visit, please check the location of the unit closest to you and send an e-mail to the addresses on the Eternit website (www.eternit.com.br/portasabertas).

Legal Issues involving chrysotile mineral

The Company clarifies that the extraction, processing, use, sale and transport of chrysotile asbestos and products containing the mineral are regulated by Federal Law 9055/95, Decree 2,350/97 and the Regulatory Rules of the Ministry of Labor and Employment.

State Law 10,813/2001 in São Paulo and State Law 2210/2001 in Mato Grosso do Sul, which prohibited the importation, extraction, processing, sale and installation of products or materials containing any sort of asbestos, in any form, were both, through Direct Actions of Unconstitutionality (ADI) No. 2656 and No. 2396, adjudicated and declared unconstitutional by the Federal Supreme Court (STF), based on the fact that they violated the jurisdiction of the federal government.

Current State Laws 12,684/2007 in São Paulo, 3,579/2004 in Rio de Janeiro, 11,643/2001 in Rio Grande do Sul and 12,589/2007 in Pernambuco that restrict the use of asbestos in their jurisdiction are currently the subject-matter of the ADIs filed by the National Confederation of Industrial Workers (CNTI) at the Federal Supreme Court (STF).

On April 2, 2008, the National Association of Labor Court Judges (ANAMATRA) and the National Association of Labor Prosecutors (ANPT) filed ADI No. 4,066 questioning the constitutionality of Article 2 of Federal Law 9,055 of 1995.

On December 30, 2013, State Law 21,114/13 was sanctioned, whose Article 1 prohibits the importation, transportation, storage, manufacturing, sale and use of products containing asbestos in the state of Minas Gerais, providing for a period of 8 to 10 years for full compliance with said Article 1. Therefore, compliance with this provision will be required as of 2021 and 2023, respectively.

Public Interest Civil Actions

1) On August 21, 2014, the Labor Prosecution Office of the state of Rio de Janeiro filed Public Interest Civil Lawsuit (lawsuit no. 0011104-96.2014.5.01.0049) against the Company on issues related to working conditions and occupational illness. The final claims include payment of R$1 billion for collective pain and suffering, to be paid to entities or projects recommended by the Labor Prosecution Office or the Workers' Support Fund (FAT).

In parallel, on September 3, 2014, the Brazilian Association of People Exposed to Asbestos (ABREA/RJ) also filed a Public Interest Civil Action (case no. 0011169-91.2014.5.01.0049) that was forwarded to the Labor Courts of Rio de Janeiro given that it deals with the same facts claimed in the actions cited above. The defense for both lawsuits will be submitted in a timely manner.

2) On August 9, 2013, the Labor Prosecution Office (MPT) of the State of São Paulo filed a Public Interest Civil Action (case no. 0002106-72.2013.5.02.0009) against the Company about the same facts and subject-matter of the Public Interest Civil Action filed in 2004 (see suit below, item 3). Although the facts and subject-matter of the earlier and current actions are identical, this current action includes certain distinct claims, which include the payment by the company of R$ 1 billion for collective pain and suffering to be deposited in the Workers' Support Fund (FAT).

In parallel, on October 4, 2013, the Brazilian Association of People Exposed to Asbestos (ABREA) also filed a Public Interest Civil Action (case no. 0002715-55.2013.5.02.0009) that was forwarded to the Labor Courts of São Paulo given that it deals with the same facts claimed in the actions cited above. The defense for both lawsuits has already been submitted and we are awaiting the court decision.

3) Note that in 2004, a Public Interest Civil Action had already been filed by the Prosecution Office of the State of São Paulo (case no. 000.04.043.728-0) that addressed the same facts as in the action cited above regarding the Osasco unit, which was closed in 1993.

The Court of Appeals of the State of São Paulo ruled against the action since, in its opinion, Eternit had rigorously complied with all the laws regarding workplace safety and health determined by Federal Law 9055/95, Decree No. 2,350/97 and the Regulatory Norms of the Ministry of Labor and Employment. In September 2013, a final ruling was made in favor of the Company.

The Company reaffirms its belief in Brazil's legal system and expects the technical and scientific evidence to be considered during the judgment of these lawsuits.

Recognition

The numerous awards received over the past seven decades since its foundation are proof that the Company is serious about what it does for all its stakeholders. Following are the awards won by the Company in the third quarter of 2014:

23rd ANAMACO Award – Eternit received awards from the National Association of Construction Material Merchants (ANAMACO) in the following categories: a) Master award - fiber-cement roofing tiles; b) Large clients – 2nd place - fiber-cement roofing tiles; c) Diversification – 2nd place - fiber-cement roofing tiles with synthetic fibers; d) Diversification – honorable mention - bathroom chinaware; d) Large clients – honorable mention - bathroom chinaware; f) Diversification – honorable mention – ecofriendly tiles.

Best Companies to Work for in 2014 – For the third consecutive time, Eternit was elected one of the Best Companies to Work for by Guia 2014 published by the Magazine Você S/A. SAMA Minerações Associadas, a subsidiary of Eternit, was also recognized for the seventh straight year by ranking first in the Diverse Industries segment and for Excellence in People Development.

APIMEC Minas Gerais Capital Markets Award 2013 – the public meeting held by Eternit in Belo Horizonte was elected by Capital Market Professionals and Investors Association – Minas Gerais (APIMEC-MG) as the best meeting of 2013 held in the Minas Gerais region.

SELO RA1000 ReclameAQUI® – Eternit received the SELO RA 1000 ReclameAQUI® seal, created for companies with excellent customer service levels on the website ReclameAQUI®. Companies having this seal prove to their customers their commitment to after-sales service, increasing consumer confidence in the brand, products and services.

HR Top Of Mind – SAMA was elected the best company with recognized Environmental Management and Sustainability practices, in the 17th HR Top of Mind awards organized by Editora Fênix. The award identifies and recognizes companies and professionals best remembered in the human resources community in different practice categories conducted by various corporations that registered for the awards.

Outlook

The Brazilian economy has registered slower growth this year compared to 2013 and the Central Bank (BACEN) believes that consumption should grow more moderately than in recent years, while investments and exports should gain momentum. According to the BACEN, the credit market continues its modest growth and points out that the pace at which such changes materialize, as well as any additional progress, depends on the strengthening of the confidence among the business community and households. The Bank also revised the forecast for GDP growth in 2014, from 2.0% at the start of the year to 0.24% (FOCUS report of BACEN dated October 31), and for the construction GDP growth from 1.1% to -5.1% (September edition of the Inflation Report).

Housing deficit in Brazil, which is estimated by the João Pinheiro Foundation at 5.8 million units (preliminary results), against 6.9 million in 2010, is formed by families that are burdened by excessively high rents and by the cohabitation of families, which represents over 70% of the country's housing shortage, followed by precarious living conditions and excessive density in the rented houses. According to a study by the Getulio Vargas Foundation (FGV), the reduction in housing deficit was driven by the support provided to families through the My Home, My Life program, and estimates that in 2024, with the growth of the population, the country will have approximately 16.4 million new families, of which 10 million will have family income of up to three minimum wages. The FGV study also highlights that zeroing the housing deficit will require investments of approximately R$ 760 billion in low-income housing over the course of ten years.

Job creation, better income distribution, increased financing, higher investments in infrastructure and more housing units built under the government's My Home, My Life housing program will help resolve the housing problem, while also having a positive impact on the Company's business as there will be greater demand for the products in our portfolio primarily targeted at self-build construction projects.

Supported by its Structured Expansion and Diversification Program, Eternit is preparing to become the most diversified construction materials manufacturer in Brazil. The first phase of this program consolidated Eternit as the country's largest and most diversified roofing products manufacturer in 2010, and its capacity to innovate and develop competitive advantages has enabled it to double its revenue. The Company then started a new cycle to become the most diversified manufacturer of construction materials in Brazil using the strength of its brand and the extensive reach of its network of more than 16,000 points of sale.

The guidelines of the Program are: (i) organic growth to expand its current capacities to sell more of the same; (ii) diversified organic growth, with the objective of including new products in the Company's portfolio, drawing on the capacity of third parties or on product development; and (iii) inorganic growth, with the objective of acquiring companies in the construction materials segment.

Companhia Sulamericana de Cerâmica (CSC), the first bathroom chinaware plant at the multiproduct unit in Ceará, started its operations in 2014. Because it is a greenfield project, the production follows a certain cadence, achievement of progress targets and growth of the ramp up.

According to ANAMACO, growth expectations for construction material retail sales in 4Q14 are positive, associated to the outlook of sales increase, which historically happens at the end of the year due to the proximity of year-end festivities.

Management believes it is important to bear in mind the current situation in the Brazilian economy, with weak GDP growth and high inflation rates, as well as the political scenario, strongly marked by the elections that took place in the third quarter. In this context, these are the main challenges to be faced by the country and the Company's industry: competition conditions in the Brazilian industry against infrastructure bottlenecks and exchange appreciation, job creation and income distribution, as well as the importance for the country to reinforce its commitment to sustainable economic policies, imperative for maintaining macroeconomic predictability and increase the level of trust of businessmen and consumers.

Regardless of the challenges mentioned above, Eternit believes in the resumption of growth of the Brazilian economy and, especially, of its sector.

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

The Executive Board of **Eternit** hereby invites you to participate in the announcement of its results for the third quarter of 2014.

Presentation: Rodrigo Lopes da Luz **-** Chief Financial and Investor Relations Officer
Date: Friday, November 7, 2014
Time: 2:00 p.m. - Brasília - 11:00 a.m. - New York - 4:00 p.m. - London

The presentation, which is accompanied by slides, can be viewed online by registering at **www.ccall.com.br/eternit/3q14.htm** or at Eternit's investor relations website: **www.eternit.com.br/ir**

To participate in the presentation by telephone, dial **(55-11) 3193-1001 or 2820-4001** in Brazil and **(1 786) 786 924-6977** in other countries – Password for participants: **Eternit**

Playback*:* A recording of the call will be available from **November 7, 2014** to **November 13, 2014**
Dial-in: **(55-11) 3193-1012 or 2820-4012** - Password for participants: **7174638 #**

Eternit

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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 09/30/2014 (In Units)**	
	Ordinary Shares		**Total**	
Shareholder	**Qty.**	**%**	**Qty.**	**%**
Generation L. Pair Shares Investment Fund	27.300.000	15,25	27.300.000	15,25
Luiz Barsi Filho	24.400.000	13,63	24.400.000	13,63
Victor Adler	12.600.000	7,04	12.600.000	7,04
Shares in treasury	58.732	0,03	58.732	0,03
Others	114.641.268	64,05	114.641.268	64,05
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 06/30/2013 (In Units)**	
	Ordinary Shares		**Total**	
Shareholder	**Qty.**	**%**	**Qty.**	**%**
Generation L. Pair Shares Investment Fund	13.650.000	15,25	13.650.000	15,25
Luiz Barsi Filho	12.140.000	13,56	12.140.000	13,56
Victor Adler	6.000.000	6,70	6.000.000	6,70
Shares in treasury	29.366	0,03	29.366	0,03
Others	57.680.634	64,46	57.680.634	64,46
Total	**89.500.000**	**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 09/30/2014**	**%**	**Quantity of ordinary shares (in units) Activity**		**Quantity of ordinary shares (in units) 09/30/2013**	**%**
Controller	N/A	-	N/A		N/A	-
Administrators						
Board of Directors	458.866	0,26	-12.415.928		12.874.794	14,39
Advisory Council						
Management	2.212.166	1,24	1.304.783		907.383	1,01
Tax Council	28.124	0,02	18.862		9.262	0,00
Shares in treasury	58.732	0,03	29.366		29.366	0,03
Other shareholders	176.242.112	98,45	100.562.917		75.679.195	84,56
Total	**179.000.000**	**100,00**	89.500.000		**89.500.000**	**100,00**
Current shares	**176.242.112**	**98,45**	100.562.917		**75.679.195**	**84,56**

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

Independent auditor's review report on interim financial information

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eternit S.A. ("Company") and its subsidiaries, contained in the Quarterly Financial Information Form (ITR) for the quarter ended September 30, 2014, comprising the balance sheet as at September 30, 2014 and the related income statements and statements of comprehensive income for the three and nine-month periods then ended, the statement of changes in equity and cash flow statement for the nine-month period then ended, including other explanatory information.

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

Scope of review

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

Conclusion on the individual interim financial information

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

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the quarterly financial 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 the Quarterly Financial 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 interim financial information, which describes the uncertainty surrounding the Supreme Court (STF) judgment of the overall merit of Direct Actions of Unconstitutionality (ADIs) ADI No. 3357, against State Law No. 11643/2001, 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 the State of São Paulo of products, materials or goods that contain any type of asbestos or amianthus, and of other ADIs related to amianthus. Our conclusion does not contain any qualification related to this matter.

We draw also attention to Note 21iii f) to the interim financial information, which describes Civil Class Actions (proceedings No. 0002106-72.2013.5.02.0009 and No. 0002715-55.2013.5.02.0009) filed on August 9 and October 4, 2013, respectively, by the São Paulo Labor Prosecution Office and by ABREA/SP against the Company, that discuss the work environmental conditions at the Osasco's plant, whose activities were discontinued in 1993. The probability of loss was assessed as possible by the Company's legal advisors. Accordingly, no provision for loss was recognized in connection with those Civil Class Actions. Our conclusion does not contain any qualification related to this matter.

We draw also attention to Note 21iii.e) to the interim financial information, which describes the Civil Class Actions, (proceedings No. 0011104-96.2014.5.01.0049 and No. 0011169-91.2014.5.01.0049), filed on August 21, 2014 and September 3, 2014, by the Rio de Janeiro Labor Prosecution Office and by ABREA/RJ against the Company, wherein matters related to the working environment and occupational diseases are challenged. . The probability of loss was assessed as possible by the Company's legal advisors. Accordingly, no provision for loss was recognized in connection with those Civil Class Actions. Our conclusion does not contain any qualification related to this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the nine-month period ended September 30, 2014, prepared under the responsibility of the Company management and whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the quarterly financial information (ITR), and as supplementary information by IFRS, which do not require SVA presentation. These statements have been submitted 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, in accordance with the overall accompanying interim financial information.

São Paulo, November 04, 2014

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

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

ETERNIT S.A.

C.N.P.J. nº 61.092.037/0001-81

NIRE 35.300.013.344

REPORT BY THE BOARD OF AUDITORS

The Board of Auditors of Eternit S.A., in compliance with the law and its Bylaws, examined the interim, individual and consolidated accounting information of Eternit S.A., referring to the quarter ending September 30, 2014.

Based on its examination, and considering the unqualified Auditor's Report dated November 04, 2014 issued by the independent auditors Ernst & Young Auditores Independentes S.S., as well as the information and clarifications received during the quarter, it is of the opinion that said documents are in adequate conditions to be presented to the Board of Directors for appreciation.

São Paulo, November 04, 2014.

Herein undersigned by.:) André Eduardo Dantas – Coordinator, Edson Carvalho de Oliveira Filho and Paulo Henrique Zukanovich Funchal

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, November 06, 2014.

The Management