(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Eternit S.A.

Individual and Consolidated
Interim Financial Information for the Six-month
Period Ended June 30, 2017 and
Report on Review of Interim
Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

Contents

Information from company / Paid-up capital

Number of shares (Thousands)	Current Quarter 06/30/2017
Paid-in Capital	
Common	179,000
Preferred	0
Total	**179,000**
Trasury shares	
Common	59
Preferred	0
Total	**59**

Individual FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2017	Previous Exercise 12/31/2016
1	Total Assets	628,174	679,193
1.01	Current Assets	181,721	208,911
1.01.01	Cash and Cash Equivalents	2,448	3,365
1.01.02	Short-term investments	29	32
1.01.02.02	Financial Investments Valued at Amortized Cost	29	32
1.01.02.02.01	Securities held until maturity	29	32
1.01.03	Accounts receivable	68,598	84,835
1.01.03.01	Clients	68,598	84,835
1.01.04	Inventories	84,951	93,582
1.01.06	Taxes Recoverable	10,196	9,289
1.01.06.01	Current and Recoverable Taxes	10,196	9,289
1.01.07	Prepaid expenses	891	238
1.01.08	Other Current assets	14,608	17,570
1.01.08.01	Non-Current Assets for Sale	796	796
1.01.08.03	Other	13,812	16,774
1.01.08.03.01	Related parties	10,737	14,819
1.01.08.03.02	Other	3,075	1,955
1.02	Non-current asset	446,453	470,282
1.02.01	Long-term assets	91,400	110,094
1.02.01.03	Accounts receivable	610	1,078
1.02.01.03.02	Other Accounts Receivable	610	1,078
1.02.01.06	Deferred Taxes	48,456	42,315
1.02.01.06.01	Differed Income Tax And Social Contribution	48,456	42,315
1.02.01.08	Credits with Related Parties	6,586	27,982
1.02.01.08.02	Credits with Subsidiaries	6,586	27,982
1.02.01.09	Other noncurrent assets	35,748	38,719
1.02.01.09.03	Recoverable taxes	24,452	24,335
1.02.01.09.04	Escrow deposits and tax incentives	11,296	14,384
1.02.02	Investments	209,852	203,707
1.02.02.01	Shareholdings	209,852	203,707
1.02.02.01.02	Shareholding in Subsidiaries	209,852	203,707
1.02.03	Fixed	139,958	150,412
1.02.03.01	Non-current in Operation	137,989	149,969
1.02.03.01.01	Non-current in Operation	141,727	153,707
1.02.03.01.02	Provision for Loss with Non-current	(3,738)	(3,738)
1.02.03.03	Non-current in progress	1,969	443
1.02.04	Intangible	5,243	6,069
1.02.04.01	Intangible	5,243	6,069
1.02.04.01.02	Software	4,918	5,650
1.02.04.01.03	Other intangible assets	325	419

Individual FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2017	Previous Exercise 12/31/2016
2	Total Liabilities	628,174	679,193
2.01	Current liabilities	66,369	93,337
2.01.01	Labor and Social Obligations	12,478	12,413
2.01.01.01	Social obligations	1,841	2,524
2.01.01.02	Labor Obligations	10,637	9,889
2.01.02	Trade accounts payable	13,429	20,602
2.01.02.01	National Trade accounts payable	11,664	18,989
2.01.02.02	Foreign Trade accounts payable	1,765	1,613
2.01.03	Tax obligations	12,032	14,030
2.01.03.01	Federal Taxes Obligations	5,118	5,922
2.01.03.01.02	Other Federal Taxes	5,118	5,922
2.01.03.02	State tax obligations	6,914	8,108
2.01.04	Loans and financing	7,937	10,337
2.01.04.01	Loans and financing	7,937	10,337
2.01.04.01.01	In national currency	1,481	1,487
2.01.04.01.02	In foreign currency	6,456	8,850
2.01.05	Other Obligations	15,839	32,771
2.01.05.01	Liabilities with Related Parties	9,315	25,393
2.01.05.02	Other	6,524	7,378
2.01.05.02.01	Payable dividends and interest on capital	309	426
2.01.05.02.04	Other accounts payable	6,037	6,578
2.01.05.02.05	Derivative financial instruments	178	374
2.01.06	Provisions	4,654	3,184
2.01.06.01	Labor and Civil Social Security Tax Provisions	3,184	3,184
2.01.06.01.05	Provision for future benefits to former employees	3,184	3,184
2.01.06.02	Other Provisions	1,470	-
2.01.06.02.02	Provision for Restructuring	1,470	-
2.02	Noncurrent liabilities	128,135	126,223
2.02.01	Loans and financing	644	4,362
2.02.01.01	Loans and financing	644	4,362
2.02.01.01.01	In national currency	644	1,365
2.02.01.01.02	In foreign currency	-	2,997
2.02.02	Other Obligations	40,524	37,758
2.02.02.01	Liabilities with Related Parties	38,358	36,012
2.02.02.02	Other	2,166	1,746
2.02.02.02.03	Taxes, fees and contributions payable	2,166	1,746
2.02.04	Provisions	86,967	84,103
2.02.04.01	Labor and Civil Social Security Tax Provisions	86,967	84,103
2.02.04.01.01	Tax Provisions	-	7,610
2.02.04.01.02	Labor and Social Security Provisions	39,780	39,365
2.02.04.01.04	Civil Provisions	8,871	-
2.02.04.01.05	Provision for future benefits to former employees	37,691	37,128
2.02.04.01.06	Allowance for investment losses	625	-
2.03	Net Property	433,670	459,633
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,460	19,460
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,437	19,437
2.03.04	Profit reserves	118,130	118,047
2.03.04.01	Legal reserve	36,362	36,362
2.03.04.02	Statutory Reserve	32,722	32,722
2.03.04.05	Retained Profits Reserve	49,220	49,137
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	(26,046)	-
2.03.08	Other Comprehensive Results	(12,125)	(12,125)

Individual FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter 04/01/2017 to 06/30/2017	Accumulated of Current financial year 01/01/2017 to 06/30/2017	Current quarter 04/01/2016 to 06/30/2016	Accumulated of Current financial year 01/01/2016 to 06/30/2016
3.01	Revenue from Sale of Goods and/or Services	96,037	205,996	116,396	247,826
3.02	Cost of Goods and/or Services Sold	(81,681)	(169,381)	(94,083)	(193,755)
3.03	Gross Income	14,356	36,615	22,313	54,071
3.04	Operational Expenses/Revenues	(40,385)	(63,906)	(32,696)	(54,020)
3.04.01	Sale expenses	(9,879)	(21,194)	(15,634)	(30,049)
3.04.02	General and administrative expenses	(13,480)	(23,964)	(10,676)	(23,398)
3.04.04	Other Operational Incomes	105	161	294	342
3.04.05	Other Operational Expenses	(6,733)	(9,029)	(5,951)	(7,732)
3.04.06	Result of equity equivalence	(10,398)	(9,880)	(729)	6,817
3.05	Result Before Financial Result and Taxes	(26,029)	(27,291)	(10,383)	51
3.06	Financial Results	(2,481)	(4,896)	(1,527)	(2,221)
3.06.01	Financial income	1,196	3,075	3,425	16,265
3.06.02	Financial expenses	(3,677)	(7,971)	(4,952)	(18,486)
3.07	Result Before Income Taxes	(28,510)	(32,187)	(11,910)	(2,170)
3.08	Income Tax and Social Contribution on Profit	5,419	6,141	2,904	1,434
3.08.01	Current	-	-	1,743	-
3.08.02	Deferred	5,419	6,141	1,161	1,434
3.09	Net result from continued operations	(23,091)	(26,046)	(9,006)	(736)
3.11	Profit/Loss for the Period	(23,091)	(26,046)	(9,006)	(736)
3.99	Profit per share - (Reais/Share)				
3.99.01	Basic Profit per Share				
3.99.01.01	ON	(0.1290)	(0.1456)	(0.0503)	(0.0041)
3.99.02	Diluted Profit per Share	-	-	-	-
3.99.02.01	ON	(0.1290)	(0.1456)	(0.0503)	(0.0041)

Individual FSs / Income Statement per Nature

(Thousands of reais)

Account Code	Account Description	Current quarter 04/01/2017 to 06/30/2017	Accumulated of Current financial year 01/01/2017 to 06/30/2017	Current quarter 04/01/2016 to 06/30/2016	Accumulated of Current financial year 01/01/2016 to 06/30/2016
4.01	Net Income for the Period	(23,091)	(26,046)	(9,006)	(736)
4.03	Comprehensive Result for the Period	(23,091)	(26,046)	(9,006)	(736)

Individual FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated from Current Year 01/01/2017 to 06/30/2017	Accumulated from Previous Year 01/01/2016 to 06/30/2016
6.01	Net Cash Operational Activities	7,166	5,164
6.01.01	Cash Generated by Operations	(6,117)	3,788
6.01.01.01	Net Income for the Period	(32,187)	(2,170)
6.01.01.02	Result of equity equivalence	9,880	(6,817)
6.01.01.03	Depreciation, amortization and exhaustion	7,343	7,329
6.01.01.04	Result on discharge of fixed assets	20	(126)
6.01.01.05	Allowance for doubtful accounts	875	798
6.01.01.06	Provision for risks	1,676	1,180
6.01.01.08	Financial charges, monetary and exchange variation	1,143	(543)
6.01.01.09	Short-term investment yield	(118)	(10)
6.01.01.10	Net changes in prepaid expenses	1,385	3,779
6.01.01.12	Derecognition of escrow deposits	2,986	-
6.01.01.13	Estimated impairment of net realizable value	317	(524)
6.01.01.16	Provision for post-employment benefits	563	892
6.01.02	Variations in assets e liabilities	13,283	1,376
6.01.02.01	Accounts receivable from clients	15,362	(7,362)
6.01.02.02	Receivables from Related parties	(2,048)	1,610
6.01.02.03	Inventories	7,302	(7,394)
6.01.02.04	Taxes recoverable	5,425	438
6.01.02.05	Judicial deposits	102	(3,413)
6.01.02.06	Dividends and interest on equity received	12,763	33,270
6.01.02.07	Other assets	(2,680)	(2,855)
6.01.02.08	Trade accounts payable	(7,173)	1,254
6.01.02.09	Payables to related parties	(15,066)	(656)
6.01.02.10	Taxes, charges and contributions payable	(1,219)	(4,668)
6.01.02.11	Provisions and social charges	65	880
6.01.02.12	Other liabilities	929	(9,377)
6.01.02.13	Interest paid	(478)	(351)
6.01.02.15	Dividends and interest on capital paid	(1)	-
6.02	Net Cash Investing Activities	(2,533)	(10,485)
6.02.01	Intercompany loan receivable	9,953	(9,108)
6.02.02	Amount received on disposal of PP&E items	37	126
6.02.03	Additions to PP&E and intangible assets	(1,985)	(4,810)
6.02.04	Addition to capitalized exchange variation	-	189
6.02.06	Short term investments	(33,000)	(5,700)
6.02.07	Redemption of short term investments	33,121	8,818
6.02.08	Additions to investments	(10,659)	-
6.03	Net Cash from Financing Activities	(5,550)	3,520
6.03.01	Loans and financing raised	-	1,980
6.03.02	Repayment of loans and financing	(6,400)	(2,574)
6.03.03	Intercompany loans	850	4,114
6.05	Increase (Decrease) in Cash and Cash Equivalents	(917)	(1,801)
6.05.01	Initial Balance and Cash and Cash Equivalents	3,365	2,850
6.05.02	Final Balance of Cash and Cash Equivalents	2,448	1,049

Individual FSs / Changes in Equity - 06/30/2017

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
5.01	Initial Balance	334,251	19,286	118,221	-	(12,125)	459,633
5.03	Initial Adjusted Balance	334,251	19,286	118,221	-	(12,125)	459,633
5.04	Transactions with Capital from the Partners	-	-	83	-	-	83
5.04.08	Dividends Expired	-	-	83	-	-	83
5.05	Total Comprehensive Result	-	-	-	(26,046)	-	(26,046)
5.05.01	Net Income for the Period	-	-	-	(26,046)	-	(26,046)
5.07	Final Balances	334,251	19,286	118,304	(26,046)	(12,125)	433,670

Individual FSs / Changes in Equity - 06/30/2016

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property
5.01	Initial Balance	334,251	19,286	155,738	-	(9,177)	500,098
5.03	Initial Adjusted Balance	334,251	19,286	155,738	-	(9,177)	500,098
5.04	Transactions with Capital from the Partners	-	-	83	-	-	83
5.04.08	Dividends Expired	-	-	83	-	-	83
5.05	Total Comprehensive Result	-	-	-	(736)	-	(736)
5.05.01	Net Income for the Period	-	-	-	(736)	-	(736)
5.07	Final Balances	334,251	19,286	155,821	(736)	(9,177)	499,445

Individual FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated from Current Year 01/01/2017 to 06/30/2017	Accumulated from Previous Year 01/01/2016 to 06/30/2016
7.01	Revenues	275,044	324,791
7.01.01	Sales of goods, products and services	275,939	325,463
7.01.02	Other revenues	(20)	126
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(875)	(798)
7.02	Inputs Purchased From Third Parties	(194,078)	(228,224)
7.02.01	Costs Prods., Mercs. and servs. Sold	(139,623)	(159,850)
7.02.02	Materials, energy and services from third parties and others	(53,943)	(67,429)
7.02.04	Other	(512)	(945)
7.03	Gross Added Value	80,966	96,567
7.04	Retentions	(7,343)	(7,329)
7.04.01	Depreciation, amortization and exhaustion	(7,343)	(7,329)
7.05	Net added value produced	73,623	89,238
7.06	Added value received in transfer	(6,748)	23,298
7.06.01	Result of equity equivalence	(9,880)	6,817
7.06.02	Financial income	3,075	16,265
7.06.03	Other	57	216
7.07	Total Added Value To Distribute	66,875	112,536
7.08	Distribution Of Value Added	66,875	112,536
7.08.01	Personal	49,174	53,226
7.08.01.01	Direct compensation	35,668	38,869
7.08.01.02	Benefits	10,133	11,097
7.08.01.03	F.G.T.S.	3,373	3,260
7.08.02	Taxes, fees and contributions	32,648	37,997
7.08.02.01	Federal	18,627	30,290
7.08.02.02	State	13,091	6,710
7.08.02.03	Municipal	930	997
7.08.03	Remuneration of capital from third parties	11,099	22,049
7.08.03.01	Interest	7,970	18,486
7.08.03.02	Rentals	3,129	3,563
7.08.04	Remuneration of own capital	(26,046)	(736)
7.08.04.03	Retained Profit/Loss for the Period	(26,046)	(736)

Consolidated FSs / Balance Sheet Asset

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2017	Previous Exercise 12/31/2016
1	Total Assets	805,876	842,448
1.01	Current Assets	352,261	356,975
1.01.01	Cash and Cash Equivalents	4,295	5,143
1.01.02	Temporary investments	4,551	2,708
1.01.02.02	Financial Investments Valued at Amortized Cost	4,551	2,708
1.01.02.02.01	Securities held until maturity	4,551	2,708
1.01.03	Accounts receivable	152,473	158,663
1.01.03.01	Clients	152,473	158,663
1.01.04	Inventories	153,286	160,867
1.01.06	Taxes Recoverable	21,725	17,861
1.01.06.01	Current and Recoverable Taxes	21,725	17,861
1.01.07	Prepaid expenses	1,065	680
1.01.08	Other Current assets	14,866	11,053
1.01.08.01	Non-Current Assets for Sale	4,273	5,291
1.01.08.03	Other	10,593	5,762
1.01.08.03.01	Related parties	2,299	718
1.01.08.03.02	Other	8,294	5,044
1.02	Non-current asset	453,615	485,473
1.02.01	Long-term assets	130,997	138,195
1.02.01.03	Accounts receivable	2,079	2,545
1.02.01.03.02	Other Accounts Receivable	2,079	2,545
1.02.01.06	Deferred Taxes	79,021	72,655
1.02.01.06.01	Differed Income Tax And Social Contribution	79,021	72,655
1.02.01.08	Credits with Related Parties	5,775	15,985
1.02.01.08.04	Credits with Other Related Parties	5,775	15,985
1.02.01.09	Other noncurrent assets	44,122	47,010
1.02.01.09.03	Taxes Recoverable	24,725	24,746
1.02.01.09.04	Escrow deposits and tax incentives	19,397	22,264
1.02.02	Investments	-	3,546
1.02.02.01	Shareholdings	-	3,546
1.02.02.01.01	Shareholding in Affiliates	-	3,546
1.02.03	Fixed	297,783	317,716
1.02.03.01	Non-current in Operation	295,398	315,985
1.02.03.01.01	Non-current in Operation	299,136	319,723
1.02.03.01.02	Provision for Loss with Non-current	(3,738)	(3,738)
1.02.03.03	Non-current in progress	2,385	1,731
1.02.04	Intangible	24,835	26,016
1.02.04.01	Intangible	8,277	9,458
1.02.04.01.02	Software	6,979	8,066
1.02.04.01.03	Other intangible assets	1,298	1,392
1.02.04.02	Goodwill	16,558	16,558

Consolidated FSs / Balance Sheet Liability

(Thousands of reais)

Account Code	Account Description	Current Quarter 06/30/2017	Previous Exercise 12/31/2016
2	Total Liabilities	805,876	842,448
2.01	Current liabilities	160,861	168,489
2.01.01	Labor and Social Obligations	22,058	23,388
2.01.01.01	Social obligations	3,444	4,834
2.01.01.02	Labor Obligations	18,614	18,554
2.01.02	Trade accounts payable	23,107	33,566
2.01.02.01	National Trade accounts payable	21,091	31,694
2.01.02.02	Foreign Trade accounts payable	2,016	1,872
2.01.03	Tax obligations	16,638	22,260
2.01.03.01	Federal Taxes Obligations	7,779	11,603
2.01.03.01.01	Payable income tax and social contribution	42	2,284
2.01.03.01.02	Other Federal Taxes	7,737	9,319
2.01.03.02	State tax obligations	8,859	10,657
2.01.04	Loans and financing	76,980	68,750
2.01.04.01	Loans and financing	76,980	68,750
2.01.04.01.01	In national currency	26,594	23,547
2.01.04.01.02	In foreign currency	50,386	45,203
2.01.05	Other Obligations	13,289	14,386
2.01.05.02	Other	13,289	14,386
2.01.05.02.01	Payable dividends and interest on capital	309	426
2.01.05.02.04	Other accounts payable	12,802	13,282
2.01.05.02.05	Derivative financial instruments	178	678
2.01.06	Provisions	8,789	6,139
2.01.06.01	Labor and Civil Social Security Tax Provisions	5,115	5,115
2.01.06.01.05	Provision for future benefits to former employees	5,115	5,115
2.01.06.02	Other Provisions	3,674	1,024
2.01.06.02.02	Provision for Restructuring	3,674	1,024
2.02	Noncurrent liabilities	211,328	214,310
2.02.01	Loans and financing	46,459	55,626
2.02.01.01	Loans and financing	46,459	55,626
2.02.01.01.01	In national currency	36,898	38,500
2.02.01.01.02	In foreign currency	9,561	17,126
2.02.02	Other Obligations	5,179	4,699
2.02.02.02	Other	5,179	4,699
2.02.02.02.03	Taxes, fees and contributions payable	5,179	4,699
2.02.04	Provisions	159,690	153,985
2.02.04.01	Labor and Civil Social Security Tax Provisions	144,510	140,107
2.02.04.01.01	Tax Provisions	34,964	33,575
2.02.04.01.02	Labor and Social Security Provisions	53,143	50,850
2.02.04.01.04	Civil Provisions	5,947	5,578
2.02.04.01.05	Provision for future benefits to former employees	50,456	50,104
2.02.04.02	Other Provisions	15,180	13,878
2.02.04.02.04	Provision for mine descomissioning	14,555	13,878
2.02.04.02.06	Allowance for investment losses	625	-
2.03	Consolidated Equity	433,687	459,649
2.03.01	Capital Stock Held	334,251	334,251
2.03.02	Capital Reserves	19,460	19,460
2.03.02.01	Goodwill on the issue of shares	23	23
2.03.02.07	Grants for investment	19,437	19,437
2.03.04	Profit reserves	118,130	118,047
2.03.04.01	Legal reserve	36,362	36,362
2.03.04.02	Statutory Reserve	32,722	32,722
2.03.04.05	Retained Profits Reserve	49,220	49,137
2.03.04.09	Treasury shares	(174)	(174)
2.03.05	Accumulated Profits/Losses	(26,046)	-
2.03.08	Other Comprehensive Results	(12,125)	(12,125)
2.03.09	Participation of non-controlling shareholders	17	16

Consolidated FSs / Income Statement

(Thousands of reais)

Account Code	Account Description	Current quarter 04/01/2017 to 06/30/2017	Accumulated of Current financial year 01/01/2017 to 06/30/2017	Current quarter 04/01/2016 to 06/30/2016	Accumulated of Current financial year 01/01/2016 to 06/30/2016
3.01	Revenue from Sale of Goods and/or Services	163,468	331,167	203,708	432,630
3.02	Cost of Goods and/or Services Sold	(121,760)	(236,415)	(142,023)	(290,899)
3.03	Gross Income	41,708	94,752	61,685	141,731
3.04	Operational Expenses/Revenues	(65,286)	(113,886)	(66,758)	(124,802)
3.04.01	Sale expenses	(19,508)	(40,408)	(27,372)	(53,950)
3.04.02	General and administrative expenses	(31,395)	(52,947)	(23,549)	(50,384)
3.04.04	Other Operational Incomes	2,869	6,083	2,710	8,992
3.04.05	Other Operational Expenses	(8,037)	(11,784)	(12,646)	(17,330)
3.04.06	Result of equity equivalence	(9,215)	(14,830)	(5,901)	(12,130)
3.05	Result Before Financial Result and Taxes	(23,578)	(19,134)	(5,073)	16,929
3.06	Financial Results	(4,414)	(8,962)	(4,055)	(9,821)
3.06.01	Financial income	5,049	11,350	13,930	37,563
3.06.02	Financial expenses	(9,463)	(20,312)	(17,985)	(47,384)
3.07	Result Before Income Taxes	(27,992)	(28,096)	(9,128)	7,108
3.08	Income Tax and Social Contribution on Profit	4,901	2,050	122	(7,845)
3.08.01	Current	(284)	(4,316)	(624)	(9,806)
3.08.02	Deferred	5,185	6,366	746	1,961
3.09	Net result from continued operations	(23,091)	(26,046)	(9,006)	(737)
3.11	Profit/Loss Consolidated for the Period	(23,091)	(26,046)	(9,006)	(737)
3.11.01	Assigned to Partners of the Parent Company	(23,091)	(26,046)	(9,006)	(736)
3.11.02	Assigned to Non-Controlling Partners	-	-	-	(1)
3.99	Profit per share - (Reais/Share)				
3.99.01	Basic Profit per Share				
3.99.01.01	ON	(0.1290)	(0.1456)	(0.0503)	(0.0041)
3.99.02	Diluted Profit per Share				
3.99.02.01	ON	(0.1290)	(0.1456)	(0.0503)	(0.0041)

Consolidated FSs /Income Statement per Nature

(Thousands of reais)

Account Code	**Account Description**	**Current quarter 04/01/2017 to 06/30/2017**	**Accumulated of Current financial year 01/01/2017 to 06/30/2017**	**Current quarter 04/01/2016 to 06/30/2016**	**Accumulated of Current financial year 01/01/2016 to 06/30/2016**
4.01	Net Profit Consolidated for the Period	(23,091)	(26,046)	(9,006)	(737)
4.03	Consolidated Comprehensive Income for the Period	(23,091)	(26,046)	(9,006)	(737)
4.03.01	Assigned to Partners of the Parent Company	(23,091)	(26,046)	(9,006)	(736)
4.03.02	Assigned to Non-Controlling Partners	-	-	-	(1)

Consolidated FSs / Cash Flow

(Thousands of reais)

Account Code	Account Description	Accumulated from Current Year 01/01/2017 to 06/30/2017	Accumulated from Previous Year 01/01/2016 to 06/30/2016
6.01	Net Cash Operational Activities	5,887	5,270
6.01.01	Cash Generated by Operations	17,773	42,365
6.01.01.01	Net Income for the Period	(28,096)	7,108
6.01.01.02	Result of equity equivalence	14,830	12,130
6.01.01.03	Depreciation and amortization and exhaustion	18,594	19,626
6.01.01.04	Result on discharge of fixed assets	(143)	(3,206)
6.01.01.05	Allowance for doubtful accounts	1,256	1,448
6.01.01.06	Provision for risks	4,007	2,869
6.01.01.08	Financial charges, and monetary and exchange variations	1,749	(1,220)
6.01.01.09	Short term investment yield	(322)	(503)
6.01.01.10	Net changes in prepaid expenses	1,816	4,337
6.01.01.12	Derecognition of escrow deposits	2,846	-
6.01.01.13	Estimated impairment of net realizable value	307	(85)
6.01.01.14	Estimated impairment losses	(100)	-
6.01.01.16	Provision for post-employment benefits	352	722
6.01.01.17	Provision for decommissioning of mine	677	(861)
6.01.02	Variations in assets e liabilities	(11,886)	(37,095)
6.01.02.01	Accounts receivable from clients	7,557	4,451
6.01.02.02	Receivables from related parties	(1,582)	(1,543)
6.01.02.03	Inventory	7,274	(5,564)
6.01.02.04	Taxes recoverable	4,216	1,062
6.01.02.05	Legal deposits	21	(3,718)
6.01.02.07	Other assets	(4,973)	(630)
6.01.02.08	Trade accounts payable	(10,459)	(1,331)
6.01.02.10	Taxes, charges and contributions payable	(3,138)	(4,602)
6.01.02.11	Provisions and social charges	(1,330)	322
6.01.02.12	Other liabilities	2,170	(11,645)
6.01.02.13	Interest paid	(3,750)	(3,461)
6.01.02.14	Income and social contribution taxes paid	(7,891)	(10,436)
6.01.02.15	Dividends and interest on capital paid	(1)	-
6.02	Net Cash Investing Activities	(3,509)	2,235
6.02.01	Intercompany loan receivable	10,753	(8,142)
6.02.02	Amount received on disposal of PP&E items	384	3,437
6.02.03	Additions to PP&E and intangible assets	(2,468)	(7,537)
6.02.04	Addition to capitalized exchange variation	-	189
6.02.06	Short-term investments	(49,682)	(69,367)
6.02.07	Redemption of short-term investments	48,163	83,655
6.02.08	Additions to investments	(10,659)	-
6.03	Net Cash from Financing Activities	(3,226)	(10,133)
6.03.01	Loans and financing raised	61,219	31,511
6.03.02	Repayment of loans and financing	(64,445)	(41,644)
6.05	Increase (Decrease) in Cash and Cash Equivalents	(848)	(2,628)
6.05.01	Initial Balance and Cash and Cash Equivalents	5,143	5,578
6.05.02	Final Balance of Cash and Cash Equivalents	4,295	2,950

Consolidated FSs / Changes in Equity - 06/30/2017

(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	19,286	118,221	-	(12,125)	459,633	16	459,649
5.03	Initial Adjusted Balance	334,251	19,286	118,221	-	(12,125)	459,633	16	459,649
5.04	Transactions with Capital from the Partners	-	-	83	-	-	83	1	84
5.04.08	Dividends Expired	-	-	83	-	-	83	1	84
5.05	Total Comprehensive Result	-	-	-	(26,046)	-	(26,046)	-	(26,046)
5.05.01	Net Income for the Period	-	-	-	(26,046)	-	(26,046)	-	(26,046)
5.07	Final Balances	334,251	19,286	118,304	(26,046)	(12,125)	433,670	17	433,687

Consolidated FSs / Changes in Equity - 06/30/2016

(Thousands of reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Accumulated Profits or Losses	Other Comprehensive Results	Net Property	Participation of non-controller	Consolidated Equity
5.01	Initial Balance	334,251	19,286	155,738	-	(9,177)	500,098	18	500,116
5.03	Initial Adjusted Balance	334,251	19,286	155,738	-	(9,177)	500,098	18	500,116
5.04	Transactions with Capital from the Partners	-	-	83	-	-	83	-	83
5.04.08	Dividends Expired	-	-	83	-	-	83	-	83
5.05	Total Comprehensive Result	-	-	-	(736)	-	(736)	(1)	(737)
5.05.01	Net Income for the Period	-	-	-	(736)	-	(736)	(1)	(737)
5.07	Final Balances	334,251	19,286	155,821	(736)	(9,177)	499,445	17	499,462

Consolidated FSs / Added Value

(Thousands of reais)

Account Code	Account Description	Accumulated from Current Year 01/01/2017 to 06/30/2017	Accumulated from Previous Year 01/01/2016 to 06/30/2016
7.01	Revenues	419,568	547,253
7.01.01	Sales of goods, products and services	420,409	544,763
7.01.02	Other revenues	415	3,938
7.01.04	Provision / Reversal of creds. Doubtful Settlement	(1,256)	(1,448)
7.02	Inputs Purchased From Third Parties	(296,517)	(332,278)
7.02.01	Costs Prods., Mercs. and servs. Sold	(206,794)	(247,513)
7.02.02	Materials, energy and services from third parties and others	(88,527)	(82,668)
7.02.03	Loss / Recovery of asset values	100	-
7.02.04	Other	(1,296)	(2,097)
7.03	Gross Added Value	123,051	214,975
7.04	Retentions	(18,594)	(19,626)
7.04.01	Depreciation, amortization and exhaustion	(18,594)	(19,626)
7.05	Net added value produced	104,457	195,349
7.06	Added value received in transfer	(2,843)	26,398
7.06.01	Result of equity equivalence	(14,830)	(12,130)
7.06.02	Financial income	11,350	37,563
7.06.03	Other	637	965
7.07	Total Added Value To Distribute	101,614	221,747
7.08	Distribution Of Value Added	101,614	221,747
7.08.01	Personal	67,754	94,284
7.08.01.01	Direct compensation	46,503	65,601
7.08.01.02	Benefits	14,972	22,742
7.08.01.03	F.G.T.S.	6,279	5,941
7.08.02	Taxes, fees and contributions	34,845	67,924
7.08.02.01	Federal	22,237	38,623
7.08.02.02	State	10,914	27,084
7.08.02.03	Municipal	1,694	2,217
7.08.03	Remuneration of capital from third parties	25,062	60,276
7.08.03.01	Interest	20,312	47,384
7.08.03.02	Rentals	4,750	12,892
7.08.04	Remuneration of own capital	(26,047)	(737)
7.08.04.03	Retained Profit/Loss for the Period	(26,047)	(736)
7.08.04.04	Part. Not Controller in Retained Earnings	-	(1)

Eternit launches restructuring process to boost business profitability

São Paulo, August 10, 2017 – Eternit S.A. (B3: ETER3), which was founded 77 years ago and is Brazil's leading manufacturer of roofing tiles and a manufacturer of bathroom chinaware, metal fixtures and construction solutions, announces its results for the second quarter of 2017 (2Q17). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons in this press release are with the second quarter of 2016 (2Q16), except where stated otherwise.

In light of the economic scenario, the construction materials industry performed below par in 2Q17, according to the Brazilian Construction Materials Industry Association (ABRAMAT). In this period, the Company adjusted its operations to the reduced production and inventory levels to meet market demand.

Chrysotile sales in 2Q17 amounted to 39,400 tons, down 17.2% from 2Q16, due to the lower share of chrysotile fiber in the industrial process in the domestic market, which was partially neutralized by an increase in exports as a result of the Company's efforts to increase exports and prospect new markets.

In the same period, fiber-cement sales were 148,900 tons, down 17.8% from 2Q16, due to sector contraction, besides being a period of seasonally weaker demand for the Company. Sales of concrete roofing tiles fell 36.9% due to the shutdown of four units of the subsidiary Tégula in February 2017.

Consolidated net revenue in 2Q17 totaled R$163.5 million, down 19.8% from 2Q16, due to the decrease in domestic sales volume, which was partially offset by the repositioning of fiber-cement prices vis-à-vis the previous year. Chrysotile exports increased 12.4% compared to 2Q16, reflecting higher sales volume and a more premium mix sold to new markets, which were partially offset by the 8.3% depreciation of the U.S. dollar against the Brazilian real.

In 2Q17, adjusted and recurring EBITDA reached R$11.7 million, decreasing 3.2% from 2Q16, due to the adverse impacts of lower sales and low capacity utilization, despite the reduction in operating expenses. In the period, Eternit posted recurring net loss of R$9.3 million, due to higher net financial loss and equity pickup, in addition to the factors mentioned under EBITDA.

The Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distribution will be made once positive results are recorded.

In line with the restructuring plan, the Management seeks to launch a new phase at Eternit, marked by modernity, innovation and care in its relations with all stakeholders, adjusting its structure to the Company's profile and with the focus on the profitability of its businesses.

Main Indicators

Consolidated - R$ `000	2Q17	2Q16	% Chg.	1Q17	% Chg.	1H17	1H16	% Chg.
Net revenues	**163,468**	**203,708**	**(19.8)**	**167,699**	**(2.5)**	**331,167**	**432,630**	**(23.5)**
Gross margin	*26%*	*30%*	*- 4 p.p.*	*32%*	*- 6 p.p.*	*29%*	*33%*	*- 4 p.p.*
Operating loss/income (EBIT) [1]	**(23,578)**	**(5,073)**	**364.8**	**4,444**	**-**	**(19,134)**	**16,929**	**-**
Net income (loss) for the year	**(23,091)**	**(9,006)**	**156.4**	**(2,955)**	**681.4**	**(26,046)**	**(737)**	**3,434.1**
Recurring Net income (loss) for the year	**(9,282)**	**(8,000)**	**16.0**	**(2,955)**	**214.1**	**(12,237)**	**270**	**-**
Recurring Net margin	*-6%*	*-4%*	*- 2 p.p.*	*-2%*	*- 4 p.p.*	*-4%*	*0%*	*- 4 p.p.*
Earnings (loss) per share - R$	(0.1290)	(0.0503)		(0.0165)		(0.1456)	(0.0041)	
CAPEX	1,350	3,892	(65.3)	1,118	20.8	2,468	7,537	(67.3)
EBITDA [2]	**(14,175)**	**4,685**	**-**	**13,635**	**(204.0)**	**(540)**	**36,555**	**-**
Recurring and Adjusted EBITDA	**11,723**	**12,111**	**(3.2)**	**19,250**	**(39.1)**	**30,973**	**50,210**	**(38.3)**
Recurring and Adjusted EBITDA Margin	*7%*	*6%*	*1 p.p.*	*11%*	*- 4 p.p.*	*9%*	*12%*	*- 3 p.p.*

[1] *Before financial results.*

[2] *Operating income before interests, taxes, depreciation and amortization*

2Q17

Listing Segment

Novo Mercado of B3 (BM&FBOVESPA)

Share Price (07/31/17) ETER3

EPS (R$)	1.29
EPS (US$)	0.41

Ownership (07/31/17)

Shares issued	179,000,000
Free Float	85.09%

Market Cap - (07/31/17)

R$ 230.9 million
US$ 73.8 million

Dividends to Shareholders (2017)

No dividends were distributed in the period.

Indicators - (Jun/17)

EPS (R$/share)	2.43
Price/EPS	0.44

Conference Call / Webcast

August 11, 2017

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

Dial-in:
From Brazil:
+55 (11) 3193-1001 or
+55 (11) 2820-4001

From other countries:
+1 786 924-6977
Code: **Eternit**

Webcast:
www.eternit.com.br/ri

Talk to IR

Contact the IR team:

ri@eternit.com.br

For more information, visit:
www.eternit.com.br/ri

@Eternit_RI

Economy and Market

According to Copom[1], in the first half of 2017, economic activity showed signs of stabilizing and prospects of gradual recovery, although it considers that, if the situation continues for too long, the levels of uncertainty about the process of reforms and adjustments to the economy could negatively impact economic activity. In this scenario, it indicates that the declining inflation favors the recomposition of real income and helps in the gradual recovery of consumption. However, the economy continues to operate at high idleness rates of production units, which is reflected in the low rates of capacity utilization across industry and in the unemployment rate.

According to this scenario, GDP in 2017 is projected to grow 0.3%[2] and construction GDP is expected to drop 2.1%[3] compared to 2016.

According to ABRAMAT[4], sales in the first six months of 2017 fell sharper than expectations at the start of the year, negatively impacted by high unemployment rates and fears of job losses, difficulty in obtaining loans, as well as uncertainties surrounding the economy and the political crisis, all of which affected infrastructure works and investment decisions at residences and commercial buildings. Consequently, real revenues (ex-inflation) from sales of construction materials decreased by 7.1% from the same period in 2016. As such, ABRAMAT revised its estimate for 2017 to a decrease of 5%.

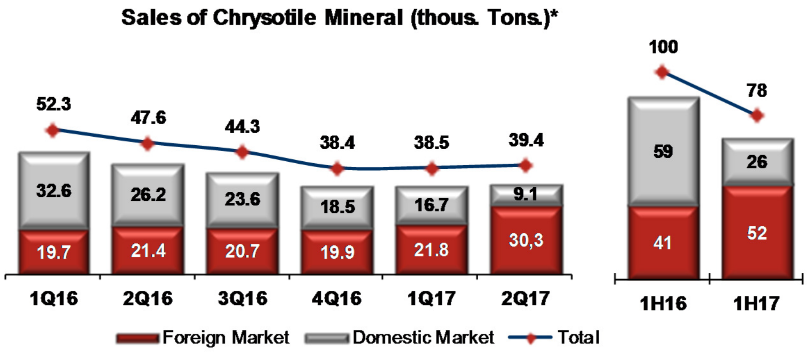
In this period, the Company reconciled its operations to the reduction in the production and inventory levels to meet market demand in both chrysotile mining and finished products, which includes the production of fiber-cement and concrete roofing tiles.

Operational and Financial Aspects

Sales

Chrysotile Mineral

In 2Q17, chrysotile mineral sales reached 39,400 tons, down 17.2% from 2Q16. In the same period, domestic sales volume dropped 65.1%, due to the lower share of chrysotile in the industrial process and the downturn in the construction materials sector. Export volumes increased 41.4%, reflecting the Company's efforts to increase the share of exports and prospect new markets.



(*) Includes intercompany sales, which accounted for 59.0% of domestic sales volume in 2Q17.

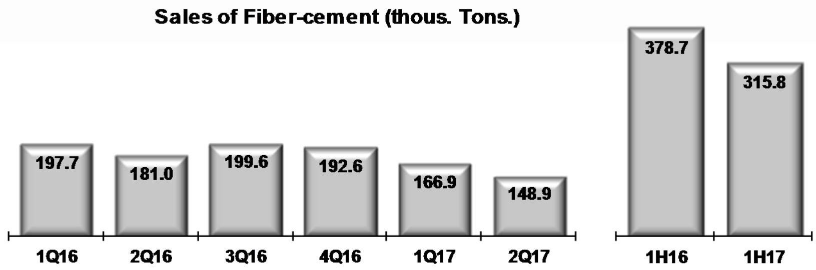
Sales in the first six months of 2017 totaled 77,900 tons, decreasing 22.0% from 1H16, due to the factors mentioned earlier.

Fiber-cement tiles

Sales of fiber-cement reached 148,900 tons in 2Q17, down 17.8%, compared to the same periods last year, impacted by factors such as unemployment, lower income distribution and stricter lending policies, all of which hindered consumption of materials for both renovations and new constructions, as well as seasonally weaker demand for the Company.

---

[1] Copom: Monetary Policy Committee of the Central Bank of Brazil
[2] BACEN: Focus market readout of 8/4/2017 issued by the Central Bank of Brazil.
[3] BACEN: June 2017 Inflation Report published by the Central Bank of Brazil.
[4] ABRAMAT: Brazilian Construction Materials Industry Association.

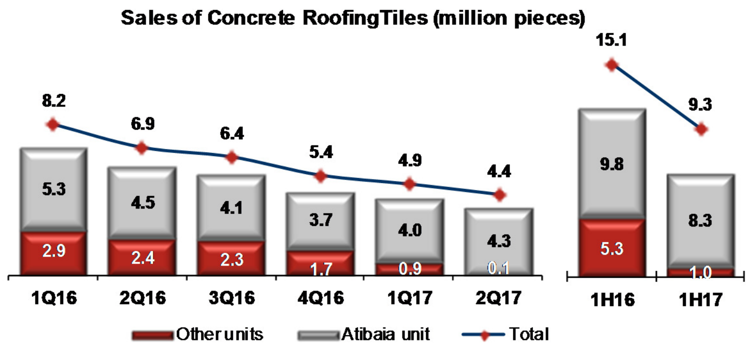


In the first six months of 2017, sales volume decreased 16.6%, in line with the aspects mentioned above.

Concrete Roofing Tiles

In 2Q17, sales of concrete roofing tiles from the Atibaia unit totaled 4.3 million pieces, down 4.6% from 2Q16, due to the weak performance of the construction materials industry, coupled with the postponement of construction works by middle and high-income consumers.

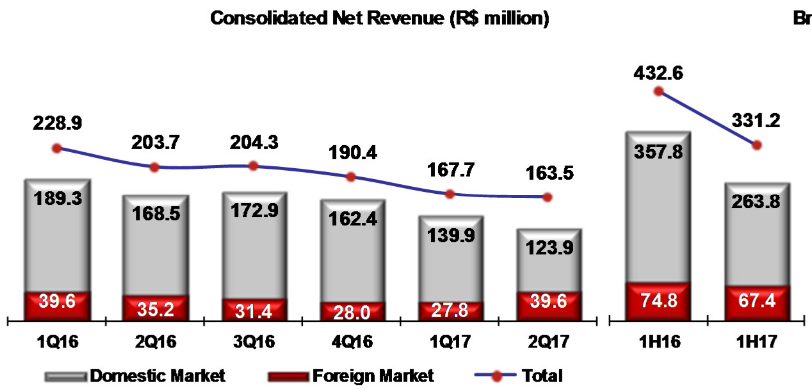
Note that, in February 2017, the Company restructured the production activities of the subsidiary Tégula, which now operates only from the Atibaia unit to serve more profitable markets.

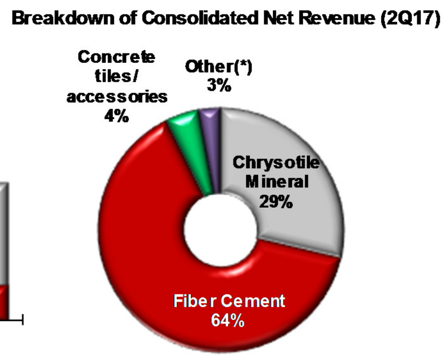


In 1H17, the sales volume of concrete roofing tiles was 9.3 million pieces, down 38.4% from 1H16, mainly due to the shutdown of production units and the aspects mentioned about the sector.

Consolidated Net Revenue

Net revenue reached R$163.5 million in the quarter, down 19.8% from 2Q16. The domestic market was impacted by lower sales volume in our operating segments, partially offset by a new price positioning in fiber-cement compared to the previous year. Chrysotile exports increased 12.4% compared to 2Q16, reflecting higher sales volume and a more premium mix sold to new markets, which were partially offset by the 8.3% depreciation of the U.S. dollar against the Brazilian real (average exchange rate (PTAX) in 2Q17 vs. 2Q16).





(*) Other: metal bathroom fixtures, polythene water tanks, construction solutions, among others.

In 1H17, net revenue fell 23.5% from the same period in 2016.Exports totaled R$67.4 million, down 10.0% from 2016, due to the reduction in USD prices and the 14.1% depreciation of the U.S. dollar against the Brazilian real (average PTAX in the period), which offset sales growth. Domestic sales totaled R$263.8 million, down 26.3%, as discussed earlier.

Cost of Goods Sold

Recurring cost of goods sold totaled R$115.0 million in 2Q17, down 18.2% from 2Q16, due to the lower sales volume in the operating segments, adjustment of industrial capacity to operate in line with market demand, and partially offset by inflationary pressure on costs. As a result, in addition to the negative impact of exchange variation, recurring gross margin came to 30% in 2Q17, down 1 p.p. from 2Q16.

In order to operate in a more competitive and efficient manner, Management has been working diligently to restructure the Company's fixed costs. To reconcile market demand with the reduction in current inventory levels, the Company granted holidays to all employees, which resulted in non-recurring costs of around R$5.3 million in the period.

R$ ´000	2Q17	2Q16	% Chg.	1Q17	% Chg.	1H17	1H16	% Chg.
Cost of goods sold	(121,760)	(142,023)	(14.3)	(114,655)	6.2	(236,415)	(290,899)	(18.7)
Non-recurring events								
Breaking of products from new technologies	1,441	-	-	-	-	1,441	-	-
Expenses with unexpected halts	5,334	1,525	249.8	-	-	5,334	1,525	249.8
Recurring cost of goods sold	**(114,985)**	**(140,498)**	**(18.2)**	**(114,655)**	**0.3**	**(229,640)**	**(289,374)**	**(20.6)**
Recurring gross margin	*30%*	*31%*	*- 1 p.p.*	*32%*	*- 2 p.p.*	*31%*	*33%*	*- 2 p.p.*

In 1H17, the reduction in recurring costs corresponded to 20.6% of the amount booked in 1H16, totaling R$ 229.6 million, as mentioned earlier. Consequently, gross margin declined 2 p.p. to end the six-month period at 31%.

Operating Expenses

In line with the structured program to reduce SG&A expenses, total recurring expenses fell 26.4% in 2Q17 compared to 2Q16, due to lower expenses with commissions, reflecting the lower sales volume, lower marketing expenses and lower expenses with services from renegotiation of contracts with suppliers.

In the period, the Company launched the restructuring process in the industrial, commercial and administrative areas, which required non-recurring expenses of R$11.3 million with termination fees.

In R$ '000	2Q17	2Q16	Chg. %	1Q17	Chg. %	1H17	1H16	Chg. %
Selling expenses	(19,508)	(27,372)	(28.7)	(20,900)	(6.7)	(40,408)	(53,950)	(25.1)
General and administrative expenses*	(31,395)	(23,549)	33.3	(21,552)	45.7	(52,947)	(50,384)	5.1
Other operating revenues (expenses), net	(5,168)	(9,936)	(48.0)	(533)	869.6	(5,701)	(8,338)	(31.6)
Total operating expenses	**(56,071)**	**(60,857)**	**(7.9)**	**(42,985)**	**30.4**	**(99,056)**	**(112,672)**	**(12.1)**
Non-recurring event	0	0	0.0	0	0.0	0	0	0.0
Reestructuring	11,258	0	-	0	-	11,258	0	-
Total recurring operating expenses	**(44,813)**	**(60,857)**	**(26.4)**	**(42,985)**	**4.3**	**(87,798)**	**(112,672)**	**(22.1)**

*Includes Management Compensation.

Total recurring operating expenses in 1H17 came to R$87.8 million, down 22.1% from the same period in 2016, as already discussed.

Equity pickup

Equity pickup refers to the gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 2Q17, recurring equity pickup was negative R$7.3 million, compared to negative R$5.9 million in the year-ago period, in addition to the jointly-owned subsidiary, in its ramp-up process, has identified that the cost of production of some products exceeds the net realizable value, generating a loss in realization. of R$1.9 million.

Despite the improvement in the industrial process, with continuous gains in productivity and a more diversified portfolio, the results still reflect the market scenario, which requires lower value items due to the country's current economic situation.

In R$ '000	2Q17	2Q16	Chg. %	1Q17	Chg. %	1H17	1H16	Chg. %
Equity pickup	(9,215)	(5,901)	56.2	(5,615)	64.1	(14,830)	(12,130)	22.3
Non-recurring event								
Adjust for inventories of realizable value	1,907	-	-	-	-	1,907	-	-
Recurring Equity pickup	**(7,308)**	**(5,901)**	**23.8**	**(5,615)**	**30.2**	**(12,923)**	**(12,130)**	**6.5**

* The jointly-owned subsidiary, in its ramp-up process, has identified that the cost of production of some products exceeds the net realizable value, generating a loss in realization.

In 1H17, recurring equity pickup was a negative R$12.9 million, compared to a negative R$12.1 million in the same period last year, due to the aforementioned aspects.

Net Financial Result

Net financial result in the second quarter of 2017 was an expense of R$4.4 million, increasing 8.9% from 2Q16, mainly due to the net effect of exchange variation on the Company's foreign currency operations.

In R$ '000	2Q17	2Q16	Chg. %	1Q17	Chg. %	1H17	1H16	Chg. %
Financial expenses	(9,463)	(17,985)	(47.4)	(10,849)	(12.8)	(20,312)	(47,384)	(57.1)
Financial income	5,049	13,930	(63.8)	6,301	(19.9)	11,350	37,563	(69.8)
Net financial result	**(4,414)**	**(4,055)**	**8.9**	**(4,548)**	**(2.9)**	**(8,962)**	**(9,821)**	**(8.7)**

In 1H17, the net financial result decreased by 8.7% from the same period in 2016, due lower interest on debt, which was offset by higher impact of exchange variation.

The hedging strategy for foreign exchange risk consists of obtaining a natural hedge, that is, the pursuit of a monthly balance between assets and liabilities in foreign currency among the Group companies.

EBITDA

In 2Q17, adjusted and recurring EBITDA reached R$11.7 million, decreasing 3.2% from 2Q16, due to the adverse impacts of lower sales and low capacity utilization, despite the reduction in operating expenses. As a result, adjusted and recurring EBITDA margin expanded by 1 p.p. from 2Q16 to end the quarter at 7%. In the six-month period, margin fell 3 p.p. to 9%.

Reconciliation of consolidated EBITDA - (R$'000)	2Q17	2Q16	% Chg.	1Q17	Var. %	1H17	1H16	% Chg.
Net (loss) income	**(23,091)**	**(9,006)**	**156.4**	**(2,955)**	**681.4**	**(26,046)**	**(737)**	**3,434.1**
Income tax and social contributions	(4,901)	(122)	3,917.2	2,851	(271.9)	(2,050)	7,845	-
Net financial Income	4,414	4,055	8.9	4,548	(2.9)	8,962	9,821	(8.7)
Depreciation and amortization	9,403	9,758	(3.6)	9,191	2.3	18,594	19,626	(5.3)
EBITDA[1]	**(14,175)**	**4,685**	**-**	**13,635**	**(204.0)**	**(540)**	**36,555**	**-**
Equity pickup	9,215	5,901	56.2	5,615	64.1	14,830	12,130	22.3
Non-recurring events								
Reestructuring	11,258	-	-	-	-	11,258	-	-
Breaking of products from new technologies	1,441	-	-	-	-	1,441	-	-
Expenses with unexpected halts*	3,984	1,525	161.2	-	-	3,984	1,525	161.2
Recurring and Adjusted EBITDA[2]	**11,723**	**12,111**	**(3.2)**	**19,250**	**(39.1)**	**30,973**	**50,210**	**(38.3)**

* It does not include the depreciation amount of unexpected halts.

[1] Consolidated EBITDA includes the results from the joint venture Companhia Sulamericana de Cerâmica (CSC), in accordance with the equity method of accounting and non-recurring events, in compliance with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

[2] Adjusted and recurring EBITDA is an indicator used by the Company's Management to analyze the operational and financial performance of the Company's wholly-owned businesses, excluding equity pickup, due to the fact that CSC is a joint venture and its information is not consolidated, as well as non-recurring events.

Net Loss/Income

In the period, Eternit recorded recurring net loss of R$9.3 million, due to the higher net financial expense and equity pickup, in addition to the aspects mentioned for EBITDA. Recurring net margin fell by 2 p.p. to end the period at -6%.

Consolidated Net income (loss) for the year (R$'000)	2Q17	2Q16	% Chg.	1Q17	Var. %	1H17	1H16	% Chg.
Net Icome (loss)	(23,091)	(9,006)	156.4	(2,955)	681.4	(26,046)	(737)	3,434.1
Non-recurring events	-	-	-	-	-	-	-	-
Reestructuring	11,258	-	-	-	-	11,258	-	-
Breaking of products from new technologies	1,441	-	-	-	-	1,441	-	-
Expenses with unexpected halts*	5,334	1,525	249.8	-	-	5,334	1,525	249.8
Adjust for inventories of realizable value	1,907	-	-	-	-	1,907	-	-
Effect of Income and social contributions taxes*	(6,131)	(519)	1,082.5	-	-	(6,131)	(519)	1,082.5
Recurring Net income (loss) for the year	**(9,282)**	**(8,000)**	**16.0**	**(2,955)**	**214.1**	**(12,237)**	**270**	**-**

* Effect of Income and social contributions taxes on non-recurring events, disregarding the adjustment to realizable value of inventory, which refers to the jointly-owned subsidiary – CSC.

In 1H17, recurring net loss totaled R$12.2 million, with recurring net margin of -4%, compared to net income of R$0.3 million and net margin of 0% in 1H16.

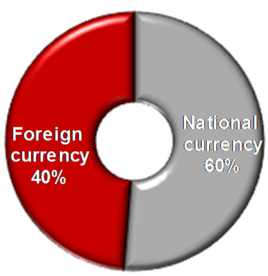
Debt

The Company ended 2Q17 with net debt of R$114.6 million, down 1.7% from the net debt on December 31, 2016. The Company's short-term debt is composed of ACE[5] and NCE[6] to meet working capital needs on account of chrysotile exports, while long-term debt is composed of FINIMP[7], FINAME[8] and CCB[9] from development banks.

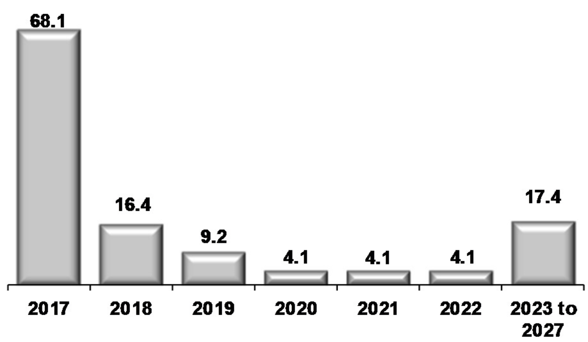
Cash, cash equivalents and short-term investments totaled R$8.8 million, with investments remunerated at a weighted average rate of 105% of the variation in the CDI[10].

DEBT - R$ ´000	06/30/17	12/31/16	% Chg.	03/31/17	% Chg.
Short- term gross debt	76,980	68,750	12.0%	58,471	31.7%
Long-term gross debt	46,459	55,626	-16.5%	48,817	-4.8%
Total gross debt	**123,439**	**124,376**	**-0.8%**	**107,288**	**15.1%**
Cash and cash equivalents	(4,295)	(5,143)	-16.5%	(3,834)	12.0%
Short-term investments (same cash equivalents)	(4,551)	(2,708)	68.1%	(4,351)	4.6%
Net debt	**114,593**	**116,525**	**-1.7%**	**99,103**	**15.6%**
Recurring and adjusted EBITDA (last 12 months)	61,072	78,784	-22.5%	59,935	1.9%
Net debt / Recurring and adjusted EBITDA x	**1.88**	**1.48**		**1.65**	
Net debt / Equity	**26.4%**	**25.4%**	**-**	**21.7%**	**-**

Origin of Debt (%)



Repayment Schedule (R$ '000)



In 2Q17, 100% of the foreign currency debt was naturally hedged by accounts receivable in foreign currency on chrysotile exports.

Of the amortization flow expected in 2017, 98.6% is linked to export accounts receivable.

Capex

Capex of Eternit and its subsidiaries in 2Q17 and 1H17 amounted to R$1.4 million and R$2.5 million, down 65.3% and 67.3%, respectively, compared to the same periods in 2016. The funds were allocated to the maintenance and modernization of the Group's industrial facilities.

Capital Markets

Eternit has been a listed company since 1948 and since 2006 its stock has been traded on the Novo Mercado, the highest corporate governance segment of the São Paulo Stock Exchange (B3) under the stock ticker ETER3.

With highly disperse ownership and no shareholders' agreement or controlling group, the Company's shareholder base had a high concentration of individual investors, who accounted for 82.1% of the shareholder base on June 30, 2017, while foreign investors accounted for 3.6% and legal entities, clubs,

[5] ACE: Advances on Foreign Exchange Contracts
[6] NCE: Export Credit Note
[7] FINIMP: Import financing
[8] FINAME: Special Agency for Industrial Financing
[9] CCB: Bank Credit Note
[10] CDI: Interbank Deposit Certificates

investment funds and foundations accounted for 14.3%. In June 2017, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 34.4%, and the Executive Board held 0.3% interest in capital stock.

On June 30, 2017, Eternit stock was quoted at R$1.12 while the Company's market capitalization was R$200.5 million. Visit the Company's IR website for more information.

Shareholder Remuneration

The Bylaws of Eternit establish a minimum mandatory dividend of 25% on the year's net income after deductions required by law and the Bylaws. In view of the results registered in 2Q17, there was no distribution of earnings in the period. Note that the Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made once positive results are recorded.

Election of Chief Commercial Officer

In line with the Company's restructuring plan, the Board of Directors elected, at a meeting held on July 19, 2017, Mr. Rodrigo Angelo Inácio as Chief Commercial Officer of the Eternit Group.

Mr. Inácio has a bachelor's degree in Mechanical Engineering and graduate degrees in Marketing and Finance. He started his career in 1994 in management of business units, marketing, strategic planning and sales, and served on the management of companies, including three years abroad, such as Krona Tubos e Conexões S.A. Nicoll (Aliaxis Group), Sasazaki - Portas e Janelas, Amanco Brasil and Amanco Argentina (Mexichem Group). In the last 10 years he held the positions of Executive Officer and CEO.

A short bio of the executive officers is available on the IR Website in the section Corporate Governance / Management.

Outlook and Management Comments

With an economic scenario marked by uncertainties and low levels of capacity utilization across the industry, in line with credit, employment and income data, the performance of the economy in terms of GDP in 2017 compared to in 2016 is 0.3%, according to the FOCUS market readout dated August 4, 2017, whereas the outlook for construction GDP is -2.7%, as per the June 2017 Inflation report published by the Central Bank of Brazil (BACEN).

For the construction material industry, the Brazilian Construction Materials Industry Association (ABRAMAT) revised its projection for 2017 to a decline of 5%, reflecting the continuously negative factors impacting the economic and political scenario, coupled with high unemployment rates, fears of job losses and restricted access to credit for households and companies.

The Company operates in the construction materials sector, whose performance depends on the construction industry, which is vital for Brazil's economic activity. It is important to emphasize the following challenges facing the country and the industry in which the Company operates, which impact our business and the demand for products in our portfolio, particularly those linked to self-managed construction: competitiveness of Brazil's industry in light of the infrastructure bottlenecks, tax aspects and appreciation of the US dollar, employment generation and better distribution of income, sustainable economic policies, and an increase in consumer and business confidence.

The highlights at the businesses were the changes in the Company's management to adjust its operational structure and improve the profitability of business units with adequate pricing of the portfolio, renegotiation of main input prices, implementation of a logistics area, pricing and redesign of the Sales area.

As part of this phase of restructuring, the Company will try to maintain the level of activity of its operations optimized in line with market demand, while focusing on expanding other products such as construction solutions, polyethylene water tanks and kitchen and bathroom metal fixtures.

In the fiber-cement roofing panel segment, Eternit is revising its positioning its market niche to increase its market share in specific regions, besides increasing the number of points of sale and consolidating its leadership in all the regions of Brazil.

In the concrete roofing tiles segment, the program "Architects Club" is being redesigned to establish stronger relations with architects and drive sales through the Business to Consumer (B2C) channel.

In mining operations, the Company will intensify its focus on export markets to compensate for the contraction in the domestic market, by increasing sales to existing clients and prospecting new markets.

In keeping with its strategy of diversified organic growth, the plant in Manaus, Amazonas, is already producing and marketing polypropylene fibers with applications in fiber-cement on an industrial scale. The Company will focus its efforts on increasing the unit's utilization by offering its product to third parties, including manufacturers of fiber-cement roofing tiles and other segments in the construction materials sector, in Brazil and abroad.

The chinaware unit (CSC) improved its product portfolio targeted at the medium and medium-luxury segments in order to increase business profitability and serve new clients in the Northern and Northeastern regions, besides tapping export markets to help dilute fixed costs.

In all operating segments, efforts remain focused on recovering operating margin, on constantly reducing operating costs and expenses, especially during times of low installed capacity utilization, and on adequately pricing products to boost profitability.

With regard to legal aspects involving chrysotile mineral, the Company expects the courts to consider the technical and scientific evidence in the ongoing lawsuits and, if necessary, it will take all applicable legal measures.

Eternit remains closely watchful of the developments and impacts of the current macroeconomic scenario, operating with financial discipline and actively working on reducing its debt and working capital needs to focus on business sustainability. In line with the restructuring plan, Management seeks to launch a new phase at Eternit, marked by modernity, innovation and care in its relations with all stakeholders.

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

The Management of **Eternit** invites you to participate in the reporting of its results for the second quarter of 2017.

Presentation: Luís Augusto Barcelos Barbosa, Chief Executive Officer, and Rodrigo Lopes da Luz, Adm., Financial and Investor Relations Officer.
Date: Friday, August 11, 2017
Time: 11:00 a.m. - Brasília / 10:00 a.m. - New York / 3:00 p.m. London

The presentation, which is accompanied by slides, can be viewed online by registering at **www.ccall.com.br/eternit/2Q17.htm** or on Eternit's investor relations website: **www.eternit.com.br/ir**

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

Investor Relations		
Rodrigo Lopes da Luz Paula D. A. Barhum Macedo	rodrigo.luz@eternit.com.br paula.barhum@eternit.com.br	+55 (11) 3194-3881

ETERNIT S.A. AND SUBSIDIARIES

BALANCE SHEET AS AT JUNE 30, 2017
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
ASSETS	Note	06/30/2017	12/31/2016	06/30/2017	12/31/2016
CURRENT ASSETS					
Cash and cash equivalents	4	2,448	3,365	4,295	5,143
Short-term investments	5	29	32	4,551	2,708
Trade receivables	6	68,598	84,835	152,473	158,663
Inventories	7	84,951	93,582	153,286	160,867
Recoverable taxes	8	10,196	9,289	21,725	17,861
Related parties	10.a	10,737	14,819	2,299	718
Other current assets		3,966	2,193	9,359	5,724
		180,925	208,115	347,988	351,684
Held-for-sale assets		796	796	4,273	5,291
Total current assets		181,721	208,911	352,261	356,975
NONCURRENT ASSETS					
Escrow deposits		11,296	14,384	19,397	22,264
Recoverable taxes	8	24,452	24,335	24,725	24,746
Deferred income tax and social contribution	19.b	48,456	42,315	79,021	72,655
Related parties	10.a	6,586	27,982	5,775	15,985
Other noncurrent assets		610	1,078	2,079	2,545
Investments	9	209,852	203,707	-	3,546
Property, plant and equipment	11	139,958	150,412	297,783	317,716
Intangible assets		5,243	6,069	24,835	26,016
Total noncurrent assets		446,453	470,282	453,615	485,473
TOTAL ASSETS		628,174	679,193	805,876	842,448

		Company		Consolidated	
LIABILITIES AND EQUITY	Note	06/30/2017	31/12/2016	30/06/2017	31/12/2016
CURRENT LIABILITIES					
Trade payables	12	13,429	20,602	23,107	33,566
Borrowings and financing	13	7,937	10,337	76,980	68,750
Derivatives	27	178	374	178	678
Related parties	10.a	9,315	25,393	-	-
Payroll and related taxes	14	12,478	12,413	22,058	23,388
Dividends and interest on capital	17.d	309	426	309	426
Accrued post-employment benefits	16.a	3,184	3,184	5,115	5,115
Taxes, fees and contributions payable	15	12,032	14,030	16,638	22,260
Other current liabilities		7,507	6,578	16,476	14,306
Total current liabilities		66,369	93,337	160,861	168,489
NONCURRENT LIABILITIES					
Borrowings and financing	13	644	4,362	46,459	55,626
Related parties	10.a	38,358	36,012	-	-
Taxes, fees and contributions payable	15	2,166	1,746	5,179	4,699
Provision for tax, civil and labor risks	20	48,651	46,975	94,054	90,003
Accrued post-employment benefits	16.a	37,691	37,128	50,456	50,104
Provision for mine descomissioning	29	-	-	14,555	13,878
Allowance for investment losses	9	625	-	625	-
Total noncurrent liabilities		128,135	126,223	211,328	214,310
EQUITY					
Capital	17.a	334,251	334,251	334,251	334,251
Capital reserve		19,460	19,460	19,460	19,460
Treasury shares		(174)	(174)	(174)	(174)
Earnings reserves		118,304	118,221	118,304	118,221
Accumulated losses		(26,046)	-	(26,046)	-
Other comprehensive loss		(12,125)	(12,125)	(12,125)	(12,125)
Equity attributable to controlling shareholders		433,670	459,633	433,670	459,633
Noncontrolling interest		-	-	17	16
Total equity		433,670	459,633	433,687	459,649
TOTAL LIABILITIES AND EQUITY		628,174	679,193	805,876	842,448

The accompanying notes are an integral part of this interim financial information.

ETERNIT S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT AND LOSS
FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2017
(In thousands of Brazilian reais - R$, except loss per share)

		Company				Consolidated			
	Note	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016
NET OPERATING REVENUE	21	205,996	247,826	96,037	116,396	331,167	432,630	163,468	203,708
COST OF SALES	22	(169,381)	(193,755)	(81,681)	(94,083)	(236,415)	(290,899)	(121,760)	(142,023)
GROSS PROFIT		36,615	54,071	14,356	22,313	94,752	141,731	41,708	61,685
OPERATING INCOME (EXPENSES)									
Selling expenses	22	(21,194)	(30,049)	(9,879)	(15,634)	(40,408)	(53,950)	(19,508)	(27,372)
General and administrative expenses	22	(19,869)	(19,907)	(10,796)	(9,063)	(47,402)	(44,996)	(27,904)	(21,310)
Management compensation	22	(4,095)	(3,491)	(2,684)	(1,613)	(5,545)	(5,388)	(3,491)	(2,239)
Other operating income (expenses), net	23	(8,868)	(7,390)	(6,628)	(5,657)	(5,701)	(8,338)	(5,168)	(9,936)
Share of profit (loss) of subsidiaries	9	(9,880)	6,817	(10,398)	(729)	(14,830)	(12,130)	(9,215)	(5,901)
Total operating expenses		(63,906)	(54,020)	(40,385)	(32,696)	(113,886)	(124,802)	(65,286)	(66,758)
Finance costs	24	(7,971)	(18,486)	(3,677)	(4,952)	(20,312)	(47,384)	(9,463)	(17,985)
Finance income	24	3,075	16,265	1,196	3,425	11,350	37,563	5,049	13,930
Finance income (costs), net		(4,896)	(2,221)	(2,481)	(1,527)	(8,962)	(9,821)	(4,414)	(4,055)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(32,187)	(2,170)	(28,510)	(11,910)	(28,096)	7,108	(27,992)	(9,128)
INCOME TAX AND SOCIAL CONTRIBUTION									
Current	19	-	-	-	1,743	(4,316)	(9,806)	(284)	(624)
Deferred	19	6,141	1,434	5,419	1,161	6,366	1,961	5,185	746
LOSS FOR THE PERIOD		(26,046)	(736)	(23,091)	(9,006)	(26,046)	(737)	(23,091)	(9,006)
ATTRIBUTABLE TO									
Controlling shareholders						(26,046)	(736)	(23,091)	(9,006)
Noncontrolling interest						-	(1)	-	-
LOSS FOR THE PERIOD						(26,046)	(737)	(23,091)	(9,006)
BASIC AND DILUTED LOSS PER SHARE - R$	17					(0.1456)	(0.0041)	(0.1290)	(0.0503)

The accompanying notes are an integral part of this interim financial information.

ETERNIT S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2017
(In thousands of Brazilian reais - R$)

	Company				Consolidated			
	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016
LOSS FOR THE PERIOD	(26,046)	(736)	(23,091)	(9,006)	(26,046)	(737)	(23,091)	(9,006)
Other comprehensive income - items to be subsequently reclassified to profit or loss:	-	-	-	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	(26,046)	(736)	(23,091)	(9,006)	(26,046)	(737)	(23,091)	(9,006)
ATTRIBUTABLE TO								
Controlling shareholders					(26,046)	736	(23,091)	(9,006)
Noncontrolling interest					-	(1)	-	-

The accompanying notes are an integral part of this interim financial information.

ETERNIT S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
(In thousands of Brazilian reais - R$)

			Capital reserve			Earnings reserves							
	Note	Capital	Investment grant	Goodwill on acquisition of shares	Treasury shares	Statutory	Legal	Earnings retention	Accumulated losses	Other comprehensive income	Total Parent	Noncontrolling interest	Total equity
BALANCES AS AT JANUARY 1, 2016		334,251	19,437	23	(174)	32,722	36,362	86,654	-	(9,177)	500,098	18	500,116
Expired dividends		-	-	-	-	-	-	83	-	-	83	-	83
Loss for the period		-	-	-	-	-	-	-	(736)	-	(736)	(1)	(737)
BALANCES AS AT JUNE 30, 2016		334,251	19,437	23	(174)	32,722	36,362	86,737	(736)	(9,177)	499,445	17	499,462
BALANCES AS AT JANUARY 1, 2017		334,251	19,437	23	(174)	32,722	36,362	49,137	-	(12,125)	459,633	16	459,649
Expired dividends		-	-	-	-	-	-	83	-	-	83	1	84
Loss for the period	17	-	-	-	-	-	-	-	(26,046)	-	(26,046)	-	(26,046)
BALANCES AS AT JUNE 30, 2017		334,251	19,437	23	(174)	32,722	36,362	49,220	(26,046)	(12,125)	433,670	17	433,687

The accompanying notes are an integral part of this interim financial information.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ETERNIT S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	06/30/2017	06/30/2016	06/30/2017	06/30/2016
CASH FLOW FROM OPERATING ACTIVITIES					
Profit (loss) before income tax and social contribution		(32,187)	(2,170)	(28,096)	7,108
Adjustments to reconcile income (loss) before income tax and social contribution to net cash provided by operating activities:					
Share of profit (loss) of subsidiaries	9	9,880	(6,817)	14,830	12,130
Depreciation and amortization		7,343	7,329	18,594	19,626
Gain (loss) on the derecognition of property, plant and equipment and intangit	23	20	(126)	(143)	(3,206)
Derecognition of escrow deposits		2,986	-	2,846	-
Allowance for doubtful debts	6	875	798	1,256	1,448
Estimated impairment losses, net		317	(524)	307	(85)
Estimated impairment losses		-		(100)	-
Provision for tax, civil and labor risks		1,676	1,180	4,007	2,869
Accrued post-employment benefits		563	892	352	722
Provision for mine descomissioning		-	-	677	(861)
Finance charges, inflation adjustments and exchange rate changes		1,143	(543)	1,749	(1,220)
Short-term investments		(118)	(10)	(322)	(503)
Variation in prepaid expenses, net		1,385	3,779	1,816	4,337
		(6,117)	3,788	17,773	42,365
Decrease (increase) in operating assets:					
Trade receivables		15,362	(7,362)	7,557	4,451
Related parties		(2,048)	1,610	(1,582)	(1,543)
Inventories		7,302	(7,394)	7,274	(5,564)
Recoverable taxes		5,425	438	4,216	1,062
Escrow deposits		102	(3,413)	21	(3,718)
Dividends and interest on capital		12,763	33,270	-	-
Other assets		(2,680)	(2,855)	(4,973)	(630)
Increase (decrease) in operating liabilities:					
Trade payables		(7,173)	1,254	(10,459)	(1,331)
Related parties		(15,066)	(656)	-	-
Taxes, fees and contributions payable		(1,219)	(4,668)	(3,138)	(4,602)
Payroll and related taxes	14	65	880	(1,330)	322
Dividends and interest on capital paid		(1)	-	(1)	-
Other liabilities		929	(9,377)	2,170	(11,645)
Cash provided by operating activities		7,644	5,515	17,528	19,167
Interest paid		(478)	(351)	(3,750)	(3,461)
Income tax and social contribution		-	-	(7,891)	(10,436)
Net cash provided by operating activities		7,166	5,164	5,887	5,270
CASH FLOW FROM FINANCING ACTIVITIES					
Intragroup loans		9,953	(9,108)	10,753	(8,142)
Sale of property, plant and equipment	23	37	126	384	3,437
Additions to property, plant and equipment and intangible assets		(1,985)	(4,810)	(2,468)	(7,537)
Addition of foreign exchange change capitalized	11	-	189	-	189
Additions to investments	9	(10,659)	-	(10,659)	-
Short-term investments		(33,000)	(5,700)	(49,682)	(69,367)
Redemptions of short-term investments		33,121	8,818	48,163	83,655
Net cash provided by (used in) investing activities		(2,533)	(10,485)	(3,509)	2,235
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings and financing		-	1,980	61,219	31,511
Repayment of borrowings and financing		(6,400)	(2,574)	(64,445)	(41,644)
Intragroup loans		850	4,114	-	-
Net cash provided by (used in) financing activities		(5,550)	3,520	(3,226)	(10,133)
DECREASE IN CASH AND CASH EQUIVALENTS		(917)	(1,801)	(848)	(2,628)
CASH AND CASH EQUIVALENTS					
At the beginning of period	4	3,365	2,850	5,143	5,578
At the end of period	4	2,448	1,049	4,295	2,950
DECREASE IN CASH AND CASH EQUIVALENTS		(917)	(1,801)	(848)	(2,628)

The accompanying notes are an integral part of this interim financial information.

ETERNIT S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
(In thousands of Brazilian reais - R$)

		Company		Consolidated	
	Note	30/06/2017	30/06/2016	30/06/2017	30/06/2016
REVENUES					
Sales of products and services	21	275,939	325,463	420,409	544,763
Other income (expenses)		(20)	126	415	3,938
Allowance for doubtful debts	22	(875)	(798)	(1,256)	(1,448)
		275,044	324,791	419,568	547,253
INPUTS ACQUIRED FROM THIRD PARTIES					
Sales of products and services		(139,623)	(159,850)	(206,794)	(247,513)
Materials, power, outside services and others		(53,943)	(67,429)	(88,527)	(82,668)
Estimated impairment losses		-	-	100	-
Other discounts, rebates and donations		(512)	(945)	(1,296)	(2,097)
		(194,078)	(228,224)	(296,517)	(332,278)
GROSS VALUE ADDED		80,966	96,567	123,051	214,975
Depreciation, amortization and depletion		(7,343)	(7,329)	(18,594)	(19,626)
NET WEALTH PRODUCED		73,623	89,238	104,457	195,349
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of subsidiaries	9	(9,880)	6,817	(14,830)	(12,130)
Finance income	24	3,075	16,265	11,350	37,563
Other		57	216	637	965
		(6,748)	23,298	(2,843)	26,398
TOTAL WEALTH FOR DISTRIBUTION		66,875	112,536	101,614	221,747
Personnel:					
Direct compensation		35,668	38,869	46,503	65,601
Benefits		10,133	11,097	14,972	22,742
Severance Pay Fund (FGTS)		3,373	3,260	6,279	5,941
		49,174	53,226	67,754	94,284
Taxes, fees and contributions:					
Federal		18,627	30,290	22,237	38,623
State		13,091	6,710	10,914	27,084
Municipal		930	997	1,694	2,217
		32,648	37,997	34,845	67,924
Lenders and lessors					
Interest		7,970	18,486	20,311	47,384
Rents		3,129	3,563	4,750	12,892
		11,099	22,049	25,061	60,276
Equity capital:					
Loss for the period	17	(26,046)	(736)	(26,046)	(736)
Noncontrolling interest		-	-	-	(1)
		(26,046)	(736)	(26,046)	(737)
WEALTH DISTRIBUTED		66,875	112,536	101,614	221,747

The accompanying notes are an integral part of this interim financial information.

ETERNIT S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

Eternit S.A. ("Company", "Eternit" or "Parent"), headquartered at Rua Dr. Fernandes Coelho, 85 - 8º andar, in the city of São Paulo - SP, Brazil, is a publicly-held company, with no controlling shareholder, listed on the Bolsa de Valores, Mercadorias e Futuros S.A. - BM&FBOVESPA, in the *Novo Mercado* segment, under ticker symbol ETER3. Its shareholders are comprised of individuals and legal entities, investment clubs, investment funds and foundations (note 17).

The Company and its subsidiaries ("Group") are mainly engaged in the manufacturing and sale of fibrocement, cement, concrete, plaster and plastic material products, as well as other construction materials and related accessories. It currently owns nine industrial units in Brazil, with branches in the main Brazilian cities.

List of direct subsidiaries and joint ventures

Company	Equity interest - %	Voting capital - %	Headquarter location	Core business
Sama S.A. ("Sama")	99.99	99.99	Minaçu/GO	Exploration and processing of chrysotile.
Tégula Soluções para Telhados Ltda. ("Tégula")	99.99	99.99	Atibaia/SP	Manufacturing and sale of concrete roof tile and accessories.
Precon Goiás Industrial Ltda. ("Precon")	99.99	99.99	Anápolis/GO	Manufacturing and sale of fibrocement products and artifacts.
Prel Empreendimentos e Participações Ltda. ("Prel")	99.99	99.99	São Paulo/SP	Holding interest in industrial, commercial and other companies.
Wagner da Amazônia Ltda.	99.99	99.99	São Paulo/SP	No economic activity.
Eternit da Amazônia Indústria de Fibrocimento Ltda. ("Eternit da Amazônia")	99.99	99.99	Manaus/AM	Research and development, with initial production of polypropylene threads.
Engedis Distribuição Ltda.	99.94	99.94	Minaçu/GO	No economic activity.
Wagner Ltda. ("Wagner")	99.84	99.84	São Paulo/SP	No economic activity.
Companhia Sulamericana de Cerâmica S.A. ("CSC")	60.00	60.00	Caucaia/CE	Manufacturing, import, export, sale, distribution of ceramic-made sanitary ware and toilet accessories in general.

The main products manufactured and/or sold by the Group, as well as the data related to the segment information, are described in note 25.

Approval of interim financial information

The presentation of the interim financial information was approved and authorized by the Company's Supervisory Board and Board of Directors on August 8 and 9, 2017, respectively, for disclosure on August 10, 2017.

2. BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The accounting policies were consistently applied in the current period, are in line with those used in the preparation of the Company's annual financial statements for the year ended December 31, 2016, disclosed on March 17, 2017, and are common to the Parent and the subsidiaries; when necessary, the individual interim financial information of subsidiaries are adjusted to meet such criterion.

2.1 Statement of compliance and basis for preparation

The Company's interim financial information included in the Interim Financial Information (ITR) for the six-month period ended June 30, 2017 comprises the individual and consolidated interim financial information prepared in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and prepared consistently with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of ITR.

The interim financial information has been prepared based on the historical cost, except for certain financial instruments measured at their fair values, as described in the accounting practices below. The historical cost is generally based on the fair value of the consideration given in exchange for an asset.

All relevant information for the interim financial information, and only this information, is being disclosed and that corresponds to the information used in managing the Company.

Management assessed the Company's ability to continue as a going concern and is convinced that the Company has the resources to allow the continuity of its business in the future. Additionally, Management is not aware of any material uncertainty that could cast significant doubts as to its ability to continue as a going concern. Accordingly, this interim financial information has been prepared on the going concern assumption.

2.2 Basis of consolidation and investments in subsidiaries

The consolidated interim financial information includes the interim financial information of the Company and its wholly-owned subsidiaries. Control is obtained when the Company has the power to control the financial and operating policies and to appoint or remove the members of the Executive Board or Board of Directors of an entity so as to obtain benefits from its activities.

The Company's Management, based on the bylaws and shareholders' agreement, controls the entities listed in note 1 to the Company's individual financial statements for the year ended December 31, 2016, disclosed on March 17, 2017, and, therefore, fully consolidates such entities, except for CSC, which is considered based on the parameters described in the previous paragraph as joint venture, which is not consolidated and whose results of operations is considered in the consolidated interim financial information under the equity method, as set forth in CPC 19 (R2) – Joint Arrangements (IFRS 11).

Noncontrolling interests in fully consolidated companies is separately disclosed in the consolidated statement of profit and loss and consolidated statement of changes in equity.

In the Company's individual interim financial information, the profit or loss of subsidiaries and joint ventures are recognized under the equity method.

The main consolidation adjustments include the following eliminations:

- Intragroup asset and liability balances, as well as intragroup income and expenses, so that the consolidated interim financial information represents balances of receivables from and payables to third parties.
- Interests in capital and profit or loss for the period of subsidiaries.

The period of the financial information of the subsidiaries included in consolidation is the same as the Parent's. All intragroup balances were fully eliminated in the consolidated interim financial information. Transactions between the Parent and the subsidiaries are carried out under conditions agreed upon between the parties.

The profit or loss of the subsidiaries acquired or disposed of during the period is included in the consolidated statement of profit and loss from the actual acquisition date up to the actual disposal date, as applicable.

2.3 Standards, amendments to and interpretation of standards

The Company will adopt the standards below when they become effective, disclosing and acknowledging the impacts on the interim financial information that may occur upon the respective adoption.

Standard	Requirement	Impact on the interim financial information
IFRS 9 (CPC 48) – Financial Instruments	The purpose, ultimately, is to supersede IAS 39 - Financial Instruments: Recognition and Measurement. The main changes include: (a) all financial assets must be initially stated at fair value; (b) the standard classifies all financial assets, currently within the scope of IAS 39, in two categories: at amortized cost and fair value; (c) eliminate the classification of "available for sale" and "held to maturity" of IAS 39; and (d) eliminate the concept of embedded derivatives of IAS 39; in addition to losses incurred, estimated losses must also be accounted for. Approved in December 2016; effective beginning January 1, 2018.	The Group has no major volume of derivative and hedge accounting transactions; and it does not expect significant changes.
IFRS 15 - Revenue from Contracts with Customers CPC 47 - Revenue from Contracts with Customers	This standard will supersede IAS 11 - Construction Contracts and IAS 18 - Revenues and related interpretations. The main purposes are: (a) eliminate the inconsistencies in the revenue recognition standards, establishing clear principles for the recording of accounting balances; (b) provide a single revenue recognition model, improving the comparison between accounting and financial information; and (c) simplify the preparation of the financial statements. Applicable to all agreements with customers, except for leases, financial instruments and insurance contracts, with higher effectiveness of change in the telecommunications and real estate development sectors. Approved in December 2016 and effective beginning January 1, 2018.	The Group does not expect IFRS 15 to significantly impact its interim financial information, but it is assessing the standard, and it is therefore prevented from disclosing such effects.
IFRS 6 (CPC 34) - Exploration for and Evaluation of Mineral Resources	The purpose of this standard is to regulate the best method to classify and measure the exploration for mineral resources, due to the continuity of discussions with the IASB and other international bodies in relation to the standard. The CPC has decided not to issue a pronouncement due to the review by the competent international bodies. Approval and effective date not determined.	The Group is constantly up-to-date to assess the impacts of this standard.
IAS 29 (CPC 42) - Financial Reporting in Hyperinflationary Economies	The standard establishes criteria to restate the financial statements in hyperinflationary countries. CPC has not approved the pronouncement due to the past experience with the full restatement of the financial statements. Approval and effective date not determined.	The Group is constantly up-to-date to assess the impacts of this standard.

Up to the reporting date, the assessment of all effects potentially arising from these standards on the Company and its subsidiaries had not been completed.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In applying the Group's accounting policies, Management is required to make judgments and prepare estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and respective assumptions are revised on a periodic basis and are based on past experience and other factors deemed relevant. Actual results may differ from these estimates.

The key assumptions and estimates for the period ended June 30, 2017 are in line with those disclosed in the financial statements for the year ended December 31, 2016, disclosed on March 17, 2017.

4 CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Cash and banks	226	52	1,969	1,639
Bank Certificates of Deposit (CDBs)	2,222	3,313	2,326	3,504
	2,448	3,365	4,295	5,143

These balances are highly liquid in order to meet short-term commitments, immediately convertible into cash and subject to an insignificant risk of change in value.

5 SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Investment funds	29	32	4,551	2,708

The investment funds mainly refer to fixed-income funds, yielding interest at the average rate of 105% of the Interbank Deposit Certificate (CDI) rate fluctuation (106.2% as at December 31, 2016).

They correspond to short-term investments available for redemption, without grace period. Units can be redeemed together with the return, based on the Group's need.

6 TRADE RECEIVABLES

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Domestic market	72,937	89,718	92,805	121,174
Foreign market	-	-	67,139	46,124
Adjustment to present value	-	-	(41)	(317)
	72,937	89,718	159,903	166,981
Allowance for doubtful debts	(4,339)	(4,883)	(7,430)	(8,318)
	68,598	84,835	152,473	158,663

Aging list of trade receivables:

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current	64,805	78,623	140,093	141,430
Past due				
Up to 30 days	1,546	4,582	7,491	11,894
31 to 60 days	337	714	1,466	1,196
Over 60 days	1,910	916	3,423	4,143
	68,598	84,835	152,473	158,663

Variation in the allowance for doubtful debts on trade receivables

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Opening balance	(4,883)	(3,885)	(8,318)	(7,991)
Additions	(1,077)	(2,847)	(1,805)	(4,956)
Reversals	202	867	549	1,536
Write-offs	939	982	1,664	3,093
Reclassifications (*)	480	-	480	-
Closing balance	(4,339)	(4,883)	(7,430)	(8,318)

(*) Allowance for doubtful debts reclassified to "Other noncurrent assets".

7 INVENTORIES

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Finished products	50,609	58,390	95,725	107,403
Semi-finished products	-	-	3,084	1,231
Resale	6,783	7,396	9,096	10,253
Raw materials	22,596	21,771	28,041	23,479
Auxiliary materials	6,351	7,096	20,343	21,497
Estimated net impairment loss (*)	(1,388)	(1,071)	(3,003)	(2,996)
	84,951	93,582	153,286	160,867

(*) Of the total estimated net impairment loss amount, R$764 in the consolidated (R$1,063 as at December 31, 2016) refers to the estimated loss on the decommissioning and restructuring process, recorded in "Other net operating income (expenses), net". The residual balance refers to the estimated loss on slow moving items with a contra entry recorded in "Cost of sales of products, goods and services", in the statement of profit and loss.

The variation in the estimated net impairment loss is as follows:

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Balance at the beginning of period/year	(1,071)	(1,598)	(2,996)	(1,971)
Additions	(408)	(1,039)	(408)	(2,622)
Reversals	91	1,566	401	1,597
Balance at the end of period/year	(1,388)	(1,071)	(3,003)	(2,996)

8 RECOVERABLE TAXES

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current:				
State VAT (ICMS)	2,900	2,943	3,619	3,475
Withholding Income Tax (IRRF)	121	288	1,260	531
Corporate Income Tax (IRPJ)	3,416	1,669	3,890	1,882
Social Contribution on Net Profit (CSLL)	502	475	956	511
IRRF - interest on capital	1,452	2,145	1,452	2,145
FOMENTAR Fund - ICMS (*)	1,103	1,061	1,103	1,061
Tax on revenue (COFINS) and other	702	708	9,445	8,256
	10,196	9,289	21,725	17,861
Noncurrent:				
State VAT (ICMS)	397	709	612	1,063
Withholding Income Tax (IRRF)	15,308	15,035	15,308	15,035
Corporate income tax (IRPJ)	8,747	8,591	8,747	8,591
Social Security Contribution (INSS)	-	-	58	57
	24,452	24,335	24,725	24,746

(*) Goiás State Industrialization Development and Mutual Fund (FOMENTAR) to enhance the implementation and expansion of activities that promote the industrial development of the State of Goiás.

9 INVESTMENTS

The investments of subsidiaries and joint venture CSC are broken down below:

	Eternit da Amazônia	Precon	Prel	Sama	Tégula	Wagner	CSC	Total
Investments	32,408	30,066	7,468	81,508	37,120	4,723	-	193,293
Appreciation of net assets	-	-	-	16,559	-	-	-	16,559
Balance as at June 30, 2017	32,408	30,066	7,468	98,067	37,120	4,723	-	209,852

	Eternit da Amazônia	Precon	Prel	Sama	Tégula	Wagner	CSC	Total
As at December 31, 2016	33,593	29,053	7,313	98,348	27,159	4,695	3,546	203,707
Dividends	-	(1,190)	-	(1,910)	-	-		(3,100)
Interest on capital	-	(1,054)	-	(3,101)	-	-		(4,155)
Share of profit (loss) of subsidiaries	(1,185)	3,257	155	4,730	(2,035)	28	(14,830)	(9,880)
Capital contribution	-	-	-	-	11,996	-	10,659	22,655
Investment loss	-	-	-	-	-	-	625	625
As at June 30, 2017	32,408	30,066	7,468	98,067	37,120	4,723	-	209,852

As at June 30, 2017, an allowance for investment losses was recognized in the amount of R$625 (R$3,546 as at December 31, 2016, recorded in "Investments"). During the period ended June 30, 2017, capital contributions were made in the amount of R$10,659 (R$8,101 in 2016).

The balances of subsidiaries and interest in the joint venture as at June 30, 2017 are broken down below:

	Eternit da Amazônia	Precon	Prel	Sama	Tégula	Wagner	CSC
Current assets	6,891	25,714	972	137,278	17,411	1,561	82,962
Noncurrent assets	87,054	14,144	6,577	99,539	29,872	4,736	114,496
Current liabilities	15,981	6,198	81	86,373	5,139	13	105,479
Noncurrent liabilities	45,571	3,592	-	66,628	5,020	1,554	93,020
Equity deficiency (equity deficiency)	32,393	30,068	7,468	83,816	37,124	4,730	(1,041)
Proportional interest - %	99.99%	99.99%	99.99%	99.99%	99.99%	99.84%	60.00%
Carrying amount of investment	32,408	30,066	7,468	81,508	37,120	4,722	-
Net operating revenue	17,991	29,633	-	114,572	16,366	-	25,430
Cost of sales	(18,148)	(20,993)	-	(68,997)	(12,601)	-	(25,129)
Adjustment to realizable value of inventories (*)	-	-	-	-	-	-	(1,907)
Profit (loss) from continuing operations	(1,962)	3,257	155	3,462	(2,035)	28	(24,716)
Attributable to:							
Company's interest	(1,185)	3,257	155	4,730	(2,035)	28	(14,830)
Allowance for investment losses on the joint venture	-	-	-	-	-	-	(625)

(*) The joint venture, during its ramp-up process, has noted that the production cost of some products were higher than the net realizable value, resulting in realization loss.

10 RELATED PARTIES

a) Related-party balances and transactions (Parent and Consolidated) are broken down as follows:

	Parent				Consolidated			
	06/30/2017		12/31/2016		06/30/2017		12/31/2016	
Subsidiaries	Assets	Liabilities	Assets	Liabilities	Assets	Liabilitie s	Assets	Liabilitie s
Eternit da Amazônia Indústria de Fibrocimento LTDA.	5,051	1,491	4,926	1,155	-	-	-	-
Precon Goiás Industrial LTDA.	1,268	690	2,373	3,388	-	-	-	-
Prel Empreendimentos e Participações LTDA.	-	2,366	127	1,811	-	-	-	-
Sama S.A.	1,392	38,643	5,928	50,851	-	-	-	-
Tégula Soluções para Telhados LTDA.	1,538	20	12,744	9	-	-	-	-
Wagner LTDA.	-	4,463	-	4,191	-	-	-	-
Joint ventures								
Companhia Sulamericana de Cerâmica	8,074	-	16,703	-	8,074	-	16,703	-
Total	17,323	47,673	42,801	61,405	8,074	-	16,703	-
Current	10,737	9,315	14,819	25,393	2,299	-	718	-
Noncurrent	6,586	38,358	27,982	36,012	5,775	-	15,985	-

The Company holds joint control of Companhia Sulamericana de Cerâmica; therefore, the Parent’s related-party balances correspond to those of the consolidated.

	Parent											
	Trade receivables (i)		Debit notes (ii)		Dividends		Interest on capital		Advances to suppliers		Loan (iii)	
Assets	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Eternit da Amazônia Indústria de Fibrocimento LTDA	-	-	3	19	-	-	-	-	5,048	4,907	-	-
Precon Goiás Industrial LTDA	53	114	782	31	-	1,217	433	1,011	-	-	-	-
Prel Empreendimentos e Participações LTDA	-	-	-	-	-	127	-	-	-	-	-	-
Sama S.A	-	-	-	328	-	4,178	1,392	1,422	-	-	-	-
Tégula Soluções para Telhados LTDA	-	-	21	41	-	-	706	706	-	-	811	11,997
Companhia Sulamericana de Cerâmica	1,410	425	891	293	-	-	-	-	-	-	5,775	15,985
	1,463	539	1,697	712	-	5,522	2,531	3,139	5,048	4,907	6,586	27,982

	Parent									
	Trade payables (i)		Debit notes (ii)		Rental		Advances from customers		Loan (iii)	
Liabilities	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Eternit da Amazônia Indústria de Fibrocimento LTDA.	1,491	1,155	-	-	-	-	-	-	-	-
Precon Goiás Industrial LTDA.	29	1,947	-	26	-	-	661	1,415	-	-
Prel Empreendimentos e Participações LTDA.	-	-	4	1	46	74	-	-	2,316	1,736
Sama S.A.	5,842	19,539	29	36	-	-	-	-	32,772	31,276
Tégula Soluções para Telhados LTDA.	-	-	20	9	-	-	-	-	-	-
Wagner LTDA.	-	-	6	4	-	-	1,187	1,187	3,270	3,000
	7,362	22,641	59	76	46	74	1,848	2,602	38,358	36,012

(i) The balances of purchases and sales refer basically to the supply of raw material (chrysotile) and/or finished products and provision of services and/or rental agreements, eliminated in the Company’s consolidated interim financial information. The joint venture, which is consolidated under the equity method, is not eliminated upon consolidation.

(ii) Refer basically to reimbursements of expenses without predetermined maturity.

(iii) Refer to loan agreements subject to Tax on Financial Transactions (IOF), Withholding Income Tax (IRRF) and 100% fluctuation of the CDI rate, payable within 24 months counted from amendment date, renewable for another 24-month period.

	Parent											
	Sales		Purchases		Administrative expenses		Expenses on interest on loans		Income from interest on loans		Income from interest on capital	
Profit or loss	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Eternit da Amazônia Indústria de Fibrocimento LTDA.	-	-	17,991	8,407	-	-	-	-	-	-	-	-
Precon Goiás Industrial LTDA.	4,437	979	876	1,890	-	-	-	-	-	-	1,054	906
Prel Empreendimentos e Participações LTDA.	-	-	-	-	415	601	-	-	-	-	-	-
Sama S.A.	17	-	24,256	37,833	-	-	1,760	2,490	-	-	3,101	3,339
Tégula Soluções para Telhados LTDA.	7	168	-	-	-	-	-	666	14	-	-	-
Companhia Sulamericana de Cerâmica	-	952	-	-	-	-	-	137	694	-	-	-
	4,461	2,099	43,123	48,130	415	601	1,760	3,293	708	-	4,155	4,245

Related-party transactions are carried out based on terms and conditions established among the parties; in the period ended June 30, 2017, there are no outstanding collaterals with related parties nor allowance for losses on due from related parties.

b) Key management personnel compensation

The Group paid to its Management short-term benefits, wages and variable compensation, as follows:

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Wages, fees and benefits	3,008	2,388	3,801	2,810
Related taxes	852	692	959	877
Profit sharing	-	1,080	-	1,220
Postemployment benefit	45	42	45	42
	3,905	4,202	4,805	4,949

The Group's Board of Directors approved an incentive plan for the acquisition of the Company's shares by the Executive Board. The Group offers supplementary profit sharing to officers who invest up to 100% of the net profit sharing amount received in the Company's shares. Such supplementary profit sharing will be proportional to the net profit sharing amount invested and must be fully used to acquire the Company's shares. The plan establishes specific stock acquisition and trading rules, such as minimum three-year period after the acquisition to trade shares, limited to 30% after the third year, 30% after the fourth year and 30% after the fifth year, and 10% will be retained and can only be traded upon the officer's dismissal/retirement. Officers must also abide by the trading rules set out in CVM Instruction 358/02.

The incentive plan for the acquisition of shares is not classified as share-based payment (technical pronouncement CPC 10 R1 – Share-based Payment), as the executive does not receive shares directly from Eternit, but he/she rather receives the amount corresponding to up to 100% of the net amount distributed as profit sharing and acquires the Company's shares through an outside stock broker.

In the period ended June 30, 2017, the Executive Board's shareholding structure was comprised of 622,160 shares - ETER3 (1,212,660 shares - ETER3 in the year ended December 31, 2016).

<u>Variation in the Executive Board's shares</u>

In December 2016	1,212,660
Purchase	266,500
Sale	(132,900)
Other *	(724,100)
In June 2017	622,160

(*) Amount in "Others" refers to variations arising from the departure of members of the Executive Board.

11. PROPERTY, PLANT AND EQUIPMENT

	Parent									
	Land	Buildings and improvements	Machinery and equipment	Tools and molds	Facilities	Company cars	Furniture and fixtures	IT equipment	Constructions in progress	Total
Cost:										
Balances as at January 1, 2016	3,178	35,254	142,993	13,536	86,498	1,415	6,411	4,735	10,455	304,475
Additions	-	-	-	-	-	-	-	-	8,662	8,662
Write-offs	-	(1)	(167)	-	(30)	(66)	(20)	(171)	-	(455)
Transfers	-	438	15,234	542	2,159	-	96	205	(18,674)	-
Balances as at December 31, 2016	3,178	35,691	158,060	14,078	88,627	1,349	6,487	4,769	443	312,682
Additions	-	-	-	-	-	-	-	-	1,960	1,960
Write-offs	-	-	(742)	-	(186)	(72)	(43)	(71)	-	(1,114)
Transfers	-	4	199	-	152	-	25	53	(433)	-
Transfer due to tax credit recovery (*)	-	(282)	(5,928)	(77)	(781)	-	-	-	-	(7,068)
Balances as at June 30, 2017	3,178	35,413	151,589	14,001	87,812	1,277	6,469	4,751	1,970	306,460
Average depreciation rates	-	4%	8.6%	15%	10%	20%	10%	20%	-	-
Accumulated depreciation:										
Balances as at January 1, 2016	-	(20,870)	(52,066)	(11,412)	(57,183)	(987)	(3,644)	(3,393)	-	(149,555)
Additions	-	(836)	(5,026)	(601)	(5,695)	(51)	(490)	(454)	-	(13,153)
Write-offs	-	1	155	-	30	66	16	170	-	438
Balances as at December 31, 2016	-	(21,705)	(56,937)	(12,013)	(62,848)	(972)	(4,118)	(3,677)	-	(162,270)
Additions	-	(420)	(2,541)	(258)	(2,810)	(25)	(229)	(209)	-	(6,492)
Write-offs	-	-	702	-	186	72	33	63	-	1,056
Transfer due to tax credit recovery (*)	-	26	946	21	211	-	-	-	-	1,204
Balances as at June 30, 2017	-	(22,099)	(57,830)	(12,250)	(65,261)	(925)	(4,314)	(3,823)	-	(166,502)
Residual value:										
As at December 31, 2016	3,178	13,986	101,123	2,065	25,779	377	2,369	1,092	443	150,412
As at June 30, 2017	3,178	13,314	93,759	1,751	22,551	352	2,155	928	1,970	139,958

(*) Refers to the transfer of the Pis and Cofins amounts allocated to property, plant and equipment items to “Recoverable taxes”, in accordance with Law 12.546/2011. All credits transferred were offset within the period.

	Consolidated													
	Land	Buildings and improvements	Machinery and equipment	Extraction machinery	Tools and molds	Facilities	Company cars	Off-road vehicles	Furniture and fixtures	IT equipment	Mine decommissioning	Mine containment works	Constructions in progress	Total
Cost:														
Balances as at January 1, 2016	6,561	88,111	327,327	30,713	27,322	240,610	23,674	1,718	18,311	9,699	5,778	13,387	12,832	806,043
Additions	-	-	-	-	-	-	-	-	-	-	-	-	14,587	14,587
Write-offs	(916)	(5,257)	(14,807)	-	(7,004)	(4,725)	(1,557)	-	(428)	(686)	-	-	(8)	(35,388)
Transfers	10	(2,093)	17,336	146	3,291	8,424	-	-	(2,553)	314	805	-	(25,680)	-
Balances as at December 31, 2016	5,655	80,761	329,856	30,859	23,609	244,309	22,117	1,718	15,330	9,327	6,583	13,387	1,731	785,242
Additions	240	1,141	-	-	-	998	-	-	-	-	-	-	2,309	4,688
Write-offs	-		(814)	-	-	(186)	(776)	-	(76)	(77)	-	-		(1,929)
Transfers	(1)	42	1,058	-	3	415	5	(2)	53	82	-	-	(1,655)	-
Transfer due to tax credit recovery (*)	-	(282)	(5,928)	-	(77)	(781)	-	-	-	-	-	-	-	(7,068)
Balances as at June 30, 2017	5,894	81,662	324,172	30,859	23,535	244,755	21,346	1,716	15,307	9,332	6,583	13,387	2,385	780,933
Average depreciation rates	-	4%	8,6%	28,4%	15%	10%	20%	26,8%	10%	20%	2,9%	5,3%	-	-
Accumulated depreciation:														
Balances as at January 1, 2016	-	(50,981)	(116,737)	(27,809)	(24,475)	(184,532)	(21,078)	(1,670)	(10,613)	(7,237)	(1,781)	(5,083)	-	(451,996)
Additions	-	(2,221)	(11,899)	(2,244)	(1,486)	(13,926)	(839)	(46)	(1,146)	(880)	(263)	(823)	-	(35,773)
Write-offs	-	2,101	6,226	-	6,619	2,807	1,527	-	304	659	-	-	-	20,243
Transfers	-	1,453	(1,147)	-	(1,085)	(822)	(2)	-	1,602	1	-	-	-	-
Balances as at December 31, 2016	-	(49,648)	(123,557)	(30,053)	(20,427)	(196,473)	(20,392)	(1,716)	(9,853)	(7,457)	(2,044)	(5,906)	-	(467,526)
Additions	-	(1,630)	(6,690)	(734)	(420)	(7,378)	(293)	-	(543)	(384)	(132)	(411)	-	(18,615)
Write-offs	-	13	813	-	22	204	600	-	67	68	-	-	-	1,787
Transfer due to tax credit recovery (*)	-	26	946	-	21	211	-	-	-	-	-	-	-	1,204
Balances as at June 30, 2017	-	(51,239)	(128,488)	(30,787)	(20,804)	(203,436)	(20,085)	(1,716)	(10,329)	(7,773)	(2,176)	(6,317)	-	(483,150)
Residual value:														
As at December 31, 2016	5,655	31,113	206,299	806	3,182	47,836	1,725	2	5,477	1,870	4,539	7,481	1,731	317,716
As at June 30, 2017	5,894	30,423	195,684	72	2,731	41,319	1,261	-	4,978	1,559	4,407	7,070	2,385	297,783

(*) Refers to the transfer of the Pis and Cofins amounts allocated to property, plant and equipment items to "Recoverable taxes", in accordance with Law 12.546/2011. All credits transferred were offset within the period.

The property, plant and equipment items pledged as collateral are disclosed in note 28.

12. TRADE PAYABLES

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Domestic market	11,664	18,989	21,091	31,694
Foreign market	1,765	1,613	2,016	1,872
	13,429	20,602	23,107	33,566

13. BORROWINGS AND FINANCING

	Interest rate and commissions	Parent		Consolidated	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current:					
Foreign currency for acquisition of machinery and equipment	From 2.87% to 3.42% p.a.	2,674	2,875	11,954	12,115
Foreign currency for acquisition of raw material	From 2.40% to 3.12% p.a.	2,926	4,255	2,926	4,255
Foreign currency for acquisition of raw material	2.87% p.a.	857	1,720	857	1,720
Foreign currency for working capital – advance on foreign exchange contracts (ACE)	3.17% p.a.	-	-	34,649	11,552
Foreign currency for working capital - export credit note (NCE)	From 3.46% to 3.65% p.a.	-	-	-	15,561
Local currency for acquisition of IT equipment (finance lease)	1.23% p.a.	-	-	-	9
Local currency for acquisition of machinery and equipment	From 3% to 10% p.a. + TJLP	1,243	1,279	1,661	2,074
Local currency for acquisition of machinery and equipment	2.85% p.a. Pre + Selic	237	208	237	208
Local currency for acquisition of machinery, equipment and services	From 7.06% to 8.24% p.a.	-	-	833	165
Local currency for working capital - export credit note (NCE)	From 121.53% to 128.00% p.a. of CDI	-	-	23,863	21,091
Total current		7,937	10,337	76,980	68,750
Noncurrent:					
Foreign currency for acquisition of machinery and equipment	From 2.87% to 3.42% p.a.	-	1,341	9,561	15,470
Foreign currency for acquisition of raw material	From 2.40% to 3.12% p.a.	-	1,656	-	1,656
Local currency for acquisition of machinery and equipment	From 3.00% to 10.00% p.a. + TJLP	507	1,108	944	1,872
Local currency for acquisition of machinery and equipment	2.85% p.a. Pre + Selic	137	257	137	136
Local currency for acquisition of machinery, equipment and services	From 7.06% to 8.24% p.a.	-	-	35,817	36,492
Total noncurrent		644	4,362	46,459	55,626
Total borrowings and financing		8,581	14,699	123,439	124,376

<u>Payment flow of the noncurrent portion</u>

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
2018	558	3,637	7,571	13,468
2019	86	725	9,153	9,720
2020	-	-	4,055	4,131
2021	-	-	4,055	4,055
2022	-	-	4,055	4,055
2023 to 2027	-	-	17,570	20,197
	644	4,362	46,459	55,626

The Group is not subject to covenants. Any collaterals are disclosed in note 28.

14. PAYROLL AND RELATED TAXES

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
13th salary	2,574	-	4,306	-
Vacation pay	7,197	8,576	11,944	14,322
Profit sharing (*)	676	1,314	1,985	4,232
Bonuses	190	-	380	-
Severance Pay Fund (FGTS)	257	576	464	1,002
Social Security Contribution (INSS)	1,577	1,941	2,773	3,388
Other	7	6	206	444
	12,478	12,413	22,058	23,388

(*) The Group offers profit sharing to its employees and the amount payable is calculated pursuant to the collective bargaining agreement entered into with the Group companies. The amounts of profit sharing expenses recorded are broken down below:

	06/30/2017	06/30/2016
Parent	-	109
Consolidated	993	1,455

15. TAXES, FEES AND CONTRIBUTIONS PAYABLE

	Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current:				
Income taxes				
Corporate Income Tax (IRPJ)	-	-	27	1,940
Social Contribution on Net Profit (CSLL)	-	-	14	344
Other taxes				
State VAT (ICMS)	6,914	8,108	8,859	10,657
Federal VAT (IPI)	2,046	2,410	2,345	2,832
Tax on revenue (COFINS)	2,066	1,960	2,567	2,639
Tax on revenue (PIS)	428	397	571	545
Withholding Income Tax (IRRF)	483	1,021	1,055	1,967
Tax on financial transactions (IOF)	6	31	41	74
Financial compensation for mineral resources	-	-	860	885
Other	89	103	299	377
	12,032	14,030	16,638	22,260
Noncurrent:				
ICMS (*)	2,166	1,746	5,179	4,699

(*) ICMS originated from the tax incentive programs PRODUZIR and DESENVOLVE in the Parent and FOMENTAR in subsidiary Precon, and also FUNDOPEM and PRODUZIR in subsidiary Tégula and INCENTIVE of 7% and 90.25%, respectively, in Eternit da Amazônia.

16. ACCRUED POST-EMPLOYMENT BENEFITS

a) Future benefits

The Group, based on an actuarial report prepared by an independent specialized company, accounts for an accrual to cover future health benefits (healthcare plan and laboratory tests) of former employees. The assumptions and calculations are reviewed on annual basis.

(i) Main actuarial assumptions used to determine the present value of benefits

Annual real actuarial interest rate	6.14%
Annual real growth rate of healthcare costs	3.80%
Annual projected inflation rate	5.15%
General mortality table	AT-2000

(ii) Post-employment benefit plan liability

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current	3,184	3,184	5,115	5,115
Noncurrent	37,691	37,128	50,456	50,104
	40,875	40,312	55,571	55,219

(iii) The benefit expense was recorded in "Other operating income (expenses), net" in profit or loss.

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Cost of interest and current services	2,155	2,267	2,910	3,167
Benefits paid	(1,592)	(1,375)	(2,557)	(2,445)
Net benefit gain	563	892	353	722

b) Supplementary pension plan

The Group has an open-end supplementary pension plan contracted from a duly authorized private pension entity. The contribution is made for all employees and officers under the Free Benefit Generating Plan (PGBL) and defined contribution plan. There was no need to supplement the accrual recorded as at June 30, 2017.

In the period ended June 30, 2017, the Group and its participants made contributions to sponsor the benefit plans at the following amounts:

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Contributions made in the periods ended	268	604	1,158	1,719

17. EQUITY

a) Capital

As at June 30, 2017 and December 31, 2016, the Company's capital, fully subscribed and paid in amounted to R$334,251 and was represented by 179,000,000 registered, book-entry common shares, without par value and with voting rights at the resolutions of the General Meeting, held as follows:

Shareholding structure	06/30/2017 Shareholders	06/30/2017 Shares	12/31/2016 Shareholders	12/31/2016 Shares
Individuals	10,134	146,904,814	10,507	138,669,276
Legal entities	84	2,790,836	80	2,698,925
Individuals residing abroad	53	6,448,912	71	12,990,161
Clubs, funds and foundations	56	22,796,706	62	24,582,906
	10,327	178,941,268	10,720	178,941,268
Treasury shares	1	58,732	1	58,732
	10,328	179,000,000	10,721	179,000,000

The Company is authorized to increase its capital up to the limit of R$1,000 thousand, regardless of any amendment to the bylaws, upon resolution of the Board of Directors, which will establish the issuance price of the shares and other conditions for the respective subscription and payment.

b) Treasury shares

As at June 30, 2017, the fair value of the Company's treasury shares was R$65 (R$78 as at December 31, 2016).

c) Earnings (loss) per share

Loss is reconciled to the amounts used to calculate basic and diluted loss per share as follows:

	Parent 06/30/2017	Parent 06/30/2016
Dilution effect:		
Loss for the period attributable to the controlling shareholders	(26,046)	(736)
Weighted average number of outstanding common shares, less average number of common shares held in treasury	178,941	178,941
Basic and diluted loss per share - R$	(0.1456)	(0.0041)

There is no dilutive effect that must be taken into consideration in the calculation.

d) Dividends and interest on capital

There was no payment of dividends and interest on capital in the period ended June 30, 2017. The balance of outstanding prior-period dividends payable as at June 30, 2017 is broken down as follows:

	Parent and Consolidated 06/30/2017	Parent and Consolidated 12/31/2016
Prior-period dividends	309	426
	309	426

18. GOVERNMENT GRANTS

a) Precon – investment grant - Agência de Fomento Goiás S.A., Goiás State company - FOMENTAR

Precon is eligible to a tax decrease of 70% on the ICMS calculated arising from the sale of products manufactured at the unit established in the municipality of Anápolis -GO. Out of the contractual amount, R$55,720 was used, remaining a balance of R$28,603 to be used through the end of such benefit agreement on December 31, 2020.

In the period ended June 30, 2017, the benefit amount totaled R$882 (R$2,032 as at December 31, 2016). The benefit is treated as investment grant, as Precon conceptually benefits from the grant through a tax decrease, refund or exemption, which is intended to expand its activity.

b) Eternit – investment grant - Programa de Desenvolvimento Industrial de Goiás - PRODUZIR

Eternit is eligible to a tax decrease of 73% on the ICMS calculated arising from the sale of products manufactured at the unit established in the municipality of Goiânia -GO. The Company used R$28,821 out of the contractual amount, a balance of R$33,750 remaining for use through the end of such benefit agreement, the residual balance being adjusted based on the General Market Price Index (IGP-M), on December 31, 2020.

In the period ended June 30, 2017, no benefit was used (R$6,083 as at December 31, 2016). The benefit is treated as investment grant, as the Company conceptually benefits from the grant through a tax decrease, refund or exemption, which is intended to expand its activity.

c) Eternit - investment grant - Northeast Development Authority (SUDENE)

The Company is eligible to a tax decrease of 75% of the non-refundable income tax and surtaxes based on the exploration profit in favor of the Company. The benefit period expires in calendar year 2020.

Grants are recorded in “Net operating revenue” in the statement of profit and loss for the year.

19. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of income tax and social contribution expenses to their notional amounts.

The reconciliation of effective and statutory income tax and social contribution rates is as follows:

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Profit (loss) before income tax and social contribution	(32,187)	(2,170)	(28,096)	7,108
Statutory rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	10,944	738	9,553	(2,417)
Effect of income tax and social contribution on permanent differences:				
Share of profit (loss) of subsidiaries	(3,359)	2,318	(5,042)	(4,124)
Interest on capital	(1,413)	(1,443)	-	(1,443)
Donations and gifts	(11)	(27)	(256)	(386)
Non-deductible taxes and fines	(10)	(42)	(16)	(90)
Tax incentive	-	-	293	37
Provision for tax, civil and labor risks	(531)	-	(531)	-
Provision for PIS and COFINS (finance income)	(39)	-	(39)	-
Gain (loss) on swap transaction	(35)	-	(35)	-
Tax loss without recognition of deferred tax	-	-	(1,329)	-
Other (additions) deductions, net	595	(110)	(548)	578
Income tax and social contribution in profit or loss	6,141	1,434	2,050	(7,845)

b) Breakdown of deferred income tax and social contribution

The estimated realization of deferred taxes can be subject to changes, as a major portion of such changes is subject to court rulings over which the Group has no control, nor can it estimate when the appellate court's decision will be handed down.

Deferred income tax and social contribution in noncurrent assets refer to the income tax and social contribution on temporary differences in the calculation of taxable income and tax loss carryforwards, as follows:

	Parent	Consolidated
Balance as at January 1, 2016	34,264	63,823
Recognition of temporary differences		
Reversal of temporary differences	8,862	70,756
Recognition of tax loss	(6,781)	(66,837)
Reversal of tax loss	5,970	5,970
Profit from inventories	-	(1,057)
Balance as at December 31, 2016	42,315	72,655
Recognition of temporary differences	5,374	34,636
Reversal of temporary differences	(4,343)	(32,327)
Recognition of tax loss	5,110	5,110
Profit from inventories	-	(1,053)
Balance as at June 30, 2017	48,456	79,021

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Income tax loss and social contribution loss carryforwards	24,105	18,995	30,511	25,401
Postemployment benefit	13,897	13,706	18,894	18,774
Provision for tax, civil and labor risks	8,140	7,610	21,014	19,714
Unrealized profit from inventories	-	-	1,179	2,232
Allowance for doubtful debts	1,638	1,660	2,671	2,810
Accrued profit sharing	230	447	729	1,429
Non-shipped goods	-	-	2,283	821
Other provisions	446	(103)	1,740	1,474
	48,456	42,315	79,021	72,655

Expected realization of tax credits

(i) Income tax loss and social contribution loss carryforwards

Based on the projected generation of future taxable income, the estimated recovery of deferred income tax and social contribution on income tax loss and social contribution loss carryforwards in noncurrent assets is as follows:

	Parent 06/30/2017	Consolidated 06/30/2017
After July 2017	198	517
2018	932	1,327
2019	1,544	2,012
2020	2,144	2,708
2021 to 2026	19,287	23,947
	24,105	30,511

The deferred tax asset recorded is limited to the amounts whose offset is supported by taxable income projections made by the Company and its subsidiary Tégula for the next ten years, also considering that the offset of income tax loss and social contribution loss carryforwards is limited to 30% of annual profit, determined in accordance with the prevailing Brazilian tax legislation, and it is critical and offsettable against future taxable income.

In the period ended June 30, 2017, of the amount of R$133,794 of the consolidated income tax loss balance (R$114,855 as at December 31, 2016) and R$191,920 of the social contribution loss carryforwards (R$172,992 as at December 31, 2016), the Company did not recognize deferred taxes for the portion of R$59,078 of income tax loss (R$55,168 as at December 31, 2016) and R$60,449 of social contribution loss carryforwards (R$56,549 as at December 31, 2016). Both because of the lack of future taxable income projections that would confirm their realization.

(ii) Temporary differences

Noncurrent asset balance, relating to deferred income tax and social contribution arising from temporary differences, is estimated to be realized as follows:

	Parent	Consolidated
	06/30/2017	06/30/2017
After June 2017	2,861	4,201
2018	1,938	8,171
2019	2,709	3,541
2020	3,233	5,292
2021 to 2026	13,610	27,305
	24,351	48,510

As income tax and social contribution depend not only on taxable income but also on the existence of nontaxable income, nondeductible expenses and several other variables, there is no relevant correlation between the Group's profit and income tax and social contribution on profit.

20. PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Group is a party to numerous civil, labor and tax lawsuits under discussion at different courts.

The Group's Management believes that the provision for risks recognized is sufficient and represents the best probable estimate of the Company's future disbursement, based on information available up to the date of authorization of this interim financial information, to cover probable losses on lawsuits, the impacts of which can be reliably estimated, as follows:

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Labor lawsuits (i)	40,490	39,280	53,143	51,282
Civil lawsuits	-	-	5,947	5,578
Tax lawsuits (ii)	8,161	7,695	34,964	33,143
	48,651	46,975	94,054	90,003

Variation in the provision for tax, civil and labor risks is broken down as follows:

	Parent		
	Provision for labor risks	Provision for tax risks	Total
Balance as at January 1, 2016	39,177	7,919	47,096
Additions	2,167	1,078	3,245
Write-offs	(1,325)	(140)	(1,465)
Reversals	(739)	(1,162)	(1,901)
Balance as at December 31, 2016	39,280	7,695	46,975
Additions	2,033	466	2,499
Reversals	(823)	-	(823)
Balance as at June 30, 2017	40,490	8,161	48,651

	Consolidated			
	Provision for labor risks	Provision for civil risks	Provision for tax risks	Total
Balance as at January 1, 2016	48,581	4,918	30,782	84,281
Additions	5,207	660	3,663	9,530
Write-offs	(1,545)	-	(140)	(1,685)
Reversals	(961)	-	(1,162)	(2,123)
Balance as at December 31, 2016	51,282	5,578	33,143	90,003
Additions	2,691	369	1,821	4,881
Write-offs	(8)	-	-	(8)
Reversals	(822)	-	-	(822)
Balance as at June 30, 2017	53,143	5,947	34,964	94,054

(i) Labor lawsuits

In the labor area, the main provisions comprise

a) Indemnities that include pain and suffering and property damages and labor claims brought by former employees claiming overtime, night shift allowance, health hazard and hazardous duty premiums and severance amounts, etc.

b) Civil Class Action filed in 2013 with the Court of Labor of São Paulo by the General Labor Attorneys' Office against the Company. This action discusses matters related to the work environment and the occupational health of the industrial unit whose activities were discontinued at the beginning of the 1990s. Concurrently with this action, another Civil Class Action filed by the Brazilian Association of Workers Exposed to Asbestos (ABREA) was distributed to a specific judge also in the Labor Court; for this reason, the two actions were combined upon court decision. The purpose of the claims is the payment of indemnity for collective pain and suffering and individual damages, among others. Both actions were judged partially with grounds by the lower court on March 1, 2016. Part of the lower court decision was assessed as probable loss by the Company's legal counsel. The provision was recognized considering the uncertainties surrounding the amount recognized by various means according to the circumstances, in conformity with IAS 37.39 (technical pronouncement CPC 25.39), which sets forth that, in measuring the provision that involves a large population of items, the obligation must be estimated by weighting all possible outcomes due to the related probabilities. The Company filed an appeal against the lower court decision, and the Regional Labor Court has partially reversed the lower court decision. The most significant terms are:

- The following sentences were excluded: indemnity for collective pain and suffering in the amount of R$100 million, indemnity for pain and suffering in the amount of R$50 thousand on behalf of each former employee not diagnosed with asbestos-related diseases, any and all discussion involving the family members of former employees.

- The following sentences were reduced: pain and suffering and non-material damages set on behalf of each former employee already diagnosed with asbestos-related diseases to R$100 thousand and R$50 thousand, respectively, pain and suffering set on behalf of the estate of each former employee deceased after the bringing of the lawsuits to R$100 thousand.

- The following sentence was upheld: full healthcare to the former employees diagnosed with asbestos-related diseases. This decision will be appealed by the parties.

c) In 2014, a Civil Class Action was filed by the General Labor Attorneys' Office against the Company with the Labor Court of Rio de Janeiro. This action discusses matters related to the work environment and occupational health, in addition to a request for indemnity for collective pain and suffering in the amount of R$1 billion. Concurrently with this action, another Civil Class Action was distributed to a specific judge by ABREA also in the same Labor Court. The action brought by the General Labor Attorneys' Office was judged partially with grounds; the decision was published on March 27, 2017.

The sentence involves (i) substituting the raw material (asbestos) at the Rio de Janeiro unit within a period of 18 months, beginning September 2018; and (ii) fulfill the maximum limit of 0.1 fiber per cm3 of asbestos in all workplaces established in the National Agreement coupled with article 3 of Law 9.055/1995; (iii) expand the list of medical control tests of all current employees in the Rio de Janeiro plant; (iv) bear the transportation and lodging expenses of all former employees of the Rio de Janeiro plant who reside in a location more than 100 km distant from the medical service site; (v) pay indemnity for collective pain and suffering in the amount of R$30 million. The Company has filed motions to clarify and will subsequently file an appeal with the Superior Court. The action filed by ABREA was not judged yet. The parties will file appeals against this decision. The provision was recognized for the collective pain and suffering only considering rhe agreements already entered into by companies operating in the same sector. The provision for the other items assessed as probable loss is not necessary, as it depends on the compliance with the legislation with respect to the maximum asbestos exposure limit set forth in the National Agreement and the specific legislation. With respect to the substitution of the raw materual within a period of 18 months, the Company believes that recognizing a provision is precipitate, considering that the deadline established by the court is still in progress. As to the payment of transportation and lodging expenses of all former employees of the Rio de Janeiro plant who reside in a location more than 100 km distant from the medical service site, there are no objective parameters to recognize the related provision. The other items of the sentence were assessed by the outside legal counsel as possible loss; for this reason, no provision must be recognized for the period ended June 30, 2017, in conformity with IAS 37.39 (technical pronouncement CPC 25.39), which sets forth that, in measuring the provision that involves a large population of items, the obligation must be estimated by weighting all possible outcomes due to the related probabilities. The escrow deposits made to guarantee enforcement and appeal deposits related to the provisions for risks, are classified in a specific line item of noncurrent assets.
The STF started to judge on October 31, 2012 ADIs No. 3.357 and No. 3.937, in conformity with State Laws 11.643/2001 of the State of Rio Grande do Sul and 12.684/2007 of the State of São Paulo, respectively. The session was adjourned after the vote from the reporting Justice Ayres Britto, who voted for the constitutionality of the laws, and Justice Marco Aurélio Mello, who voted for the unconstitutionality of the laws. On November 23, 2016, the judgment of ADIs No. 3.357 and No. 3937 was resumed, and Justice Edson Facchin has considered as groundless the requests made at the respective ADIs. Thereafter, Justice Dias Toffoli requested the case records of both lawsuits for examination. The judgment of ADI 3356 started on the same date and a vote was cast by Justice Edson Facchin in the same sense and the case records was requested for examination by Justice Dias Toffoli. Considering the request of the case records for examination, the judgment was suspended. The STF was requested to judge together all direct unconstitutionality actions, both of state laws and federal law addressing this matter.

(ii) Tax lawsuits

In the tax area, the main provisions comprise:

- Variation of amounts paid as ICMS.
- Difference in INSS tax rates.
- Difference in amounts recognized related to the Financial Compensation for Exploration of Mineral Resources (CEFEM).

(iii) Lawsuits whose likelihood of loss is assessed as possible

As at June 30, 2017, there were labor claims and civil, tax and administrative proceedings filed against the Group assessed by the legal counsel as possible loss and that can be reliably measured. There were no significant changes in the period (R$15,146 as at December 31, 2016);

Additionally, the Group was a party to the following lawsuits, the likelihood of loss of which was assessed as possible by the legal counsel and with respect to which some amounts are not measurable up to this date:

a) Civil class actions of environmental and health nature brought by the State and Federal General Attorneys' Office of the State of Bahia, as well as popular action with the same subject of the civil class actions.

b) Consumer civil class actions in the States of Rio de Janeiro and Pernambuco, to ban the sale of products containing chrysotile in those States.

c) Administrative misconduct action related to CEFEM, as well as annulment action and tax execution of the same nature.

d) Civil class action and popular action, both related to the sale by the State of Goiás of a tract of land where the residential complex of subsidiary Sama is located.

e) Parts of the appellate court decision of the action referred to in item i.b) of this note were assessed as possible loss by the Company's legal counsel

f) On March 10, 2017, the Company was mentioned in a Civil Class Action filed by the General Labor Attorneys' Office, which is in progress before the 1st Labor Court of Colombo, State of Paraná. Two distinct claims are made in this action, including the Company's sentence to pay R$85 million as collective pain and suffering and the substitution of the raw material within a period of 90 days. Also, numerous claims were made on preliminary basis, including the substitution of the raw material within the 90-day period, which were rejected by the lower court judge. The Company will file a defense on a timely basis.

   The Company stresses that it complies with the safety rules and procedures established by Federal Law 9.055/19995 and the decree that enacted it. The Company will timely file its defense and expects that the technical and scientific evidences are taken into consideration when judging this action. As the action is at the preliminary stage, the legal counsel assesses as possible the likelihood of loss.

21. NET OPERATING REVENUE

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Gross sales revenue	275,939	325,463	420,409	544,763
Unconditional discounts and rebates	(575)	(878)	(756)	(1,016)
Taxes on sales	(69,368)	(76,759)	(88,486)	(111,117)
Net operating revenue	205,996	247,826	331,167	432,630

22. INFORMATION ON THE NATURE OF EXPENSES

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Cost of sales	(169,381)	(193,755)	(236,415)	(290,899)
Selling expenses	(21,194)	(30,049)	(40,408)	(53,950)
General and administrative expenses	(19,869)	(19,907)	(47,402)	(44,996)
Management compensation	(4,095)	(3,491)	(5,545)	(5,388)
	(214,539)	(247,202)	(329,770)	(395,233)
Raw material consumed	(107,769)	(123,565)	(151,269)	(189,401)
Break of product arising from new technologies	(1,401)	-	(1,441)	-
Personnel expenses and charges	(49,855)	(57,225)	(66,979)	(79,004)
Materials, power and services	(17,547)	(23,893)	(20,756)	(30,042)
Outside services	(8,147)	(10,829)	(22,056)	(26,594)
Depreciation and amortization (*)	(7,343)	(7,329)	(18,594)	(19,626)
Sales commissions	(5,210)	(6,094)	(7,794)	(9,057)
Variable selling expenses	(2,407)	(3,390)	(11,126)	(15,234)
Lease of chattels	(3,049)	(3,451)	(4,441)	(5,590)
Restructuring costs	(4,430)	-	(11,258)	-
Expenses on exceptional shutdown	(2,126)	(698)	(3,984)	(1,525)
Travel expenses	(903)	(1,852)	(1,823)	(3,191)
Expenses on IT material and services	(1,467)	(1,879)	(2,131)	(3,174)
Advertising and publicity	(531)	(4,301)	(798)	(4,901)
Contribution to professional entities	(193)	(778)	(1,375)	(3,235)
Taxes and fees	(504)	(412)	(1,639)	(2,205)
Allowance for doubtful debts	(875)	(798)	(1,255)	(1,448)
Other	(782)	(708)	(1,051)	(1,006)
	(214,539)	(247,202)	(329,770)	(395,233)

(*) Depreciation of exceptional shutdown in the Parent of R$424 and in the consolidated of R$1,350 (there was no expense on depreciation of exceptional shutdown as at 06/30/2016)

23. OTHER OPERATING INCOME (EXPENSES), NET

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Other operating income:				
Sale of property, plant and equipment items	37	126	384	3,437
Rentals	-	-	480	458
Untimely PIS and COFINS credit	32	-	2,380	2,505
Estimated ICMS credit benefit	-	-	2,351	1,140
Other	92	216	488	1,452
	161	342	6,083	8,992
Other operating expenses:				
Accrued post-employment benefits	(2,155)	(2,267)	(2,910)	(3,167)
Environmental recovery	-	-	(677)	(616)
Taxes on other sales	(5)	(20)	(144)	(290)
Quality assurance	(417)	(518)	(539)	(657)
Substitution of damaged product	(239)	(382)	(267)	(982)
Expenses on labor and civil indemnities	(5,645)	(4,383)	(6,122)	(4,634)
Cost of write-off of property, plant and equipment and intangible assets	(57)	-	(241)	(231)
Decommissioning and restructuring	-	-	299	-
Estimated impairment losses	-	-	100	-
FibraPrev – pension plan	-	-	-	(4,871)
Other	(511)	(162)	(1,283)	(1,882)
	(9,029)	(7,732)	(11,784)	(17,330)
	(8,868)	(7,390)	(5,701)	(8,338)

24. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Finance income:				
Income from short-term investments – including bank deposit certificates	145	164	350	845
Discounts obtained	48	160	296	351
Interest income	1,410	1,462	3,036	2,610
Inflation adjustment gains	775	588	895	599
Foreign exchange gains	697	13,891	6,773	33,158
	3,075	16,265	11,350	37,563
Finance costs:				
Interest on financing	(473)	(587)	(4,387)	(2,645)
Interest on loan	(1,760)	(2,490)	-	-
Interest payable	(33)	(87)	(717)	(4,699)
Banking fees	(1,007)	(1,078)	(1,234)	(1,274)
Discounts granted	(1,895)	(1,503)	(2,151)	(2,410)
Tax on financial transactions (IOF)	(277)	(283)	(379)	(385)
PIS and COFINS – Interest on capital	(703)	(530)	(880)	(575)
Foreign exchange losses	(644)	(10,891)	(7,252)	(32,112)
Inflation adjustment losses	(1,061)	(917)	(3,185)	(2,900)
Other	(118)	(120)	(127)	(384)
	(7,971)	(18,486)	(20,312)	(47,384)
Finance income (costs), net	(4,896)	(2,221)	(8,962)	(9,821)

25. BUSINESS SEGMENT INFORMATION

The Senior Management has defined Fibrocement, Chrysotile and Concrete Roof Tiles as operating segments, which are shown below, as well as the geographic areas of operation. The information in "Others" refer to expenses not directly attributable to the Fibrocement, Chrysotile and Concrete Roof Tiles segments.

Parent and Consolidated	
Segment	Geographic area
Fibrocement	Southeast, South, Midwest, North and Northeast
Chrysotile	Local and foreign markets
Concrete roof tiles	Local market
Other	Local market

The main consolidated information by business segment, corresponding to the period ended June 30, 2017 is as follows:

	06/30/2017		06/30/2017					
Segment and geographic area	Total assets	Liabilities	Net revenue	Gross profit	Pretax profit (loss)	Depreciation and amortization	Finance income (costs), net	Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)
Fibrocement:								
Southeast	245,817	28,499	43,446	7,722	(4,410)	(2,273)	(921)	1,015
South	45,633	38,216	59,412	10,564	(6,027)	(2,477)	(1,260)	1,389
Midwest	78,707	46,170	75,900	17,167	(3,688)	(2,446)	(1,610)	1,775
North and Northeast	26,477	26,634	41,980	7,462	(4,259)	(1,321)	(891)	982
	396,634	139,519	220,738	42,915	(18,384)	(8,517)	(4,682)	5,161
Chrysotile								
Local market	236,817	153,002	17,147	9,330	18,220	(2,697)	(430)	(649)
Foreign market	-	-	67,362	38,164	(10,694)	(3,923)	(1,689)	(2,548)
	236,817	153,002	84,509	47,494	7,526	(6,620)	(2,119)	(3,197)
Concrete roof tiles								
Local market	42,116	9,049	14,578	3,246	(1,729)	(1,716)	(157)	(95)
Other (*):								
Local market	130,309	70,619	11,342	1,097	(15,509)	(1,741)	(2,004)	181
Total	805,876	372,189	331,167	94,752	(28,096)	(18,594)	(8,962)	2,050

(*) Contemplate (R$14,830) of share of profit (loss) of joint venture CSC, operating in the dishware segment. See note 9.

Segment and geographic area	Total assets	Liabilities	Net revenue	Gross profit	Pretax profit (loss)	Depreciation and amortization	Finance income (costs), net	Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)
	12/31/2016		06/30/2016					
Fibrocement:								
Southeast	254,781	27,460	49,015	10,832	464	(2,244)	(360)	36
South	48,207	36,721	75,907	16,812	755	(2,598)	(558)	56
Midwest	85,579	48,534	89,940	21,773	2,747	(2,363)	(661)	66
North and Northeast	32,219	25,147	49,501	10,939	468	(1,283)	(364)	36
	420,786	137,862	264,363	60,356	4,434	(8,488)	(1,943)	194
Chrysotile:								
Local market	229,984	144,620	55,037	40,882	17,572	(3,055)	(5,178)	(2,339)
Foreign market	-	-	74,842	32,600	901	(4,445)	(7,041)	(3,182)
	229,984	144,620	129,879	73,482	18,473	(7,500)	(12,219)	(5,521)
Concrete roof tiles:								
Local market	48,609	21,601	22,932	5,050	(3,495)	(1,857)	(737)	(281)
Other (*):								
Local market	143,069	78,716	15,456	2,843	(12,304)	(1,781)	5,078	(2,237)
Total	842,448	382,799	432,630	141,731	7,108	(19,626)	(9,821)	(7,845)

(*) Contemplate (R$12,130) of share of profit (loss) of joint venture CSC, operating in the dishware segment. See note 9.

26. INSURANCE

As at June 30, 2017, the insurance policies taken by the Group against possible risks, under the guidance of its insurance brokers, are listed below. These insurance policies expire on average in July 2018.

Type	Insured assets	Insured amount
Engineering, operating and general civil liability risks, loss of profits and vehicles	Buildings, facilities, equipment and others	R$409,300

27. FINANCIAL INSTRUMENTS

27.1 Identification and measurement of financial instruments

a) Analysis of financial instruments

In order to protect its assets and liabilities, the Group maintains insurance coverage for those risks that, if occurring, may result in losses that significantly impact its assets and/or results of operations, considering the risks subject to mandatory insurance, due to legal or contractual provisions.

Below is a comparison by class of the Group’s financial instruments, disclosed in the interim financial information:

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
	Level 2	Level 2	Level 2	Level 2
Measured at fair value:				
Derivatives	178	374	178	678

b) Fair value hierarchy

In the year ended June 30, 2017, there were no transfers between fair value measurements of level 1 and level 2 or between level 3 and level 2.

27.2 Financial risk management

The main financial liabilities recognized by the Group are trade payables, borrowings and financing. The main purpose of such financial liabilities is to raise funds to finance the Company's operations. The Group's financial assets comprise trade receivables, demand deposits and short-term investments that derive directly from its operations. Accordingly, the Group is exposed to market, credit and liquidity risks.

The Company and its subsidiaries are exposed to market risks related to interest rate fluctuations and exchange rate and credit variations.

The Group has procedures to manage and use hedging instruments.

a) Market risk

The market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in market prices. The market risk comprises four types of risk in the case of the Group: (i) foreign exchange risk: (ii) interest rate risk; (iii) risk of loss in production due to the shortage of raw material and inputs; and (iv) risk related to growth.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to changes in exchange rates. The Group's exposure to the risk of exchange rate changes refers mainly to the Group's operating activities (when income or expenses are denominated in a currency different from the Group's functional currency).

As at June 30, 2017, the Group had the following exposures to a currency other than its functional currency:

	Consolidated		Quotation as at 06/30/2017 (US$ = R$1.00) (*)
	06/30/2017	12/31/2016	
Foreign customers	67.139	46.124	3.3076 US$
Trade payables - foreign market	(2.016)	(1.872)	3.3082 US$
Advances on export contracts (ACE)	(34.649)	(11.552)	3.3082 US$
Financing (US$)	(25.297)	(33.495)	3.3082 US$
Financial derivative (US$) "swap"	(178)	(678)	3.3082 US$
Total foreign exchange exposure	4.999	(1.473)	

(*) Source: Central Bank of Brazil, website: www.bacen.gov.br

Sensitivity analysis

In order to measure the economic impact of currency fluctuations of the Group’s financial instruments, four stress scenarios have been prepared in relation to the exchange rate effective as at June 30, 2017, as follows:

		Consolidated				
		Rate (*)	Rate depreciation		Rate appreciation	
Balances in foreign currency	Risk	Position as at 06/30/2017	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV $\boxed{(+50\%)}$
US$:		3,3076	1,6538	2,4807	4,1345	4,9614
Foreign customers	US$	67.139	33.570	50.354	83.924	100.709
		3,3082	1,6541	2,4812	4,1353	4,9623
Trade payables - foreign market	US$	(2.016)	(1.008)	(1.512)	(2.520)	(3.024)
Advances on export contracts (ACE)	US$	(34.649)	(17.325)	(25.987)	(43.311)	(51.974)
Financing	US$	(25.297)	(12.649)	(18.973)	(31.621)	(37.946)
Financial derivative – “swap”	US$	(178)	(89)	(134)	(223)	(267)
Total exposures		4.999	2.499	3.748	6.249	7.498

(*) Source: Central Bank of Brazil, website: www.bacen.gov.br

Derivatives

There are no verifications, monthly settlements or margin calls in derivative transactions, and the agreement is settled on maturity date and stated at fair value, considering the market conditions in terms of deadline and interest rates.

Swap agreements - US$ and CDI

The Company is a party to an agreement of this nature, maturing through October 11, 2017, with long position in US dollars and short position in CDI.

The fair value of the financial instruments was calculated using the pricing made at fair value, both for the long position and the short position, where the difference between both generates the swap fair value.

The list of the Group’s agreements as at June 30, 2017 is as follows:

					Parent				Consolidated			
					06/30/2017		12/31/2016		06/30/2017		12/31/2016	
Instrument	Fair value hierarchy	Hedged item	Notional currency	Maturity	Notional amount in US$	Fair value in R$	Notional amount in US$	Fair value in R$	Notional amount in US$	Fair value in R$	Notional amount in US$	Fair value in R$
Currency swap – US dollar (USA)	Level 2	Currency	USD	11/10/2017	(262)	(178)	(524)	(374)	(262)	(178)	(524)	(374)
Currency swap – US dollar (USA)	Level 2	Currency	USD	27/01/2017	-	-	-	-	-	-	(3,049)	(267)
Currency swap – US dollar (USA)	Level 2	Currency	USD	17/02/2017	-	-	-	-	-	-	(1,700)	(37)
Total					(262)	(178)	(524)	(374)	(262)	(178)	(5,273)	(678)

(ii) Interest rate risks

Interest rate risk derives from possible changes in the fair values of a financial instrument’s future cash flows due to fluctuations in market interest rates.

Management adopts the policy of maintaining its rates of exposure to interest rates receivable and payable linked to floating rates. Short-term investments are adjusted based on the CDI rate and borrowings are adjusted based on the CDI, SELIC and TJLP.

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

	Parent		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Short-term investments (cash equivalents)	2,222	3,313	2,326	3,504
Short-term investments	29	32	4,551	2,708
Borrowings and financing	(1,453)	(1,878)	(25,317)	(22,969)
Total interest rate exposure	798	1,467	(18,440)	(16,757)

The Group's Management periodically assesses its short-term investments and cash equivalents to avoid risk of loss, considering the instability of the current monetary policy adopted by the Federal Government, as well as the history of raise of the benchmark interest rate in the past months. Accordingly, the Company assesses the possibility of derivative agreements to hedge against this risk.

The table below shows the economic impact of parallel shocks in the interest curve used in the financial instruments:

	Consolidated						
			Projected finance income – one year				
				Risk of decrease		Risk of increase	
Short-term investments	Index	Position as at 06/30/2017	Probable scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI			10,14%	5,07%	7,61%	12,68%	15,21%
Short-term investments (cash equivalents)	CDI	2.326	2.561	2.207	2.148	2.620	2.679
Short-term investments	CDI	4.551	5.012	4.320	4.205	5.128	5.243
Total		**6.877**	**7.573**	**6.527**	**6.353**	**7.748**	**7.922**

	Consolidated						
			Projected finance costs – one year				
				Risk of decrease		Risk of increase	
Borrowings and financing	Index	Position as at 06/30/2017	Probable scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI			10,14%	5,07%	7,61%	12,68%	15,21%
Borrowings and financing	CDI	23.863	26.283	22.653	22.048	26.888	27.493
TJLP			7,00%	3,50%	5,25%	8,75%	10,50%
Borrowings and financing	TJLP	1.080	1.156	1.042	1.023	1.175	1.193
SELIC			10,15%	5,08%	7,61%	12,69%	15,23%
Borrowings and financing	SELIC	374	412	355	346	421	431
Total		**25.317**	**27.851**	**24.050**	**23.417**	**28.484**	**29.117**

Source: Central Bank of Brazil, website: www.bacen.gov.br

b) Credit risk

Trade receivables

The customer credit risk is managed by the Group on a daily basis, and it understands that the risk is mitigated as sales are made to a large number of customers; such risk is managed through a strict credit granting process. Such management, as well as the maximum credit risk exposure, is reflected in "Allowance for doubtful debts", as shown in Note 6.

The Company periodically assesses its customer portfolio and, as at June 30, 2017, no customer was individually relevant in relation to the total trade receivables and individual and consolidated revenues.

Demand deposits and short-term investments

The Company is also subject to credit risks related to financial instruments contracted for the management of the business. The Company's Management considers the risk of failure to settle the transactions maintained with financial institutions located in Brazil as low.

c) Liquidity risk

The liquidity risk consists of the possibility of the Company not having sufficient funds to meet its commitments, due to the different currencies and realization/settlement terms of its receivables and payables.

The Company's liquidity and cash flow are monitored on a daily basis by the Company's management to ensure that the operating cash generation and early funding, when necessary, are sufficient to maintain its payment schedule, thus not posing liquidity risks for the Company.

Capital management

For the period ended June 30, 2017, there was no change in the objectives, policies or capital structure processes when compared to the prior year. The Company includes, in the net debt framework, borrowings, financing, derivatives less cash and cash equivalents.

	Parent		Consolidated	
	Leverage		Leverage	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Borrowings and financing	8,581	14,699	123,439	124,376
Derivatives	178	374	178	678
Cash and cash equivalents	(2,448)	(3,365)	(4,295)	(5,143)
Net debt	6,311	11,708	119,322	119,911
Equity	433,670	459,633	433,687	459,649
Net debt and equity	427,359	447,925	314,365	339,738

28. COMMITMENTS AND GUARANTEES

As at June 30, 2017, the Group had the following guarantees:

a) Performance bond No. 54-0776-19-0011974 for the purchase and sale of electric power number TBLC-08.258-CVE-CL and its Addenda 01 to 05, borrower Sama S.A. - Minerações Associadas, in the amount of R$4,680, entered into with Pottencial Seguradora S.A., maturing on December 31, 2017 and beneficiary Engie Brasil Energia Comercializadora Ltda.

b) Bank Guarantee No. 2.052.898, guarantee of payment of tax execution - National Mineral Product Department (DNPM) entered into with Sama S.A. - Minerações Associadas, in the amount of R$1,440, with Banco Bradesco, with indeterminate maturity.

c) Bank Guarantee No. 2.062.549-P, in the amount of R$40,909, corresponding to 60% of interest of subsidiary CSC, for the establishment of the sanitary plant, before Banco Bradesco, maturing on January 25, 2018. Corporate guarantee for working capital and import financing (FINIMP) transactions with financial institutions, in the amount of R$57,844, maturing between July 2017 and February 2020.

d) Property, plant and equipment items posted as bond for lawsuits, in the amount of R$2,150.

e) In December 2014, Eternit da Amazônia has entered into a commitment in the amount of R$37,384, relating to the bank credit note with Banco da Amazônia, to implement its research and development plant in Manaus. A property and related improvements, located in Rio de Janeiro-RJ, in the amount of R$62,500 was pledged as collateral by the Group.

f) Performance bond No. 54-0775-23-4000138 to guarantee debts in the CDAs 80.6.15.066685-39 and 80.6.15.068746-00, relating to CSLL and COFINS, in the amount of R$417, effective from January 29, 2016 to January 29, 2021.

g) Performance bond No. 16-0775-23-0132155 to guarantee debts in the CDAs 80.6.15.068893-81, 80.7.15.015565-27 and 80.3.15.001323-50; refers to an annulment action relating to the collection of COFINS debt in the amount of R$6,350. Effective from October 26, 2015 to October 26, 2020.

h) Performance bond No. 54-0776-19-0011056 for the purchase and sale of electric power number TBLC-15.1015-CVEI-CL and its Addendum 01, borrower Eternit, in the amount of R$1,549, entered into with Pottencial Seguradora S.A., maturing on December 31, 2017 and beneficiary Engie Energia Comercializadora Ltda.

i) Performance bond No. 54-0776-19-0011973 for the purchase and sale of electric power number EBC-16.1148-CVEI-CL, borrower Eternit, in the amount of R$605, entered into with Pottencial Seguradora S.A., maturing on December 31, 2017 and beneficiary Engie Energia Comercializadora Ltda.

j) Performance bond No. 44-0776-19-0011136 for the purchase and sale of electric power number TBLC-15.1015-CVEI-CL, borrower CSC, in the amount of its interest of R$217, entered into with Pottencial Seguradora S.A., maturing on December 31, 2017 and beneficiary Engie Brasil Energia Comercializadora Ltda.

k) Performance bond No. 54-0776-19-0012078 for the purchase and sale of electric power number EBC-16.1171-CVEI-CL, borrower Precon, in the amount of R$257, entered into with Pottencial Seguradora S.A., maturing on December 31, 2017 and beneficiary Engie Brasil Energia Comercializadora Ltda.

l) Bank Guarantee No. 2.043.852-5 relating to the collateral for the financing to the Goiás Development Agency, entered into with Eternit S/A, in the amount of R$4,456 with Bradesco, maturing on April 30, 2018;

29. PROVISION FOR MINE DECOMMISSIONING

Subsidiary Sama records the adjusted environmental recovery, based the fair value, as follows:

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

	Consolidated	
Present value of expected disbursements	06/30/2017	12/31/2016
2032	5,471	5,216
2033	4,696	4,477
2034	2,433	2,320
2035 to 2043	1,955	1,865
	14,555	13,878

Considering the agreement entered into with Mine Closure Environment Plan (PAFEM), the mine environmental recovery will take place between 2032 and 2043.

The total amount of consolidated expenses on the mine environmental recovery in the period ended June 30, 2017 was R$677 (R$616 as at June 30, 2016), calculated based on the current chrysotile extraction volume.

30. ESTIMATED LOSSES ON THE RECOVERY OF ASSETS AND PROVISION FOR RESTRUCTURING AND DECOMMISSIONING

The Company started to implement a restructuring process in its business units focused on recovering profitability. In the period ended June 30, 2017, the outstanding amounts and variations relating to the provision for restructuring and decommissioning of part of the assets are shown below:

	06/30/2017	12/31/2016
Estimated loss on the recoverability of goodwill and other assets	3,796	3,796
Provision for decommissioning and restructuring	3,674	2,586
Estimated loss on the recoverability of asset	11,428	11,727
Total adjustment on recoverability loss and provision for restructuring	18,898	18,109

Decommissioning	Estimated loss on recoverability of goodwill and other assets	Provision for asset descommissioning	Estimated loss on recoverability of asset	Total decommissioning
Balances as at December 31, 2016	3,796	1,064	11,727	16,587
Reversal	-	-	(299)	(299)
Write-off due to payment	-	(610)	-	(610)
Balances as at June 30, 2017	3,796	454	11,428	15,678

Restructuring	Personnel expenses of business units
Balances as at December 31, 2016	1,522
Additions (*)	11,258
Write-off due to payment	(9,560)
Balances as at June 30, 2017	3,220

(*) The additions in the period refer to the Group units that were not included in the process started in December 2016.

Other information that the Company considers relevant

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 06/30/2017 (In Units)**	
	Ordinary Shares		**Total**	
Shareholder	**Qty.**	**%**	**Qty.**	**%**
Luiz Barsi Filho	25.610.000	14,31	25.610.000	14,31
Victor Adler and Controlled	21.615.000	12,08	21.615.000	12,08
Generation L. Pair Shares Investment Fund	14.401.700	8,05	14.401.700	8,05
Shares in treasury	58.732	0,03	58.732	0,03
Others	117.314.568	65,54	117.314.568	65,54
Total	**179.000.000**	**100,00**	**179.000.000,00**	**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 06/30/2016 (In Units)**	
	Ordinary Shares		**Total**	
Shareholder	**Qty.**	**%**	**Qty.**	**%**
Luiz Barsi Filho	24.610.000	13,75	24.610.000	13,75
Generation L. Pair Shares Investment Fund	23.947.700	13,38	23.947.700	13,38
Victor Adler	18.676.000	10,43	18.676.000	10,43
Shares in treasury	58.732	0,03	58.732	0,03
Others	111.707.568	62,41	111.707.568	62,41
Total	**179.000.000**	**100,00**	**179.000.000**	**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 06/30/2017**	**%**	**Quantity of ordinary shares (in units) Activity**		**Quantity of ordinary shares (in units) 06/30/2016**	**%**
Controller	N/A	-	N/A		N/A	-
Administrators						
Board of Directors	25.647.002	14,33	1.019.900		24.627.102	13,76
Advisory Council					18.716.000	10,46
Management	622.160	0,35	-1.172.188		1.794.348	1,00
Tax Council	369.600	0,21	-355.100		724.700	0,40
Shares in treasury	58.732	0,03	0		58.732	0,03
Other shareholders	152.302.506	85,09	19.223.388		133.079.118	74,35
Total	**179.000.000**	**100,00**	18.716.000		**179.000.000**	**100,00**
Current shares	**152.302.506**	**85,09**	19.223.388		**133.079.118**	**74,35**

Deloitte Touche Tohmatsu
Av. Dr. Chucri Zaidan, nº 1.240
4º ao 12º andares – Golden Tower
04711-130 – São Paulo – SP
Brasil

Tel.: + 55 (11) 5186-1000
Fax: + 55 (11) 5181-2911
www.deloitte.com.br

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Eternit S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Eternit S.A. (the "Company"), identified as Parent and Consolidated, respectively, for the six-month period ended June 30, 2017, which comprises the balance sheet as at June 30, 2017 and the related statement of profit and loss and statement of comprehensive income for the three- and six-month periods then ended, and changes in equity and cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). 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 of applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34.

Deloitte.

Emphases of matter

Provisions for risks

i) We draw attention to note 20 to the individual and consolidated interim financial information, which describes the uncertainty in relation to the combined judgment of the merit by the Federal Supreme Court (STF) of the Direct Unconstitutionality Action (ADI) 3357 in light of State Law 11.643/2001 of the State of Rio Grande do Sul, which bans the manufacturing and sale of asbestos-made products, in that State, and ADI 3937 in light of State Law 12.684/2007 of the State of São Paulo, which bans the use in the State of São Paulo of products, materials or artifacts containing any type of asbestos; as well as the other ADIs addressing the use of asbestos. Our conclusion does not contain modifications related to this matter.

ii) We draw attention to note 20, items i.b), i.c) and iii.e), to the individual and consolidated interim financial information, which describes the civil lawsuits filed against the Company by the General Labor Attorneys' Office of the State of São Paulo and the Brazilian Association of Workers Exposed to Asbestos (ABREA) of the State of São Paulo and the General Labor Attorneys' Office of the State of Rio de Janeiro and ABREA of the State of Rio de Janeiro, whereby matters related to the work environment and occupational disease in the Company's industrial unit are discussed, with respect to which decisions partially unfavorable to the Company were handed down by the appellate and lower courts, respectively. The likelihood of loss for a portion of such lawsuits, as disclosed in note 20, items i.b) and i.c), was assessed by the Company's legal counsel as probable, and a provision for risks has been recognized in prior periods for such portion. No provision for risks was recognized for the portion assessed as possible loss, as disclosed in note 20, items i.c) and iii e). Our conclusion does not contain modifications related to this matter.

iii) We draw attention to note 20, item iii.f) to the individual and consolidated interim financial information, which describes the civil lawsuit filed by the General Labor Attorneys' Office of the State of Paraná against the Company, whereby matters related to the work environment and occupational disease are discussed and which was not judged yet. The likelihood of loss for this civil lawsuit was assessed by the Company's legal counsel as possible; therefore, no provision for risks related to such lawsuit was recognized. Our conclusion does not contain modifications related to this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA"), for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for International Financial Reporting Standards (IFRSs), which do not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

Financial statements and interim financial information for prior periods audited and reviewed by another independent auditor

The audit of the individual and consolidated balance sheet as at December 31, 2016 and the review of the individual and consolidated interim financial information for the six-month period ended June 30, 2016, presented for purposes of comparison, were conducted by another auditor, who issued an audit report and review report without modifications, dated March 17, 2017 and August 10, 2016, respectively.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 9, 2017

DELOITTE TOUCHE TOHMATSU	Manoel Pinto da Silva
Auditores Independentes	Engagement Partner

ETERNIT S.A.

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

Company Registry (NIRE): 35.300.013.344

AUDIT BOARD REPORT

The Audit Board of Eternit S.A., in compliance with the law and its Bylaws, examined separate and consolidated interim financial information of the Company related to the three-month period ended June 30, 2017.

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

São Paulo, August 08, 2017.

Undersigned) Paulo Henrique Zukanovich Funchal – Coordinator; Aloisio Macário Ferreira de Souza, Cristiane do Amaral Mendonça; Vera Lucia Martins Ferreira Nogueira Ferraz – Secretary

Declaration by the Executive Board

The members of the Board Executive Officers of Eternit SA declare for the purposes of article 25, paragraph 1, items V and VI, of CVM Instruction 480, of December 7, 2009, that:

i) reviewed, discussed and agreed with the opinions expressed without the independent auditors' opinion on the quarterly information for the period ended June 30, 2017; and
ii) reviewed, discussed and agreed to the quarterly information for the period ended June 30, 2017.

São Paulo, August 09, 2017.
Eternit S.A.
The Management