INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION 2015

Index

QUARTER ENDED DECEMBER 31, 2015 WITH INDEPENDENT AUDITOR'S REVIEW REPORT

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

(In thousands of reais)

A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

	Note	Company		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets					
Current assets					
Cash and cash equivalents	4	**2,850**	5,711	**5,578**	13,367
Short-term investments	5	**3,114**	15,726	**16,734**	35,023
Accounts receivable	6	**73,337**	71,327	**172,342**	175,933
Inventories	7	**108,428**	69,395	**184,383**	148,093
Taxes recoverable	8	**7,638**	6,035	**15,083**	10,373
Related parties	10	**30,447**	27,196	**2,818**	2,427
Other current assets		**7,501**	4,971	**15,382**	9,682
		233,315	200,361	**412,320**	394,898
Assets held for sale		**-**	553	**-**	553
		-	553	**-**	553
Total current assets		**233,315**	200,914	**412,320**	395,451
Noncurrent assets					
Judicial deposits		**11,576**	8,703	**19,003**	15,307
Taxes recoverable	8	**24,081**	22,915	**24,765**	24,456
Deferred income and social contribution taxes	20.b	**34,264**	24,750	**63,823**	53,299
Related parties	10	**9,711**	29,297	**-**	726
Investments	9	**251,659**	256,080	**24,782**	34,338
Property, plant and equipment	11	**154,920**	145,659	**354,047**	341,684
Intangible assets	12	**6,950**	6,437	**31,647**	30,622
Other noncurrent assets		**339**	339	**2,807**	1,981
Total noncurrent assets		**493,500**	494,180	**520,874**	502,413
Total assets		**726,815**	695,094	**933,194**	897,864

	Note	Company		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Liabilities and equity					
Current liabilities					
Trade accounts payable	13	**23,922**	22,858	**41,420**	42,151
Related parties	10	**12,256**	7,672	**-**	-
Loans and financing	14	**6,327**	3,066	**90,307**	88,946
Personnel expenses	15	**14,858**	12,738	**27,722**	28,657
Dividends and interest on equity payable	18.e	**7,534**	17,897	**7,534**	17,897
Provision for future benefits to former employees	17.b	**2,749**	2,511	**4,890**	3,677
Taxes, charges and contributions payable	16	**10,697**	11,866	**19,867**	29,181
Other current liabilities		**5,940**	3,060	**14,080**	10,743
Total current liabilities		**84,283**	81,668	**205,820**	221,252
Noncurrent liabilities					
Provision for future benefits to former employees	17.b	**31,839**	27,730	**44,437**	41,654
Loans and financing	14	**16,294**	5,129	**76,954**	38,978
Related parties	10	**40,728**	31,763	**-**	-
Provision for tax, civil and labor risks	21	**47,096**	26,226	**84,281**	59,549
Taxes, charges and contributions payable	16	**6,477**	7,787	**8,969**	10,605
Provision for demobilization mining areas	30	**-**	-	**12,617**	10,718
Other noncurrent liabilities		**-**	-	**-**	300
Total noncurrent liabilities		**142,434**	98,635	**227,258**	161,804
Equity					
Capital	18.a	**334,251**	334,251	**334,251**	334,251
Capital reserve		**19,460**	19,460	**19,460**	19,460
Treasury shares		**(174)**	(174)	**(174)**	(174)
Income reserves		**155,738**	168,745	**155,738**	168,745
Other comprehensive income		**(9,177)**	(7,491)	**(9,177)**	(7,491)
Equity attributable to controlling interests		**500,098**	514,791	**500,098**	514,791
Noncontrolling interests		**-**	-	**18**	17
Total equity		**500,098**	514,791	**500,116**	514,808
Total liabilities and equity		**726,815**	695,094	**933,194**	897,864

See accompanying notes.

INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

		Company		Consolidated	
	Note	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Net operating revenue	22	**511,090**	507,665	**974,872**	978,154
Cost of goods and services sold	23	**(384,403)**	(370,995)	**(598,115)**	(593,879)
Gross profit		**126,687**	136,670	**376,757**	384,275
Operating income (expenses)					
Selling expenses	23	**(58,313)**	(59,715)	**(114,704)**	(116,528)
General and administrative expenses	23	**(48,272)**	(43,582)	**(106,961)**	(111,780)
Key management personnel compensation		**(7,121)**	(8,501)	**(11,444)**	(10,685)
Other operating income (expenses), net	24	**(25,115)**	(3,285)	**(23,844)**	(3,810)
Equity pickup	9	**45,116**	63,774	**(27,661)**	(13,676)
Total operating income (expenses)		**(93,705)**	(51,309)	**(284,614)**	(256,479)
Financial expenses	25	**(19,804)**	(19,692)	**(108,735)**	(52,674)
Financial income	25	**7,762**	20,732	**85,209**	54,962
Financial income (expenses), net		**(12,042)**	1,040	**(23,526)**	2,288
Income before income and social contribution taxes		**20,940**	86,401	**68,617**	130,084
Income and social contribution taxes					
Current	20	**-**	(858)	**(48,851)**	(41,309)
Deferred	20	**8,480**	(384)	**9,655**	(3,615)
Net income for the year		**29,420**	85,159	**29,421**	85,160
Attributable to:					
Controlling interests		**29,420**	85,159	**29,420**	85,159
Noncontrolling interests		**-**	-	**1**	1
Net income for the year		**29,420**	85,159	**29,421**	85,160
Earnings per share:basic and diluted - R$	18	**0.16**	0.48	**0.16**	0.48

See accompanying notes.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of reais)

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Net income for the year	**29,420**	85,159	**29,421**	85,160
Other comprehensive income				
Net gain/(loss) on restatement of defined benefit plan	**(3,040)**	(3,283)	**(2,555)**	(6,132)
Effect of income and social contribution taxes	**1,034**	1,116	**869**	2,084
Equity pickup - comprehensive income	**320**	(1,881)	**-**	-
Other comprehensive income, net of taxes	**(1,686)**	(4,048)	**(1,686)**	(4,048)
Comprehensive income for the year	**27,734**	81,111	**27,735**	81,112
Attributable to:				
Controlling interests	**27,734**	81,111	**27,734**	81,111
Noncontrolling interests	**-**	-	**1**	1
	27,734	81,111	**27,735**	81,112

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of reais)

	Note	Capital	Reserva de capital		Treasury shares	Reservas de lucros			Retained earnings	Other comprehensive income	Total Company	Noncontrolling interest	Total equity
			Subsidies for investments	Goodwill on acquisition of shares		Statutory	Legal	Retained profits					
Balances at January 1, 2014		334,251	19,649	23	(174)	26,990	30,630	98,187	-	(3,443)	506,113	16	506,129
Net income for the year		-	-	-	-	-	-	-	85,159	-	85,159	1	85,160
Set-up of reserves		-	-	-	-	4,258	4,258	5,066	(13,582)	-	-	-	-
Gain/loss on restatement of defined benefit plan		-	-	-	-	-	-	-	-	(4,048)	(4,048)	-	(4,048)
Reversal of investment subsidy reserve		-	(212)	-	-	3	3	(650)	-	-	(856)	-	(856)
Allocation of net income:													
Interest on equity - R$0.134 per outstanding share	18	-	-	-	-	-	-	-	(23,889)	-	(23,889)	-	(23,889)
Dividends – R$0.267 per outstanding share	18	-	-	-	-	-	-	-	(47,688)	-	(47,688)	-	(47,688)
Balances at December 31, 2014		334,251	19,437	23	(174)	31,251	34,891	102,603	-	(7,491)	514,791	17	514,808
Unclaimed dividends		**-**	**-**	**-**	**-**	**-**	**-**	**160**	**-**	**-**	**160**	**-**	**160**
Net income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,420**	**-**	**29,420**	**1**	**29,421**
Set-up of reserves	18	**-**	**-**	**-**	**-**	**1,471**	**1,471**	**1,784**	**(4,726)**	**-**	**-**	**-**	**-**
Gain/loss on restatement of defined benefit plan		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,686)**	**(1,686)**	**-**	**(1,686)**
Allocation of net income:													
Interest on equity - R$0.166 per outstanding share	18	**-**	**-**	**-**	**-**	**-**	**-**	**(6,621)**	**(23,083)**	**-**	**(29,704)**	**-**	**(29,704)**
Dividends – R$0.072 per outstanding share	18	**-**	**-**	**-**	**-**	**-**	**-**	**(11,272)**	**(1,611)**	**-**	**(12,883)**	**-**	**(12,883)**
Balances at December 31, 2015		**334,251**	**19,437**	**23**	**(174)**	**32,722**	**36,362**	**86,654**	**-**	**(9,177)**	**500,098**	**18**	**500,116**

See accompanying notes.

CASH FLOW STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of reais)

	Note	Company 12/31/2015	Company 12/31/2014	Consolidated 12/31/2015	Consolidated 12/31/2014
Cash flows from operating activities					
Income before income and social contribution taxes		**20,940**	86,401	**68,617**	130,084
Adjustments to reconcile pre-tax income to net cash generated by operating activities:					
Equity pickup	9	**(45,116)**	(63,774)	**27,661**	13,676
Depreciation and amortization	11/12	**13,470**	11,995	**39,401**	37,704
Gain (loss) on disposal of permanent assets	24	**(100)**	(405)	**165**	(1,078)
Allowance for doubtful accounts on accounts receivables	6	**1,493**	655	**2,531**	1,444
Provision for tax, civil and labor risks	21	**23,605**	2,912	**27,467**	7,079
Provision for sundry		**1,040**	1,869	**2,928**	(5,606)
Financial charges, monetary and exchange variations		**6,745**	1,574	**13,021**	43
Short-term investment yield		**(993)**	(2,194)	**(3,331)**	(4,861)
Net changes in prepaid expenses		**2,886**	1,561	**5,067**	1,750
		23,970	40,594	**183,527**	180,235
(Increase) decrease in operating assets:					
Accounts receivable		**(3,503)**	(1,776)	**(669)**	(15,956)
Receivables from related parties	10 a.	**(5,150)**	7,697	**(391)**	7,353
Inventories	7	**(38,766)**	14,990	**(36,023)**	(7,035)
Taxes recoverable		**(1,836)**	11,616	**(4,085)**	10,164
Judicial deposits		**(4,765)**	(1,685)	**(5,588)**	(1,572)
Dividends and interest on equity received		**98,341**	76,981	**-**	-
Other assets		**(5,389)**	(1,958)	**(12,209)**	(2,457)
Increase (decrease) in operating liabilities					
Trade accounts payable	13	**1,064**	193	**(731)**	2,604
Payables to related parties	10 a.	**4,584**	429	-	-
Taxes, charges and contributions payable		**(5,893)**	(83)	**(6,617)**	4,728
Provisions and social charges	15	**2,120**	(242)	**(935)**	648
Other liabilities		**2,807**	(2,137)	**2,964**	(2,649)
Interest paid		**(411)**	(492)	**(4,782)**	(1,507)
Income and social contribution taxes paid		**-**	-	**(56,829)**	(42,651)
Net cash generated by operating activities		**67,173**	144,127	**57,632**	131,905
Cash flows from investing activities					
Intercompany loan receivable	10	**19,585**	(19,574)	**726**	1,293
Amount received on disposal of PP&E items	24	**784**	577	**876**	1,488
Additions to PP&E and intangible assets	11/12	**(23,161)**	(25,608)	**(37,944)**	(104,216)
Capitalized exchange variation	11	**(107)**	-	**(14,524)**	-
Capital contribution in subsidiaries	9	**(47,627)**	(28,480)	**(18,105)**	(11,982)
Short-term investments		**(93,136)**	(146,820)	**(277,192)**	(330,977)
Redemption of short-term investments		**106,740**	143,185	**298,812**	336,475
Net cash used in investing activities		**(36,922)**	(76,720)	**(47,351)**	(107,919)
Cash flows from financing activities					
Loans and financing raised		**14,915**	7,177	**246,870**	220,938
Repayment of loans and financing		**(3,633)**	(8,676)	**(215,838)**	(175,607)
Intercompany loans		**4,708**	(468)	**-**	-
Payment of dividends and interest on equity		**(49,102)**	(69,245)	**(49,102)**	(69,245)
Net cash used in financing activities		**(33,112)**	(71,212)	**(18,070)**	(23,914)
(Decrease) increase in cash and cash equivalents		**(2,861)**	(3,805)	**(7,789)**	72
(Decrease) increase in cash and cash equivalents					
At beginning of year	4	**5,711**	9,516	**13,367**	13,295
At end of year	4	**2,850**	5,711	**5,578**	13,367
(Decrease) increase in cash and cash equivalents		**(2,861)**	(3,805)	**(7,789)**	72

See accompanying notes.

STATEMENTS OF VALUE ADDED
YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of reais)

	Note	Company 12/31/2015	Company 12/31/2014	Consolidated 12/31/2015	Consolidated 12/31/2014
Revenues					
Sales of goods, products and services	22	**679,553**	680,030	**1,221,417**	1,235,017
Other revenues		**100**	19	**(86)**	49,689
Allowance for doubtful accounts		**(1,493)**	(655)	**(2,512)**	(1,444)
Total		**678,160**	679,394	**1,218,819**	1,283,262
Inputs acquired from third parties					
Cost of goods and services sold		**(326,501)**	(319,423)	**(547,506)**	(545,641)
Materials, electric energy, third-party services and other		**(153,783)**	(118,556)	**(185,782)**	(192,120)
Loss/recovery of asset values		**(6,818)**	(7,474)	**(7,808)**	(7,959)
Other discounts, rebates and donations		**(3,100)**	(4,426)	**(5,518)**	(8,637)
		(490,202)	(449,879)	**(746,614)**	(754,357)
Gross value added		**187,958**	229,515	**472,205**	528,905
Depreciation, amortization and depletion	11/12	**(13,470)**	(11,995)	**(39,401)**	(37,704)
Net value added generated by the Company		**174,488**	217,520	**432,804**	491,201
Value added received in transfer					
Equity pickup	9	**45,116**	63,774	**(27,661)**	(13,676)
Financial income	25	**7,762**	20,732	**85,209**	54,962
Other		**3,983**	13,964	**7,507**	13,961
		56,861	98,470	**65,055**	55,247
Total value added to be distributed		**231,349**	315,990	**497,859**	546,448
Personnel:					
Direct compensation		**69,177**	64,190	**127,943**	130,539
Benefits		**26,618**	24,098	**49,173**	49,828
Unemployment Compensation Fund (FGTS)		**6,181**	5,906	**11,578**	10,978
		101,976	94,194	**188,694**	191,345
Taxes, charges and contributions:					
Federal		**57,161**	72,281	**100,616**	131,618
State		**14,280**	35,604	**45,815**	59,790
Local		**1,832**	1,662	**3,835**	2,406
		73,273	109,547	**150,266**	193,814
Debt remuneration:					
Interest		**19,804**	19,692	**108,735**	52,674
Rental		**6,876**	7,398	**20,744**	23,456
		26,680	27,090	**129,479**	76,130
Equity remuneration:					
Dividends	18	**1,611**	47,688	**1,611**	47,688
Interest on equity	18	**23,083**	23,889	**23,083**	23,889
Retained profits	18	**4,726**	13,582	**4,726**	13,582
		29,420	85,159	**29,420**	85,159
		231,349	315,990	**497,859**	546,448

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

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

1. OPERATIONS

Eternit S.A. ("Company", or "Eternit"), headquartered at Street Dr. Fernandes Coelho, 85 - 8º floor, in the city of São Paulo, São Paulo state, is a publicly-held company, with no controlling shareholder, registered in the New Market segment of São Paulo State Stock Exchange - BM&FBOVESPA, under ticker ETER3. Its shareholders are individuals, legal entities, investment clubs, investment funds and foundations (see Note 18).

The business purpose of the Company and its subsidiaries ("Group") is the production and sale of fiber cement, cement, concrete, plaster and plastic products, as well as other construction materials and related accessories. The Company currently comprises 14 manufacturing units in Brazil, with branches in major Brazilian cities.

The Group is structured as follows:

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

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

SIGNIFICANT OPERATIONAL EVENTS

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

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

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

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

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

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

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

APPROVAL OF FINANCIAL STATEMENTS

The presentation of the annual financial statements was approved and authorized by the Company's Supervisory Board and the Board of Directors on March 24, 2016 to be published on March 28, 2016.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING PRACTICES

Significant accounting practices adopted by the Group are described in specific notes that relate to the items presented, and the ones that in general apply to different aspects in the financial statements are described below:

Accounting policies for immaterial transactions are not included in the financial statements.

Worth noting, the accounting practices were uniformly applied to the current year, are consistent with those used in the prior reporting year and used for both the Company and subsidiaries. Where necessary, the subsidiaries' financial statements are adjusted to meet this criterion.

2.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Company's individual and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil through the Brazilian Financial Accounting Standards Board ("CPC") and its technical interpretations ("ICPC") and guidance ("OCPC"), approved by the Brazilian Securities and Exchange Commission ("CVM").

The financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value, as described in the following accounting practices. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

2.2. BASIS OF CONSOLIDATION AND INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements include the Company's financial statements and those of its subsidiaries. Control is obtained when the Company has the power to control financial and operational policies and appoint or dissolve the majority of the members of the Board of Directors of an entity in order to earn benefits from its activities.

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

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

In the Company's individual financial statements, subsidiaries' financial statements are recognized under the equity method.

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

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

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

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

2.3. PROVISIONS

Provisions are recorded when the Group has a present (legal or constructive) obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is stated in the income statement, net of any reimbursement.

2.4. FOREIGN CURRENCY

In the preparation of the financial statements for each company of the Group the transactions in foreign currency, i.e. any currency distinct from each companies' functional currency are recorded at the effective rates on the dates of those transactions. At the end of each year, monetary items in foreign currency are translated at the rates in force at year end. Non-monetary items recorded at fair value calculated in foreign currency are retranslated at the rates in force when fair value was determined. Non-monetary items that are measured at historical cost in foreign exchange should be translated using the rate in force of the transaction date.

2.5.FINANCIAL INSTRUMENTS

The Group operates with several financial instruments, particularly cash and cash equivalents, short-term investments, accounts receivable from customers abroad, trade accounts payable in the foreign market and loans.

The amounts recorded in current assets and liabilities are high liquidly or mature within three months, in most cases. Considering the term and characteristics of these instruments, which are systematically renegotiated, the book values approximate the fair values.

a) Identification and assessment of financial instruments

These financial instruments are managed and monitored by the Group management, in order to leverage business profitability to the shareholder, and set the balance between third-party capital and equity.

Financial assets are classified as:

i) Financial assets measured at fair value through profit or loss

These are financial assets held for trading, when acquired for such purpose, particularly in the short-term, and are measured at fair value as of the financial statements date, with variations posted to P&L. This group includes cash and cash equivalents, short-term investments and accounts receivable from customers abroad.

ii) Financial assets available for sale

When applicable, this classification includes non-derivative financial assets designated as available for sale or those not classified as: (a) loans and receivables; (b) held-to-maturity investments; or (c) financial assets at fair value through profit or loss.

Short-term investments comprise investment funds classified as available for sale and, after initially measured, they are measured at fair value and posted to P&L for the year upon realization.

iii) Loans and receivables

This classification includes non-derivative financial assets, with payments that are fixed or determinable, which cannot be quoted in an active market.

They are recorded under current assets, except for applicable cases, those with maturity exceeding 12 months after the financial statements date (these are classified as noncurrent assets).

Financial assets are classified as:

i) Other financial liabilities

These are initially recognized at fair value, upon receipt of funds, net of transaction costs. They are then measured at amortized cost, under the effective interest method. The effective interest rate method is used to calculate amortized cost of a financial liability and allocate the interest expense over the related year.

As of December 31, 2015, financial liabilities are as follows: loans and financing (Note 14) and balances payable to trade accounts payable - foreign and domestic (Note 13).

2.6. STANDARDS, AMENDMENTS AND INTERPRETATION OF STANDARDS

Management also considered the impact of new standards, interpretations and amendments that are in force but not yet effective. Unless otherwise stated, they are not considered relevant to the Company and will become effective for annual periods beginning on or after January 1, 2016:

Standard	Requirement	Impact on Financial Statements
IFRS 9 - Financial Instruments	The objective of IFRS 9 is ultimately to replace IAS 39 - Financial Instruments: Recognition and Measurement. Main changes estimated are: (i) all financial assets must be initially recognized at fair value; (ii) the standard divides all financial assets that are currently in the scope of IAS 39 into two classifications: amortized cost and fair value; (iii) the IAS 39 categories of available for sale and held to maturity were eliminated; and (iv) the IAS 39 concept of embedded derivatives was extinguished by the concepts of this new standard, and in addition to losses incurred, estimated losses shall also be recorded. Effective as from January 1, 2018.	The Group does not anticipate any material impact from IFRS 9 on its financial statements.
IFRS 15 – Revenue from contracts with customers	This standard will replace IAS 11 - Construction contracts and IAS 18 - Revenue and their related interpretations; the main objectives consist of: (i) eliminating inconsistencies in revenue recognition standards, providing clear principles on how to record account balances; (ii) providing a single revenue recognition model, improving the comparability of accounting and financial information; and (iii) simplifying the process of preparing the financial statements. It will apply to all contracts with customers except leases, financial instruments and insurance contracts. Changes are most effective in telecommunications and real estate development industries. Effectiveness changed for annual periods beginning on January 1, 2018	The Group does not anticipate any material impact from IFRS 15 on its financial statements.
Amendments to CPC 27 (IAS 16) and CPC 29 (IAS 41)	This standard distinguishes the biological asset, understood as a live animal or pant, in consumption asset and production asset. Effective as from January 1, 2016.	The Group understands that this amendment to the standard has no impact on its business activity.
Amendment to IFRS 11 – Joint arrangements	This standard establishes that the entity engaged in a joint venture shall apply relevant principles related to business combination, which includes preparing disclosures required by the standard applicable to the transaction. Effective as from January 1, 2016.	The Group does not anticipate any material impact from IFRS 11 on its financial statements.
Adoption of IFRS 16 - Leases (currently IAS 17 Leases - CPC 6 - Leases	This new standard does not change the understanding on Leases, whereby a company may record a lease under finance lease or operating lease, however, it provides for the convenience of a single recording for the case of finance lease. Already provided for in IAS 17. Effective from January 1, 2019.	The Group does not anticipate any material impact from IFRS 16 on its financial statements.
Amendment to IAS 16 and IAS 38 – Clarification for acceptable methods of depreciation and amortization	The purpose of the publication is to determine that it is not appropriate to define the basis for depreciation and amortization as the expected pattern of consumption by the entity, of future economic benefits of an asset. Effective as from January 1, 2016.	The Group does not anticipate any material impact from IAS 16 and 38 on its financial statements.
IFRS 6 (CPC 34 - Exploration for and evaluation of mineral resources)	The purpose of this pronouncement is to regulate the best way to classify and measure the exploration of mineral resources activity due to continued discussions with the IASB and other international agencies concerning this standard. The Brazilian FASB (CPC) decided not to issue such pronouncement, which is pending review by international competent agencies. Approval and effectiveness not determined.	The Group constantly updates evaluation of the impacts from this standard.
IAS 29 (CPC 42 - Financial Reporting in Hyperinflationary Economies)	This standard establishes adjustment-for-inflation criteria to the financial statements in hyperinflationary countries. The Brazilian FASB (CPC) did not approve this pronouncement in view of the prior experience with the full adjustment of financial statements. Approval and effectiveness not determined.	The Group constantly updates evaluation of the impacts from this standard.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF UNCERTAINTIES IN ESTIMATES

In applying the significant accounting practices of the Group, management must make judgments and prepare estimates regarding the carrying amounts of assets and liabilities that are not easily obtained from other sources. The estimates and related assumptions are based on historical experience and other factors deemed relevant. Actual results could differ from those estimates.

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

3.1. IMPAIRMENT OF GOODWILL FOR EXPECTED FUTURE PROFITABILITY

To determine whether goodwill is impaired, it is necessary to estimate the value in use of the cash-generating units to which goodwill was allocated. The calculation of value in use requires management to estimate expected future cash flows from cash-generating units and an adequate discount rate to calculate present value. No evidence of goodwill impairment was detected.

3.2. USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

From time to time, the Group reviews the recoverable amounts and useful life estimates of property, plant and equipment. Economic facts, changes in business, technological changes or any use of the asset item that may affect its useful life are taken into account. Current depreciation rates used appropriately represent the useful life of equipment.

3.3. INCOME AND SOCIAL CONTRIBUTION TAXES AND OTHER TAXES

Management regularly reviews deferred tax assets and liabilities in terms of recovery, considering the history of profit generated and projected future taxable profit, according a technical feasibility study. The projections of future taxable profits include several estimates regarding the performance of Brazilian and international economies, exchange rate fluctuations, sales volume, selling prices and tax rates, among others, which can vary in relation to actual data and amounts.

3.4. PROVISION FOR TAX, CIVIL AND LABOR RISKS

This provision refers to legal proceedings and assessments the Group was served. The obligation is recognized when it is considered probable and can be measured with reasonable certainty. The matching entry of this obligation is an expense for the year. This obligation is restated according to the progress of the legal proceeding or financial charges incurred and can be reversed if the estimated loss is no longer probable, or written off when the obligation is settled.

3.5. PROVISION FOR FUTURE BENEFITS TO FORMER EMPLOYEES

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

4. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	12/31/2014	12/31/2015	12/31/2014	31/12/2014
Cash and banks	**2,850**	5,711	**5,463**	11,690
Investments in Bank Deposit Certificate (CDB) under repurchase agreement	**-**	-	**115**	1,677
	2,850	5,711	**5,578**	13,367

As of December 31, 2015, investments were remunerated at average rates of 94.1% of the Interbank Deposit Certificate (CDI) variation (102% as of December 31, 2014). Balances are highly liquid and readily convertible into cash, in order to meet short-term cash commitments, and subject to insignificant risk of change in value.

5. SHORT-TERM INVESTMENTS

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Investment funds	**3,114**	15,726	**16,734**	35,023

Most investment funds are fixed-income investments, repurchase agreements, remunerated at average CDI rates of 100.9% (102% as of December 31, 2014).

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

6. ACCOUNTS RECEIVABLE

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Domestic market	**77,222**	74,634	**111,336**	109,199
Foreign market	**-**	-	**69,316**	73,753
(-) Present value adjustment	**-**	-	**(319)**	(330)
	77,222	74,634	**180,333**	182,622
Allowance for doubtful accounts	**(3,885)**	(3,307)	**(7,991)**	(6,689)
	73,337	71,327	**172,342**	175,933

AGING LIST OF ACCOUNTS RECEIVABLE:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Falling due	**68,163**	69,637	**153,946**	166,787
Overdue:				
Within 30 days	**2,690**	1,098	**14,439**	6,933
From 31 to 60 days	**536**	293	**1,319**	1,444
Over 61 days	**1,948**	299	**2,638**	769
	73,337	71,327	**172,342**	175,933

CHANGES IN ALLOWANCE FOR DOUBTFUL ACCOUNTS:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Opening balance	**(3,307)**	(3,281)	**(6,689)**	(6,011)
Addition	**(1,720)**	(734)	**(2,786)**	(1,531)
Reversal	**227**	79	**255**	87
Write-off	**915**	629	**1,229**	766
Closing balance	**(3,885)**	(3,307)	**(7,991)**	(6,689)

7. INVENTORIES

ACCOUNTING PRACTICE

Inventories are carried at the lower of cost and net realizable value. Inventory costs are determined under the average cost method. Net realizable value corresponds to the estimated inventory selling price, less those costs estimated for completion and costs required for the sale.

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Finished products	**61,591**	36,060	**110,595**	88,370
Semi-finished products	**-**	-	**3,486**	2,444
Resale	**8,371**	7,749	**11,700**	12,343
Raw materials	**32,438**	21,793	**33,936**	21,503
Support materials	**7,626**	5,658	**26,637**	25,671
(-) Provision for inventory losses (*)	**(1,598)**	(1,865)	**(1,971)**	(2,238)
	108,428	69,395	**184,383**	148,093

(*) The matching entry of the provision for losses is recorded as "Cost of goods and services sold" in the income statements.

Changes in provision for inventory losses for the year ended December 31, 2015 and 2014 are as follows:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Opening balance	**(1,865)**	(417)	**(2,238)**	(1,352)
Provision	**(398)**	(1,865)	**(398)**	(2,009)
Reversal	**665**	417	**665**	1,123
Closing balance	**(1,598)**	(1,865)	**(1,971)**	(2,238)

For the year ended December 31, 2015, raw material equivalent to R$249,109 (R$257,513 in December 2014) was used, recorded in the Company, and R$401,704 (R$409,669 in December 2014) in the Consolidated. There are no inventories pledged as guarantee.

8. TAXES RECOVERABLE

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current:				
State Value-Added Tax (ICMS)	**2,208**	1,760	**4,365**	3,803
Withholding Income Tax (IRRF)	**201**	204	**475**	401
Corporate Income Tax (IRPJ)	**1,027**	602	**1,570**	1,051
Social Contribution Tax on Net Profit (CSLL)	**276**	140	**333**	194
Withholding Income Tax (IRRF) on interest on equity	**1,646**	996	**1,646**	996
FOMENTAR fund - ICMS (*)	**1,542**	1,661	**1,542**	1,661
Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and other	**738**	672	**5,152**	2,267
	7,638	6,035	**15,083**	10,373
Noncurrent:				
State Value-Added Tax (ICMS)	**1,419**	1,164	**2,045**	2,705
Withholding Income Tax (IRRF)	**14,421**	13,841	**14,422**	13,841
Corporate Income Tax (IRPJ)	**8,241**	7,910	**8,241**	7,910
Social Security Tax (INSS)	**-**	-	**57**	-
	24,081	22,915	**24,765**	24,456

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

9. INVESTMENTS

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

Summary of investment breakdown:

	Company							
	Eternit da Amazônia	Precon	Prel	SAMA	CSC	Tégula	Wagner	Total
Investments	29,265	26,891	7,821	86,101	24,782	56,106	4,134	235,100
Surplus value of net assets				16,559				16,559
Balance at December 31, 2015	**29,265**	**26,891**	**7,821**	**102,660**	**24,782**	**56,106**	**4,134**	**251,659**

	Eternit da Amazônia	Precon	Prel	SAMA	CSC	Tégula	Wagner	Total
January 1, 2014	(738)	20,221	8,058	108,311	36,032	71,787	4,058	247,729
Dividends	-	(7,121)	(2,803)	(65,691)	-	-	-	(75,615)
Interest on equity	-	(955)	-	(4,509)	-	-	-	(5,464)
Equity pickup	(4,075)	11,842	3,080	70,935	(13,676)	(4,455)	123	63,774
Reversal of supplementary monetary restatement - IFRS	-	(2)	(505)	(221)	-	(198)	(17)	(943)
Equity pickup of comprehensive income		-	-	(1,881)	-	-	-	(1,881)
Capital contribution	16,498	-	-	-	11,982	-	-	28,480
At December 31, 2014	11,685	23,985	7,830	106,944	34,338	67,134	4,164	256,080
Dividends	**-**	**(8,035)**	**(822)**	**(81,682)**	**-**	**-**	**-**	**(90,539)**
Interest on equity	**-**	**(1,408)**	**-**	**(5,537)**	**-**	**-**	**-**	**(6,945)**
Equity pickup	**(11,942)**	**12,349**	**813**	**82,615**	**(27,661)**	**(11,028)**	**(30)**	**45,116**
Equity pickup of comprehensive income	**-**	**-**	**-**	**320**	**-**	**-**	**-**	**320**
Capital contribution	**29,522**	**-**	**-**	**-**	**18,105**	**-**	**-**	**47,627**
December 31, 2015	**29,265**	**26,891**	**7,821**	**102,660**	**24,782**	**56,106**	**4,134**	**251,659**

The balance of investments in the consolidated financial statements as of December 31, 2015 amounting to R$24,782 (R$34,338 as of December 31, 2014) refers to investment in the joint venture with CSC.

The balances of subsidiaries and interest held in joint venture as of December 31, 2015 are as follows:

	Subsidiaries						Joint venture
	Eternit da Amazônia	Precon	Prel	SAMA	Tégula	Wagner	Companhia Sulamericana de Cerâmica S.A.
Current assets	13,731	28,919	1,052	155,770	29,959	929	79,247
Noncurrent assets	91,408	15,727	6,996	115,989	50,608	4,785	121,953
Current liabilities	15,949	13,879	227	121,443	11,710	19	63,051
Noncurrent liabilities	59,238	3,875	-	58,516	12,745	1,554	96,845
Equity	29,952	26,892	7,821	91,800	56,112	4,141	41,304
Proportional interest	99.9900%	99.9946%	99.9977%	99.9977%	99.9900%	99.8400%	60%
Book value of investments	29,949	26,891	7,821	91,798	56,106	4,134	24,782
Net operating revenue	14,703	75,205	-	425,533	61,529	-	44,091
Cost of goods and services sold	(12,343)	(51,755)	-	(214,136)	(46,017)	-	(49,689)
Unrealized profit in inventories	684	-	-	1,056	-	-	-
Net income (loss) for continuing operations	(11,943)	12,349	813	82,618	(11,029)	(30)	(46,101)
Attributable to:							
Company interest	(11,942)	12,348	813	82,616	(11,028)	(30)	(27,661)

10. RELATED PARTIES

A) RELATED-PARTY TRANSACTIONS AND BALANCES

Balances:	Company	
	12/31/2015	12/31/2014
Current assets		
Eternit da Amazônia (ii)	**255**	53
Precon (i)	**1,096**	980
SAMA (ii)	**1,254**	311
Tégula (i) and (ii)	**171**	127
Companhia Sulamericana de Cerâmica (i) and (ii)	**2,818**	2,427
	5,594	3,898
Dividends and interest on equity receivable:		
SAMA	**17,848**	19,974
Prel	**122**	654
Precon	**2,723**	1,964
Tégula	**706**	706
	21,399	23,298
Advances to suppliers:		
Eternit da Amazônia (i)	**3,454**	-
	3,454	-
Total current assets	**30,447**	27,196
Noncurrent assets		
Intercompany loan		
Companhia Sulamericana de Cerâmica (iii)	**-**	726
Tégula (iii)	**9,711**	8,421
Eternit da Amazônia (iii)	**-**	20,150
Total noncurrent assets	**9,711**	29,297
Total assets	**40,158**	56,493

Balances:	Company	
	12/31/2015	12/31/2014
Current liabilities		
Trade accounts payable		
Eternit da Amazônia (i)	**4,545**	-
Precon (i)	**707**	-
SAMA (i)	**6,681**	7,544
	11,933	7,544
Other accounts payable		
Precon (ii)	**29**	8
Prel (ii)	**110**	91
Wagner (ii)	**13**	-
Tégula (i)	**100**	-
Sama (ii)	**71**	29
	323	128
Total current liabilities	**12,256**	7,672

Balances:	Company	
	12/31/2015	12/31/2014
Noncurrent liabilities		
Intercompany loan		
SAMA (iii)	**35,382**	31,763
Prel (iii)	**2,346**	-
Wagner (iii)	**3,000**	-
Total noncurrent liabilities	**40,728**	31,763
Total liabilities	**52,984**	39,435

(i) There are purchases and sales between related parties, therefore the balances refer to supplies of raw materials (chrysotile) and/or finished products, rendering of services and/or lease agreements, which were eliminated in the Company's consolidated financial statements. The joint venture, which is consolidated by equity pickup, is not eliminated in the consolidated financial statements.

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

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

	Company							
	Sales		Purchases		Expense		Other income	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Precon	**1,906**	2,710	**707**	-	**-**	-	**-**	-
Tégula	**209**	464	**-**	-	**-**	-	**-**	-
SAMA	**-**	-	**81,958**	78,335	**-**	-	**-**	-
Eternit da Amazônia	**-**	-	**14,703**	-	**-**	-	**-**	-
Companhia Sulamericana de Cerâmica	**299**	1,706	**-**	-	**-**	-	**-**	-
Discounts obtained - SAMA	**-**	-	**-**	30	**-**	-	**-**	-
Administrative expenses - Prel	**-**	-	**-**	-	**1,101**	1,056	**-**	-
Interest on loan - SAMA	**-**	-	**-**	-	**4,269**	3,124	**-**	-
Tégula	**-**	-	**-**	-	**-**	-	**1,163**	844
Company Sulamericana de Cerâmica	**-**	-	**-**	-	**-**	-	**1,209**	310
Interest on equity - SAMA	**-**	-	**-**	-	**-**	-	**5,538**	4,509
Interest on equity - Precon	**-**	-	**-**	-	**-**	-	**1,408**	955
Total	**2,414**	4,880	**97,368**	78,365	**5,370**	4,180	**9,318**	6,618

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

As of December 31, 2015 and 2014, there are no outstanding guarantees with related parties, and there are no provisions for impairment in receivables from related parties.

B) KEY MANAGEMENT PERSONNEL COMPENSATION

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

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Salaries, fees and benefits	**5,100**	4,599	**6,201**	5,559
Social charges	**1,365**	1,288	**1,702**	1,599
Profit sharing	**1,859**	1,797	**2,066**	2,372
Supplementary profit sharing	**714**	735	**737**	1,062
Post-employment benefits	**87**	82	**114**	93
	9,125	8,501	**10,820**	10,685

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

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

As of December 31, 2015, Officers' shareholding position was 1,852,748 shares - ETER3 (2,121,148 shares - ETER3 for the year ended December 31, 2014).

Changes in shares held by the Executive Board	
At December 31, 2014	**2,121,148**
Purchase	361,800
Sale	(630,200)
At December 31, 2015	**1,852,748**

11. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING PRACTICE

Property, plant and equipment

Property, plant and equipment are stated at cost, less depreciation and accumulated impairment loss, when applicable. These are recorded as part of the costs from construction in progress, professionals' fees directly attributable to bringing the asset to the location and condition required for its use and borrowing costs, until the completion of the assets. Maintenance and repair expenses incurred are accounted for as asset only if the economic benefits associated with these items are probable and the amounts can be reliably measured, while the remaining maintenance and repair expenses are recognized in the income statement when incurred.

Depreciation of these assets starts when they are ready for use, on the same basis as depreciation of other property, plant and equipment.

Depreciation of property, plant and equipment items is calculated by the straight-line method at rates that take into consideration the estimated economic useful life of each asset.

Impairment of tangible assets, less goodwill

At the end of each year, the Group reviews the book value of its tangible and intangible assets to determine whether there is any evidence that those assets have suffered some impairment loss. In case such evidence exists, the recoverable amount of the asset is estimated in order to measure the loss amount, if any. If the calculated recoverable amount of an asset (or cash-generating unit) is lower than its book value, the book value of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognized immediately in the income statement.

	Company									
	Land	Buildings and improvements	Machinery and equipment	Tooling and molds	Facilities	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Total
Cost										
Balances at January 1, 2014	701	32,804	101,651	12,955	79,088	2,787	5,743	4,004	38,164	277,897
Additions	-	-	-	-	-	-	-	-	19,511	19,511
Write-offs	(553)	(16)	(664)	(4)	(178)	(1,221)	(73)	(196)	(14,473)	(17,378)
Transfers	1,873	697	9,027	131	4,836	93	374	543	(17,574)	-
Foreign exchange variation	-	-	-	-	-	-	-	-	3,352	3,352
Balances at December 31, 2014	2,021	33,485	110,014	13,082	83,746	1,659	6,044	4,351	28,980	283,382
Additions	**-**	**-**	**1,408**	**-**	**-**	**-**	**-**	**-**	**19,929**	**21,337**
Write-offs	**-**	**-**	**(19)**	**-**	**(6)**	**(244)**	**(11)**	**(71)**	**-**	**(351)**
Transfers	**1,157**	**1,769**	**31,590**	**454**	**2,758**	**-**	**378**	**455**	**(38,561)**	**-**
Foreign exchange variation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107**	**107**
Balances at December 31, 2015	**3,178**	**35,254**	**142,993**	**13,536**	**86,498**	**1,415**	**6,411**	**4,735**	**10,455**	**304,475**
Average depreciation rates	-	4%	8,6%	15%	10%	20%	10%	20%	-	-
Accumulated depreciation										
Balances at January 1, 2014	-	(19,353)	(45,646)	(9,738)	(46,113)	(2,056)	(2,736)	(2,830)	-	(128,472)
Additions	-	(742)	(2,934)	(928)	(5,509)	(120)	(477)	(393)	-	(11,103)
Write-offs	-	16	273	2	173	1,140	54	194	-	1,852
Transfers	-	-	29	-	(30)	-	1	-	-	-
Balances at December 31, 2014	-	(20,079)	(48,278)	(10,664)	(51,479)	(1,036)	(3,158)	(3,029)	-	(137,723)
Additions	**-**	**(791)**	**(3,804)**	**(748)**	**(5,708)**	**(71)**	**(495)**	**(435)**	**-**	**(12,052)**
Write-offs	**-**	**-**	**19**	**-**	**1**	**120**	**9**	**71**	**-**	**220**
Transfers	**-**	**-**	**(3)**	**-**	**3**	**-**	**-**	**-**	**-**	**-**
Balances at December 31, 2015	**-**	**(20,870)**	**(52,066)**	**(11,412)**	**(57,183)**	**(987)**	**(3,644)**	**(3,393)**	**-**	**(149,555)**
Net book value										
At January 1, 2014	701	13,451	56,005	3,217	32,975	731	3,007	1,174	38,164	149,425
December 31, 2014	2,021	13,406	61,736	2,418	32,267	623	2,886	1,322	28,980	145,659
December 31, 2015	**3.178**	**14.384**	**90.927**	**2.124**	**29.315**	**428**	**2.767**	**1.342**	**10.455**	**154.920**

	Consolidated													
	Land	Buildings and improvements	Machinery and equipment	Mining machinery	Tooling and molds	Facilities	Vehicles	Off-road vehicles	Furniture and fixtures	IT equipment	Demobilization mining areas	Stabilization construction works in mine	Construction in progress	Total
Cost														
Balances at January 1, 2014	4,084	81,540	195,773	27,570	26,723	216,394	24,705	4,539	17,328	8,453	5,778	13,387	43,784	670,058
Additions	-	25	627	-	7	92	855	-	52	119	-	-	94,077	95,854
Write-offs	(553)	(906)	(1,461)	(7)	(6)	(178)	(2,435)	(2,763)	(194)	(309)	-	-	-	(8,812)
Transfers	1,873	1,360	12,865	2,495	131	13,860	550	-	1,052	1,052	-	-	(35,238)	-
Foreign exchange variation	-	-	-	-	-	-	-	-	-	-	-	-	4,599	4,599
Balances at December 31, 2014	5,404	82,019	207,804	30,058	26,855	230,168	23,675	1,776	18,238	9,315	5,778	13,387	107,222	761,699
Additions	**-**	**-**	**1,418**	**-**	**13**	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**47,526**	**48,967**
Write-offs	**-**	**(276)**	**(3,627)**	**(2)**	**-**	**(18)**	**(474)**	**(58)**	**(655)**	**(357)**	**-**	**-**	**-**	**(5,467)**
Transfers	**1,157**	**6,368**	**121,732**	**657**	**454**	**10,460**	**473**	**-**	**728**	**731**	**-**	**-**	**(142,760)**	**-**
Foreign exchange variation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**844**	**844**
Balances at December 31, 2015	**6,561**	**88,111**	**327,327**	**30,713**	**27,322**	**240,610**	**23,674**	**1,718**	**18,311**	**9,699**	**5,778**	**13,387**	**12,832**	**806,043**
Average depreciation rates	-	4%	8,6%	28,4%	15%	10%	20%	26,8%	10%	20%	2,9%	5,3%	-	-
Accumulated depreciation														
Balances at January 1, 2014	-	(47,981)	(105,171)	(19,062)	(19,973)	(158,415)	(16,680)	(4,041)	(8,559)	(6,218)	(1,319)	(3,575)	-	(390,994)
Additions		(1,752)	(6,311)	(4,491)	(2,369)	(11,925)	(5,561)	(180)	(1,575)	(796)	(231)	(696)	-	(35,887)
Write-offs		565	703	7	4	173	2,334	2,617	161	302	-	-	-	6,866
Transfers	-	-	28	-	-	(30)	-	-	(2)	4	-	-	-	-
Balances at December 31, 2014	-	(49,168)	(110,751)	(23,546)	(22,338)	(170,197)	(19,907)	(1,604)	(9,975)	(6,708)	(1,550)	(4,271)	-	(420,015)
Additions	**-**	**(1,824)**	**(9,604)**	**(4,265)**	**(2,137)**	**(14,354)**	**(1,467)**	**(124)**	**(1,256)**	**(886)**	**(231)**	**(812)**	**-**	**(36,960)**
Write-offs	**-**	**11**	**3,617**	**2**	**-**	**16**	**296**	**58**	**622**	**357**	**-**	**-**	**-**	**4,979**
Transfers	**-**	**-**	**1**	**-**	**-**	**3**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**-**
Balances at December 31, 2015	**-**	**(50,981)**	**(116,737)**	**(27,809)**	**(24,475)**	**(184,532)**	**(21,078)**	**(1,670)**	**(10,613)**	**(7,237)**	**(1,781)**	**(5,083)**		**(451,996)**
Net book value														
At January 1, 2014	4,084	33,559	90,602	8,508	6,750	57,979	8,025	498	8,769	2,235	4,459	9,812	43,784	279,064
At December 31, 2014	5,404	32,851	97,053	6,512	4,517	59,971	3,768	172	8,263	2,607	4,228	9,116	107,222	341,684
At December 31, 2015	**6,561**	**37,130**	**210,590**	**2,904**	**2,847**	**56,078**	**2,596**	**48**	**7,698**	**2,462**	**3,997**	**8,304**	**12,832**	**354,047**

Due to legal proceedings, subsidiary SAMA gave in warranty PPE (machinery and equipment) in the net book value of R$567 (R$1,172 at December 31, 2014).

12. INTANGIBLE ASSETS

ACCOUNTING PRACTICE

Intangible assets

Intangible assets with finite useful lives, separately acquired, are recorded at cost, less amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis based on the estimated useful lives of the assets. The estimated useful life and depreciation method are reviewed at each year-end, and the effect of any changes in estimates is recorded prospectively. Intangible assets with indefinite useful lives, separately acquired, are recorded at cost, less accumulated impairment losses.

Goodwill

Goodwill stemming from a business combination is stated at cost on the business combination date net of accumulated impairment losses.

In order to test impairment losses goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) which will benefit from business combination synergy.

Impairment of intangible assets, less goodwill

The cash-generating units for which goodwill was allocated are submitted to annual impairment test or whenever there is any indication that a unit may post impairment losses. If the recoverable amount of a cash-generating unit is lower than book value, the impairment loss on recoverable amount is firstly allocated to reduce the book value of any goodwill allocated to that unit, and subsequently, to other assets of that unit proportionally to the book value of each of its assets. Any impairment loss in the recoverable amount of goodwill is directly recognized in P&L for the year.

	Company			
	Software	Software in progress	Other	Total
Cost				
Balance at January 1, 2014	7,230	2,844	11	10,085
Additions	133	2,612	-	2,745
Transfer	3,756	(3,756)	-	-
Balance at December 31, 2014	11,119	1,700	11	12,830
Additions	**-**	**1,931**	**-**	**1,931**
Transfer	**1,938**	**(1,938)**		
Balance at December 31, 2015	**13,057**	**1,693**	**11**	**14,761**
Useful life (in years)	5	-	-	-
Amortization				
Balance at January 1, 2014	(5,501)	-	-	(5,501)
Additions	(892)	-	-	(892)
Balance at December 31, 2014	(6,393)	-	-	(6,393)
Additions	**(1,418)**	**-**	**-**	**(1,418)**
Balance at December 31, 2015	**(7,811)**	**-**	**-**	**(7,811)**
Net book value				
Balance at January 1, 2014	1,729	2,844	11	4,584
Balance at December 31, 2014	4,726	1,700	11	6,437
Balance at December 31, 2015	**5,246**	**1,693**	**11**	**6,950**

	Consolidated					
	Software	Goodwill	Trademarks and patents	Software in progress	Other	Total
Cost						
Balance at January 1, 2014	14,260	19,995	1,416	2,844	75	38,590
Additions	552	-	-	3,211	-	3,763
Transfers	4,355	-	-	(4,355)	-	-
Balance at December 31, 2014	19,167	19,995	1,416	1,700	75	42,353
Additions	**424**	**-**	**-**	**3,077**	**-**	**3,501**
Write-offs	**(37)**	**-**	**-**	**-**	**-**	**(37)**
Transfers	**3,084**	**-**	**-**	**(3,084)**	**-**	**-**
Balance at December 31, 2015	**22,638**	**19,995**	**1,416**	**1,693**	**75**	**45,817**
Useful life (in years)	5	-	-	-	-	-
Amortization						
Balance at January 1, 2014	(9,913)	-	-	-	(1)	(9,914)
Additions	(1,817)	-	-	-	-	(1,817)
Balance at December 31, 2014	(11,730)	-	-	-	(1)	(11,731)
Additions	**(2,441)**	**-**	**-**	**-**	**-**	**(2,441)**
Write-offs	**2**	**-**	**-**	**-**	**-**	**2**
Balance at December 31, 2015	**(14,169)**	**-**	**-**	**-**	**(1)**	**(14,170)**
Net book value						
Balance at January 1, 2014	4,347	19,995	1,416	2,844	74	28,676
Balance at December 31, 2014	7,437	19,995	1,416	1,700	74	30,622
Balance at December 31, 2015	**8,469**	**19,995**	**1,416**	**1,693**	**74**	**31,647**

13. TRADE ACCOUNTS PAYABLE

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Domestic market	**21,244**	20,528	**36,318**	39,408
Foreign market	**2,678**	2,330	**5,102**	2,743
	23,922	22,858	**41,420**	42,151

14. LOANS AND FINANCING

ACCOUNTING PRACTICE

Loans and financing are initially recognized at fair value upon receipt of funds, net of transaction costs. Subsequently borrowings are stated at amortized cost, i.e., plus charges and interest proportional to the period incurred (on a "pro rata temporis" basis), using the effective interest rate method, except for those with hedging derivative instruments, which will be stated at their fair value. The borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily take substantial time to be ready for its intended use or sale, are capitalized as part of the cost of such assets, when it is probable that they will result in future economic benefits to the entity and that such costs can be reliably measured. All other borrowing costs are expensed in the year they incur.

In 2015, the Group capitalized borrowing costs that were directly attributable to the acquisition of qualifying assets, totaling R$13,959 (R$7,055 in 2014). The average effective interest rate to determine the amount of borrowing costs subject to capitalization was 2.26%.

	Interest rate and commissions - %	Company 12/31/15	Company 12/31/14	Consolidated 12/31/15	Consolidated 12/31/14
Current:					
Domestic currency for acquisition of machinery and equipment	From 1.14% to 10% p.a. + TJLP	**1,610**	1,225	**5,105**	6,595
Foreign currency for acquisition of machinery and equipment	From 0.66% to 5.12% p.a.	**3,151**	1,841	**14,979**	13,255
Foreign currency for acquisition of raw material	From 1.57% to 2.25% p.a.	**1,566**	-	**1,566**	-
Domestic currency (finance lease) for acquisition of vehicle	1.23% p.a.	**-**	-	**251**	363
Domestic currency for working capital	From 113.5% to 123.9% of the CDI	**-**	-	**68,406**	10,391
Foreign currency for working capital - Advances on Export Contracts (ACE)	Average of 3.06% p.a.	**-**	-	**-**	58,342
		6,327	3,066	**90,307**	88,946
Noncurrent:					
Domestic currency for acquisition of machinery and equipment	From 1.14% to 10% p.a. + TJLP	**2,763**	3,409	**4,207**	8,254
Domestic currency for acquisition of machinery, equipment and services	From 7.06% to 8.24% p.a.	**-**	-	**28,245**	-
Foreign currency for acquisition of machinery and equipment	From 0.66% to 5.12% p.a.	**5,274**	1,720	**36,245**	30,491
Foreign currency for acquisition of raw material	From 1.57% to 2.25% p.a.	**8,257**	-	**8,257**	-
Domestic currency (finance lease) for acquisition of vehicle	1.23% p.a.	**-**	-	**-**	233
		16,294	5,129	**76,954**	38,978
Total		**22,621**	8,195	**167,261**	127,924

	Company 12/31/2015	Company 12/31/2014	Consolidated 12/31/2015	Consolidated 12/31/2014
Noncurrent payment flow:				
2016	**-**	2,084	**-**	13,470
2017	**10,984**	2,067	**24,408**	11,429
2018	**5,231**	924	**19,967**	9,641
2019	**79**	54	**9,565**	4,438
From 2020 to 2027		-	**23,014**	-
	16,294	5,129	**76,954**	38,978

The Group has loan agreements with non-financial covenants with which it was compliant as of December 31, 2015. Guarantees, if any, are disclosed in Note 29.

15. PERSONNEL EXPENSES

	Company 12/31/2015	Company 12/31/2014	Consolidated 12/31/2015	Consolidated 12/31/2014
Vacation pay	**9,297**	7,843	**15,726**	15,077
Profit sharing (a)	**2,821**	2,381	**7,120**	8,671
Unemployment Compensation Fund (FGTS)	**622**	555	**1,056**	1,011
Social Security Tax (INSS)	**2,115**	1,951	**3,352**	3,476
Other	**3**	8	**468**	422
	14,858	12,738	**27,722**	28,657

(a) The Group grants profit sharing to its employees, which is calculated in accordance with the agreement entered into by Group companies with the Labor Union.

	Profit sharing 12/31/2015	Profit sharing 12/31/2014
Company	**4,168**	4,269
Consolidated	**7,465**	11,117

16. TAXES, CHARGES AND CONTRIBUTIONS PAYABLE

	Company 12/31/15	Company 12/31/14	Consolidated 12/31/2015	Consolidated 12/31/14
Current:				
Income taxes				
Corporate Income Tax (IRPJ)	**-**	-	**1,188**	8,923
Social Contribution Tax on Net Profit (CSLL)	**-**	-	**698**	1,751
Other taxes				
State Value-Added Tax (ICMS)	**5,176**	6,162	**7,989**	9,026
Federal VAT (IPI)	**2,227**	2,345	**2,538**	2,686
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**1,175**	1,408	**2,444**	2,274
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**241**	280	**508**	467
Withholding Income Tax (IRRF)	**1,708**	1,394	**2,504**	2,128
Tax on Financial Transactions (IOF)	**-**	-	**28**	-
Mineral resource offsetting financial contribution	**-**	-	**1,423**	1,413
Other	**170**	277	**547**	513
Total	**10,697**	11,866	**19,867**	29,181
Noncurrent:				
State Value-Added Tax (ICMS) (*)	**6,477**	7,787	**8,969**	10,605

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

17. PROVISION FOR FUTURE BENEFITS TO FORMER EMPLOYEES

ACCOUNTING PRACTICE

Private pension plan costs

The payments under the defined contribution pension plan are recognized as expense when the services that grant the right to these payments are rendered.

1. FUTURE HEALTH BENEFITS

Based on an actuarial report prepared by a specialized independent company, the Group records a provision for future health benefits (health care and laboratory exams) to former employees. The assumptions and calculations were revised and restated for 2015.

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

	12/31/2015	12/31/2014
Actual actuarial annual interest rate	7.27%	6.09%
Actual annual medical cost increase rate	3.80%	3.80%
Annual projected inflation rate	6.49%	6.49%
General mortality table	AT-2000	AT-2000

b) Plan liabilities for future benefits to former employees

	Company 12/31/2015	Company 12/31/2014	Consolidated 12/31/2015	Consolidated 12/31/2014
Current liabilities	**2,749**	2,511	**4,890**	3,677
Noncurrent liabilities	**31,839**	27,730	**44,437**	41,654
	34,588	30,241	**49,327**	45,331

c) Net expenses with the benefit in 2015 (posted to P&L)

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Current service and interest cost	**3,930**	3,232	**5,892**	4,793
Benefits paid	**(2,624)**	(2,452)	**(4,453)**	(4,377)
Net income (expense) with the benefit	**1,306**	780	**1,439**	416

d) Changes in present value of the defined benefit obligation

	Company	Consolidated
Defined benefit obligations at January 1, 2014	21,967	30,869
Current service and interest cost	3,232	4,793
Benefits paid	(2,452)	(4,377)
Defined benefit obligations at December 31, 2014	**22,747**	**31,285**
Current service and interest cost	**3,930**	**5,892**
Benefits paid	**(2,624)**	**(4,453)**
Defined benefit obligations at December 31, 2015	**24,053**	**32,724**

e) Changes in plan defined benefit obligations in 2015

	Company	Consolidated
At January 1, 2015	30.241	45.331
Current service and interest cost	3.930	5.892
Benefits paid	(2.624)	(4.453)
Experience adjustments	3.041	2.557
Subtotal included in other comprehensive income	**34.588**	**49.327**
December 31, 2015		

f) Sensitivity analysis:

	Company					
	Sensitivity of the interest rate on obligations calculated			Sensitivity of average cost increase of obligations calculated		
	Actual	Increase (1%)	Decrease (1%)	Actual	Increase (1%)	Decrease (1%)
Impact on benefit obligation, net	34,588	31,665	37,782	34,588	37,677	31,755
Variation		**(8.45%)**	**9.23%**		**8.93%**	**(8.19%)**

	Consolidated					
	Sensitivity of the interest rate on obligations calculated			Sensitivity of average cost increase of obligations calculated		
	Actual	Increase (1%)	Decrease (1%)	Actual	Increase (1%)	Decrease (1%)
Impacto na obrigação com benefício líquida	49,327	45,159	53,880	49,327	53,732	45,287
Variação		**(8.45%)**	**9.23%**		**8.93%**	**(8.19%)**

The abovementioned sensitivity analysis was conducted by submitting most significant assumptions to some variation, and reflecting the effect thereof on the obligations amount.

g) The following payments represent contributions expected for future years based on the defined benefit plan obligations:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Within 12 months	**2,749**	2,511	**4,890**	3,677
From 2 to 5 years	**10,694**	9,472	**14,807**	14,458
From 5 to 10 years	**10,603**	9,213	**14,650**	13,499
After 10 years	**10,542**	9,045	**14,980**	13,697
	34,588	30,241	**49,327**	45,331

II) SUPPLEMENTARY PRIVATE PENSION PLAN

The Group has an open-ended supplementary private pension plan with a duly authorized private pension entity. This plan is for defined contributions and deductible for income tax purposes (PGBL) and offered to all employees and officers. There is no need for supplemental amount to the provision recorded at December 31, 2015.

For the years ended December 31, 2015 and 2014, the Group and its participants made contributions to fund benefit plans as follows:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Contributions made for the year ended:	**1,377**	1,444	**3,846**	4,081

18. EQUITY

ACCOUNTING PRACTICE

Dividends and interest on equity

The Company's articles of incorporation ensures shareholders mandatory minimum dividend of 25% of net income for the year, less legal reserves of 5% and statutory reserve of 5% of income, under the Brazilian Corporation Law. In addition, if proposed by the Board of Directors, the Company may set up reserves for risks and capital budget. After such allocations, the remaining balance, if any, shall be fully allocated to dividend payment to shareholders. For corporate and accounting purposes, Interest on Equity (IOE) is posted as allocation of net income directly to equity.

A) CAPITAL

At December 31, 2015 and 2014, the Company's fully subscribed and paid-up capital amounted to R$334,251 and was represented by 179,000,000 common registered book-entry shares, with no par value, with the right to vote in Annual General Meeting deliberations, held as follows:

	12/31/2015		12/31/2014	
Shareholding structure	Shareholders	Shares	Shareholders	Shares
Individuals	**10,753**	**126,183,006**	9,012	116,445,329
Legal entities	**92**	**3,213,774**	93	3,102,086
Persons resident abroad	**91**	**14,323,451**	137	18,680,383
Clubs, funds and foundations	**88**	**35,221,037**	114	40,713,470
	11,024	**178,941,268**	9,356	178,941,268
Treasury shares	**1**	**58,732**	1	58,732
	11,025	**179,000,000**	9,357	179,000,000

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

B) TREASURY SHARES

As of December 31, 2015, market value of treasury shares was R$123 (R$95 as of December 31, 2014).

C) EARNINGS PER SHARE

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

	Company 12/31/2015	12/31/2014
Dilutive effect		
Net income for the year attributable to non-minority interests	**29,420**	85,159
Weighted average number of outstanding common shares, less the average of treasury common shares	**178,941**	178,941
Basic and diluted earnings per share - R$	**0.16**	0.48

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

D) DIVIDENDS

Dividends proposed for the year ended December 31, 2015 was as follows:

Event	Payment beginning on	Total amount	Amount per share - R$
BDM (*) held on May 13, 2015	06/03/2015	11,273	0.063
BDM (*) held on August 5, 2015	08/18/2015	1,610	0.009
		12,883	

(*) BDM - Board of Directors' Meeting.

E) INTEREST ON EQUITY

IOE proposed for the year ended December 31, 2015 was as follows:

Event	Payment beginning on	Total amount	Amount per share - R$
BDM (*) held on May 13, 2015	06/03/2015	6,621	0.037
BDM (*) held on August 5, 2015	08/18/2015	7,337	0.041
BDM (*) held on November 4, 2015	11/17/2015	7,873	0.044
BDM (*) held on December 16, 2015	04/13/2016	7,873	0.044
		29,704	

(*) BDM - Board of Directors' Meeting.

Dividends and interest on equity payable

Divided and IOE outstanding balance as of December 31, 2015 represents:

	Company and Consolidated 12/31/2015	12/31/2014
interest on equity	**7,118**	5,204
Dividends	**-**	11,989
Proceeds from prior years	**416**	704
	7,534	17,897

f) Allocation of P&L for the year

	Company and Consolidated 12/31/2015	12/31/2014
Net income for the year	**29.420**	85.159
Set-up of reserves		
Legal	**(1.471)**	(4.258)
Statutory (i)	**(1.471)**	(4.258)
Retained profits	**(1.784)**	(5.066)
Income available	**24.694**	71.577
Dividend proposed and paid	**1.611**	47.688
IOE proposed and paid	**23.083**	23.889
Total	**24.694**	71.577
Mandatory minimum dividends	**6.620**	19.161

	Company
Retained profits in 2014	**102,603**
Unclaimed dividends	160
Retained profits for the year	1,784
Dividend proposed and paid	(11,272)
IOE proposed and paid	(6,621)
Retained profits in 2015	**86,654**

(i) As per the Company's Bylaws, the setup of statutory reserve for maintaining working capital will not exceed 10% (ten percent) of the Company's capital.

g) Capital budget - use of funds

Market conditions, macro-economic scenarios and other operational factors that involve risks, uncertainties and assumptions may affect business projections and perspectives, and, as a result, the amount projected in this capital budget.

As one of the sources of funding to finance investments projected in this capital budget, management is proposing to retain remaining net income for 2015 amounting to R$1,784.

Maintenance and modernizing the Group's industrial facilities	20,944
	20,944

19. GOVERNMENT SUBSIDIES

ACCOUNTING PRACTICE

Government subsidies are not recognized until there is sufficient certainty that the Group will meet the conditions related to the subsidies to be received.

Government subsidies are systematically recognized in P&L during the year in which the Group recognizes the corresponding costs that the subsidies are intended to offset as expenses.

Tégula - Investment subsidy- Goiás Industrial Development Program - Produzir

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

For the year ended December 31, 2015, this benefit totaled R$881 (R$971 at December 31, 2014). The benefit is treated as investment grant, since conceptually the company benefits itself through reduction, refund or exemption of taxes due, and it is intended to expand the company's activity.

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

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

In 2015, this benefit totaled R$2,914 (R$3,457 at December 31, 2014). The benefit is treated as investment grant, since conceptually the company benefits itself through reduction, refund or exemption of taxes due, and it is intended to expand the company's activity.

Eternit - Investment subsidy- Goiás Industrial Development Program - Produzir

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

For the year ended December 31, 2015, this benefit totaled R$4,008 (R$4,550 at December 31, 2014). The benefit is treated as investment grant, since conceptually the company benefits itself through reduction, refund or exemption of taxes due, and it is intended to expand the company's activity.

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

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

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

20. INCOME AND SOCIAL CONTRIBUTION TAXES

ACCOUNTING PRACTICE

Provision for income and social contribution taxes is based on taxable profit for the year. Taxable profit is different from profit stated in the income statement, as it excludes taxable or deductible revenues and expenses in other years, in addition to permanently excluding non-taxable or non-deductible items. The provision for income and social contribution taxes is calculated individually by each Group company, based on year-end rates in force.

Deferred income and social contribution taxes ("deferred tax") are recognized on temporary differences, at the end of each year, between assets and liabilities recognized in the financial statements and corresponding tax bases used in computing taxable profit, including income and social contribution tax losses, where applicable. Deferred tax liabilities are generally recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences only when the Company is likely to recognize future taxable profit at an amount sufficient for such deductible temporary differences to be used. Deferred tax assets and liabilities are measured at the tax rate expected to be applied in the year in which the asset or liability will be realized or settled, based on the tax rates (and tax law) in force as of the balance sheet date.

The recoverability of deferred tax assets is reviewed at the end of each year and adjusted by the amount that is expected to be recovered.

Current and deferred income and social contribution taxes are recognized as expenses or revenue in P&L for the year, except when these are related to items recorded under other comprehensive income, when applicable.

A) RECONCILIATION OF INCOME AND SOCIAL CONTRIBUTION TAX EXPENSES WITH THEIR NOMINAL AMOUNTS

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

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Income before income and social contribution taxes	**20,940**	86,401	**68,617**	130,084
Statutory rate	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	**(7,120)**	(29,376)	**(23,330)**	(44,229)
Effect of income and social contribution taxes on permanent differences:				
Equity pickup in subsidiaries	**15,339**	21,683	**(9,405)**	(4,650)
Interest on equity	**7,738**	6,264	**10,099**	8,122
Donations and gifts	**(176)**	(485)	**(969)**	(2,048)
Non-deductible taxes and fines	**(80)**	(48)	**(128)**	(98)
Tax incentive	**-**	32	**798**	692
Labor risk	**(7,177)**	-	**(7,177)**	-
Other temporary (additions) exclusions, net	**(44)**	688	**(9,084)**	(2,713)
Income and social contribution taxes in P&L	**8,480**	(1,242)	**(39,196)**	(44,924)
Effective rate	**40.5%**	-1.4%	**-57.1%**	-34.5%

B) BREAKDOWN OF DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

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

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

	Company	Consolidated
Balance at January 1, 2014	24,018	52,481
Setup of temporary differences	8,390	86,196
Reversal of temporary differences	(7,283)	(85,003)
Reversal on tax loss	(375)	(375)
Balance at December 31, 2014	**24,750**	**53,299**
Setup of temporary differences	**8,121**	**75,949**
Reversal of temporary differences	**(6,524)**	**(70,078)**
Setup on tax loss	**7,917**	**7,917**
Reversal on tax loss		**(3,264)**
Balance at December 31, 2015	**34,264**	**63,823**

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Income and social contribution tax losses	**13,026**	5,108	**19,432**	14,779
Future benefits to former employees	**11,760**	10,282	**18,224**	15,413
Provision for tax, civil and labor risks	**7,702**	8,059	**17,841**	16,773
Unrealized profits in inventories	**-**	-	**3,289**	2,392
Allowance for doubtful accounts	**1,321**	-	**2,699**	703
Provision for profit sharing	**959**	810	**2,398**	1,972
Provision for losses on PP&E	**1,271**	1,750	**1,271**	1,750
Unshipped products	**-**	-	**1,470**	-
Other provisions	**(1,775)**	(1,259)	**(2,801)**	(483)
	34,264	24,750	**63,823**	53,299

Expected realization of tax credits

i. Income and social contribution tax losses

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

	Company	Consolidated
	12/31/2015	12/31/2015
2016	**344**	**344**
2017	**755**	**755**
2018	**1,286**	**1,286**
2019	**1,534**	**1,534**
From 2020 to 2025	**9,107**	**15,513**
	13,026	**19,432**

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

As of December 31, 2015, subsidiary Tégula recorded accumulated income tax loss of R$49,090 and social contribution tax loss of R$49,240. In 2015, the amount of R$3,264 referring to deferred taxes recorded on tax losses was reversed, since up to December 31, 2015 there is no expected future taxable profit confirming their realization.

ii. Temporary differences

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

	Company	Consolidated
	12/31/2015	12/31/2015
2016	**5,621**	**10,830**
2017	**1,735**	**8,158**
2018	**1,735**	**2,668**
2019	**1,735**	**4,077**
From 2020 to 2025	**10,412**	**18,658**
	21,238	**44,391**

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

21. PROVISION FOR TAX, CIVIL AND LABOR RISKS

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

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

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Labor claims (i)	**39,177**	20,258	**48,581**	29,225
Civil proceedings	**-**	-	**4,918**	4,930
Tax proceedings (ii)	**7,919**	5,968	**30,782**	25,394
	47,096	26,226	**84,281**	59,549

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

	Company		
	Labor provisions	Tax provisions	Total
Balance at January 1, 2014	19,780	5,335	25,115
Additions	3,973	1,266	5,239
Write-offs	(1,801)	-	(1,801)
Reversals	(1,694)	(633)	(2,327)
Balance at December 31, 2014	20,258	5,968	26,226
Additions	23,466	1,956	25,422
Payments	(843)	-	(843)
Write-offs	(1,892)	-	(1,892)
Reversals	(1,812)	(5)	(1,817)
Balance at December 31, 2015	39,177	7,919	47,096

	Consolidated			
	Labor provisions	Civil provisions	Tax provisions	Total
Balance at January 1, 2014	29,219	4,397	21,043	54,659
Additions	5,557	533	8,353	14,443
Write-offs	(1,801)	-	(388)	(2,189)
Reversals	(3,750)	-	(3,614)	(7,364)
Balance at December 31, 2014	29,225	4,930	25,394	59,549
Additions	23,904	-	5,394	29,298
Payments	(843)	-	-	(843)
Write-offs	(1,892)	-	-	(1,892)
Reversals	(1,813)	(12)	(6)	(1,831)
Balance at December 31, 2015	48,581	4,918	30,782	84,281

i) Significant labor claims include:

a) Damages including pain and suffering, property damage and labor claims brought by former employees claiming (i) overtime (ii) night shift pay, (iii) health and risk exposure premiums; and (iv) severance pay, among others.

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

ii) Significant labor claims include:
Difference in ICMS amounts paid;
Difference in rates paid for INSS purposes; and
Difference in the amounts recognized referring to the Financial Compensation for the Exploration of Mineral Resources (CEFEM).

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

At December 31, 2015, there were civil, tax, administrative and labor claims against the Group, for which legal advisors classified the likelihood of loss as possible, which can be reliably measured, in the consolidated amount of R$19,526 (R$10,863 at December 31, 2014), therefore, no provision was recorded for these claims and proceedings.

In addition, the following proceedings were being processed against the Group, whose likelihood of loss was assessed as possible by legal advisors, the amount of which are not measurable up to date.

a) Civil class actions on environmental and health matters brought by state and federal prosecutors of the state of Bahia, and a class action in with the same objective as the abovementioned civil class actions.

b) Consumer civil class actions in the State of Rio de Janeiro and another one in the State of Pernambuco, in order to prohibit the sale of products containing chrysotile mineral in those states.

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

d) Civil class action and class action, both related to the sale by the state of Goiás of an area of land where the residential quarters of subsidiary SAMA is located.

e) Part of the decision at the lower court on the proceeding mentioned in item i "b" to this note was assessed as possible loss by the Company's legal advisors.

f) In 2014, a Civil Class Action was filed by the Labor Prosecution Offices against the Company with the Rio de Janeiro Labor Court. This action challenges matters relating to the work environment and occupational health, in addition to indemnification request for collective pain and suffering in the amount of R$1 billion. In parallel to this action, other Civil Class Action, forwarded by way of dependence, was filed by ABREA with the same Labor Court. Both actions are pending judgment.

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

22. NET OPERATING REVENUE

ACCOUNTING PRACTICE

Revenues

Revenue is measured at fair value of the consideration received or receivable, less any estimates of returns, trade discounts and/or subsidies granted to the buyer and other similar deductions. Sales revenue is recognized when:

» The Group has transferred to the buyer the significant risks and rewards related to ownership of the products; and
» The Group has neither continued involvement in the management of products sold at levels usually associated with the ownership nor effective control over these products;
» The value of the revenue can be reliably measured;
» The costs incurred or to be incurred in relation to the transaction can be reliably measured.

Sales taxes

Taxes relating to revenues and expenses are recognized net of sales taxes, except when sales taxes are incurred in the acquisition of goods or services that are not recoverable from the tax authorities. This occurs when sales taxes are recognized as part of the cost of acquisition of the asset or expenses item as applicable; and when the amounts receivable or payable are stated with the sales tax amount.

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Gross sales revenue	**679,553**	680,030	**1,221,417**	1,235,017
Unconditional discounts and rebates	**(2,879)**	(2,992)	**(3,383)**	(3,178)
Sales taxes	**(165,584)**	(169,373)	**(243,162)**	(253,685)
Net operating revenue	**511,090**	507,665	**974,872**	978,154

23. INFORMATION ON THE NATURE OF EXPENSES

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Cost of goods and services sold	**(384,403)**	(370,995)	**(598,115)**	(593,879)
Selling expenses	**(58,313)**	(59,715)	**(114,704)**	(116,528)
General and administrative expenses	**(48,272)**	(43,582)	**(106,961)**	(111,780)
Management compensation	**(7,121)**	(8,501)	**(11,444)**	(10,685)
	(498,109)	(482,793)	**(831,224)**	(832,872)
Raw material used	**(249,109)**	(257,513)	**(401,704)**	(409,669)
(-) Present value adjustment	**-**	1,341	**-**	1,952
Personnel and charges	**(119,209)**	(105,668)	**(165,278)**	(164,861)
Material, electric energy and services	**(44,661)**	(32,814)	**(55,413)**	(45,683)
Third-party services	**(25,127)**	(20,528)	**(58,670)**	(52,644)
Depreciation and amortization	**(13,469)**	(11,995)	**(39,399)**	(37,704)
Sales commissions	**(12,148)**	(12,000)	**(19,905)**	(21,085)
Variable selling expenses	**(7,002)**	(10,294)	**(33,445)**	(38,671)
Rental of personal properties	**(6,657)**	(7,134)	**(11,022)**	(11,810)
Travel expenses	**(5,508)**	(5,159)	**(8,491)**	(8,727)
Expenses with material and IT services	**(4,097)**	(3,923)	**(6,561)**	(6,669)
Advertising and publicity	**(4,707)**	(9,359)	**(9,323)**	(12,266)
Trade union contribution	**(2,920)**	(3,558)	**(12,704)**	(14,800)
Taxes	**(647)**	(1,918)	**(3,551)**	(3,977)
Expense with allowance for doubtful accounts	**(1,493)**	(655)	**(2,531)**	(1,444)
Other	**(1,355)**	(1,616)	**(3,227)**	(4,814)
	(498,109)	(482,793)	**(831,224)**	(832,872)

24. OTHER OPERATING INCOME (EXPENSES), NET

	Company		Consolidated	
	12/31/15	12/31/14	12/31/15	12/31/14
Other operating income:				
PP&E disposal	**784**	577	**876**	1,488
Sample for product test	**1,186**	-	**-**	-
Unclaimed interest on equity	**70**	328	**70**	338
Reversal of provision for labor risks	**1,753**	-	**1,753**	-
Leases	**-**	-	**1,490**	3,017
Previously unused tax credit	**-**	3,759	**3,552**	3,759
FI Fund - Private Pension (i)	**-**	1,446	**1,956**	1,446
Other	**975**	354	**4,410**	1,581
	4,768	6,464	**14,107**	11,629
Other operating expenses:				
Provision for tax, civil, and labor risks	**(21,197)**	(914)	**(21,634)**	(2,080)
Provision for future benefits to former employees	**(3,818)**	(3,249)	**(5,117)**	(4,672)
Demobilization mining areas	**-**	-	**(1,093)**	(992)
Taxes on other sales	**(49)**	(256)	**(826)**	(938)
Quality control	**(1,025)**	(515)	**(1,389)**	(768)
Replacement of defective products	**(436)**	(685)	**(978)**	(685)
Expenses with exceptional stoppages	**(687)**	(42)	**(1,307)**	(50)
Expenses with labor and civil indemnifications	**(1,169)**	(1,203)	**(1,691)**	(1,679)
Cost of PP&E disposal	**(684)**	(172)	**(1,041)**	(410)
Other	**(818)**	(2,713)	**(2,875)**	(3,165)
	(29,883)	(9,749)	**(37,951)**	(15,439)
Total	**(25,115)**	(3,285)	**(23,844)**	(3,810)

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

25 FINANCIAL INCOME AND EXPENSES

ACCOUNTING PRACTICE

Revenue from interest bearing financial assets is recognized when it is probable that the future economic benefits shall flow to the Group and revenue can be reliably measured. Interest income is recognized by the straight line method based on the period and the effective interest rate on the outstanding principal amount. The effective interest rate is that which exactly discounts receivable from estimated future cash flows during the estimated life of the financial asset in relation to the initial net book value of the asset.

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Financial income:				
Short-term investment yields – including Bank Deposit Certificates (CDB)	**993**	2,194	**3,735**	5,027
Discounts obtained	**93**	110	**267**	188
Interest income	**3,620**	6,748	**6,189**	10,526
Monetary gains	**966**	2,886	**1,008**	2,961
Exchange gains	**2,090**	8,794	**74,005**	36,166
Other financial income	**-**	-	**5**	94
	7,762	20,732	**85,209**	54,962
Financial expenses:				
Interest on financing	**(743)**	(320)	**(3,035)**	(854)
Interest on loan	**(4,269)**	(3,123)	**-**	-
Interest expenses	**(234)**	(1,810)	**(5,472)**	(4,267)
Banking expenses	**(1,341)**	(1,096)	**(1,686)**	(1,351)
Discounts granted	**(2,346)**	(879)	**(4,226)**	(2,045)
Tax on Financial Transactions (IOF)	**(550)**	(437)	**(1,057)**	(1,045)
PIS and COFINS - financial income	**(1,441)**	(378)	**(1,593)**	(383)
Exchange losses	**(6,233)**	(9,119)	**(85,133)**	(36,744)
Monetary losses	**(2,285)**	(2,197)	**(5,869)**	(5,266)
Other	**(362)**	(333)	**(664)**	(719)
	(19,804)	(19,692)	**(108,735)**	(52,674)
Financial income (expenses), net	**(12,042)**	1,040	**(23,526)**	2,288

26. SEGMENT REPORTING

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

Operational segments defined by senior management are as follows:

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

Significant consolidated segment reporting for the years ended December 31, 2015 and 2014 is as follows:

		12/31/2015		12/31/2015					
		Total assets	Liabilities	Net revenue	Gross profit	Income (loss) before taxes	Depreciation and amortization	Financial income (expenses)	IRPJ/ CSLL
Fiber cement									
	Southeast	**226,850**	**48,611**	**95,639**	**23,709**	**(3,868)**	**3,420**	**(1,851)**	**707**
	South	**52,191**	**64,034**	**148,870**	**36,947**	**(5,979)**	**4,927**	**(2,892)**	**1,104**
	Midwest	**83,936**	**79,226**	**216,798**	**59,005**	**(3,510)**	**3,751**	**(4,212)**	**1,608**
	North and Northeast	**26,908**	**42,140**	**96,110**	**23,819**	**(3,894)**	**2,260**	**(1,867)**	**714**
		389,885	**234,011**	**557,417**	**143,480**	**(17,251)**	**14,358**	**(10,822)**	**4,133**
Chrysotile									
	Domestic market	**271,088**	**87,166**	**134,095**	**77,164**	**41,471**	**7,068**	**398**	**(15,973)**
	Foreign market	**-**	**-**	**195,079**	**131,596**	**79,671**	**10,282**	**578**	**(23,237)**
		271,088	**87,166**	**329,174**	**208,760**	**121,142**	**17,350**	**976**	**(39,210)**
Concrete roof tiles	Domestic market	**71,814**	**24,133**	**54,869**	**13,827**	**(6,209)**	**4,990**	**(2,192)**	**(4,064)**
Other (*)	Domestic market	**200,407**	**87,768**	**33,412**	**10,690**	**(29,065)**	**2,701**	**(11,488)**	**(55)**
Total		**933,194**	**433,078**	**974,872**	**376,757**	**68,617**	**39,399**	**(23,526)**	**(39,196)**

(*) Including (R$27,660) of equity pickup of joint venture Companhia Sulamericana de Cerâmica S.A. which operates in the ware segment. See Note 9 "Investments".

		12/31/2014		12/31/2014					
		Total assets	Liabilities	Net revenue	Gross profit	Income (loss) before taxes	Depreciation and amortization	Financial income (expenses)	IRPJ/ CSLL
Fiber cement and synthetic fiber cement									
	Southeast	236,354	41,232	95,102	25,428	5,890	2,768	258	(812)
	South	42,586	50,117	144,017	38,869	9,283	4,832	392	(1,229)
	Midwest	70,437	59,972	219,122	62,391	17,227	3,124	596	(1,870)
	North and Northeast	24,519	33,852	95,878	25,793	6,097	1,891	261	(818)
		373,896	185,173	554,119	152,481	38,497	12,615	1,507	(4,729)
Chrysotile									
	Domestic market	280,938	92,180	141,996	123,866	82,555	19,245	888	(16,859)
	Foreign market	-	-	174,750	76,828	25,987	-	1,093	(20,748)
		280,938	92,180	316,746	200,694	108,542	19,245	1,981	(37,607)
Concrete roof tiles	Domestic market	92,153	25,008	67,184	23,250	(2,817)	4,996	(2,016)	(1,638)
Other (*)	Domestic market	150,877	80,695	40,105	7,850	(14,138)	848	816	(950)
Total		897,864	383,056	978,154	384,275	130,084	37,704	2,288	(44,924)

(*) Including (R$13,669) of equity pickup of joint venture Companhia Sulamericana de Cerâmica S.A. which operates in the ware segment. See Note 9 "Investments".

27. INSURANCE COVERAGE

As of December 31, 2015, the insurance taken out by the Group, under the guidance from its insurance advisors, against any risks is as follows: The average maturity of these insurance policies is in July 2016.

Type	Insured items	Insured amounts
Engineering and operational risks, general civil liability and loss of profits	Buildings, facilities, equipment and other	R$290,400

28. FINANCIAL INSTRUMENTS

28.1. IDENTIFICATION AND ASSESSMENT OF FINANCIAL INSTRUMENTS

a) Financial instrument analysis

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

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

	Company		Consolidated	
Fair value measurement	12/31/2015 Level 1	12/31/2014 Level 1	12/31/2015 Level 1	12/31/2014 Level 1
Financial assets				
Cash and cash equivalents	**2,850**	5,711	**5,578**	13,367
Short-term investments	**3,114**	15,726	**16,734**	35,023
Accounts receivable - foreign market	**-**	-	**69,316**	73,753
	5,964	21,437	**91,628**	122,143

	Company		Consolidated	
Measured at amortized cost	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Financial liabilities				
Trade accounts payable	**23,922**	22,858	**41,420**	42,151
Loans and financing	**22,621**	8,195	**167,261**	127,924
	46,543	31,053	**208,681**	170,075

b) Fair value hierarchy

Over the year ended December 31, 2015, there was no fair value measurement transfer between Level I and Level II, or fair value measurement transfer between Level III and Level II.

28.2. FINANCIAL RISK MANAGEMENT

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

I. MARKET RISK

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

a) Currency risk

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

As of December 31, 2015, the Group was exposed to a currency other than its functional currency, as follows:

	Consolidated		Quote as of 12/31/2015
	12/31/2015	12/31/2014	(US$ / € 1.00 = R$1.00)
Foreign market customers	**69,316**	73,753	3.9048
Foreign market suppliers	**(5,102)**	(2,743)	3.9048
ACE	**-**	(58,342)	3.9048
Financing (USD)	**(58,847)**	(42,808)	3.9048
Financing (EUR)	**(2,200)**	(938)	4.2504
Total exchange exposure	**3,167**	(31,078)	

a1) Sensitivity analysis

In order to measure the economic impact of exchange variations on the Group's financial instruments, four scenarios were considered in relation to the exchange rate prevailing as of December 31, 2015, as follows:

				Rate depreciation		Rate appreciation	
Balances (foreign currency) - Consolidated	Risk	Rate (*)	Position as of 12/31/2015	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
USD			**3.9048**	1.9524	2.9286	4.8810	5.8572
Foreign market customers	USD		**69,316**	34,658	51,987	86,645	103,794
Foreign market suppliers	USD		**(5,102)**	(2,551)	(3,827)	(6,378)	(7,653)
ACE	USD		**-**	-	-	-	-
Financing	USD		**(58,847)**	(29,424)	(44,135)	(73,559)	(88,271)
EUR			**4.2504**	2.1252	3.1878	5.3130	6.3756
Financing	EUR		**(2,200)**	(1,100)	(1,650)	(2,750)	(3,300)
Total exposure			**3,167**	**1,583**	**2,375**	**3,958**	**4,570**

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

b) Interest rate risks

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

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

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

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Short-term investments (cash equivalents)	**-**	-	**115**	1,677
Short-term investments	**3,114**	15,726	**16,734**	35,023
Total exposure to interest rate	**3,114**	15,726	**16,849**	36,700

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

The table below sets out the net economic impact of increases in the interest rate curve used in the Group's financial instruments:

Short-term investments--Consolidated	Index	Position as of 12/31/2015	Projection of financial income – one year				
				Reduction risk		Increase risk	
			Probable scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI			**14.14%**	**7.07**	**10.61%**	**17.68%**	**21.21%**
Short-term investments (cash equivalents)	CDI	115	131	123	127	135	139
Short-term investments	CDI	16,734	19,100	17,917	18,508	19,691	20,383

Loans and financing - consolidated	Index	Position as of 12/31/2015	Projection of financial expenses – one year				
				Reduction risk		Increase risk	
			Probable scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI			**14.14%**	**7.07%**	**10.61%**	**17.68%**	**21.21%**
Loans and financing - Short-term investments	CDI	68,406	78,079	63,570	61,148	80,500	82,915
TJLP			**7.50%**	**3.75%**	**5.63%**	**9.38%**	**11.25%**
Loans and financing	TJLP	1,954	2,100	1,880	1,844	2,137	2,173
SELIC			**14.25%**	**7.13%**	**10.69%**	**17.81%**	**21.38%**
Loans and financing	SELIC	583	666	541	521	687	707

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

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

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

d) Growth-related risk

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

II. Credit risk

Accounts receivable

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

No Company customer accounts for more than 3% of total trade accounts receivable balance as of December 31, 2015 (5% as of December 31, 2014).

Demand deposits and short-term investments

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

III. Liquidity risk

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

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

IV. Capital management

For the year ended December 31, 2015, there were no changes in capital structure objectives, policies or processes as compared with 2014. The Company includes in its net debt structure: loans, financing less cash and cash equivalents.

	Company Leverage		Consolidated Leverage	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Loans and financing	**22,621**	8,195	**167,261**	127,924
(-) Cash and cash equivalents	**(2,850)**	(5,711)	**(5,578)**	(13,367)
Net debt	**19,771**	2,484	**161,683**	114,557
Equity	**500,098**	514,791	**500,116**	514,808
Net debt and equity	**480,327**	512,307	**338,433**	400,251

29. COMMITMENTS AND GUARANTEES

As of December 31, 2015, the Group had the following guarantees:

(i) Guarantee of the electric energy purchase and sale agreement entered into by subsidiary SAMA and the supply company Tractebel, amounting to R$3,989, with Banco Safra, effective from January 2016 to January 2017;

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

(iii) Financing guarantee to the Goiás State Development Agency, amounting to R$6,034, with Banco Bradesco, maturing in February 2016;

(iv) Guarantee amounting to R$40,909 (60%) of the financing entered into between Companhia Sulamericana de Cerâmica and BNB, Banco do Nordeste, for installation of a sanitary ware plant, with Banco Bradesco, effective from January 2016 to January 2017;

(v) Concession of PP&E items pledged as guarantee for judicial deposits amounting to R$567, as mentioned in Note 11;

(vi) In December 2014, Eternit da Amazônia entered into an agreement amounting to R$37,384, referring to a Bank Credit Bill (CCB) with Banco da Amazônia for implementing its research and development plant in Manaus. The Group offered as guarantee a property and its respective improvements located in the city and state of Rio de Janeiro, the market value of which is R$62,500.

(vii) Guarantee for payments of debts included in the roster of debtors to government under tax collection claim, subject to precautionary actions, writ of mandamus or lawsuits amounting to R$5,821, according to insurance policy No. 16-0775-23-0132155 effective through October 26, 2020.

30. PROVISION FOR DEMOBILIZATION MINING AREAS

ENVIRONMENT

Subsidiary SAMA records a provision for possible environmental liabilities based on its best estimates of cleaning and repair costs, and for such, it employs a specialist environmental teams to manage all the phases of the environmental programs, including assistance of external specialists, when required, in accordance with the Environmental Plan for Demobilization Mining Areas (PAFEM), and assessing expenses based on market quotes.

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

	2015 e 2014
Discount rate	**10% p.a.**
Long-term inflation rate	**5% p.a.**

Present value of expected cash outlays	Consolidated	
	12/31/2015	12/31/2014
2032	**4,742**	4,028
2033	**4,070**	3,457
2034	**2,109**	1,791
From 2035 to 2043	**1,696**	1,442
Total	**12,617**	10,718

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

The expenses recognized for environmental restoration of the mine for the year ended December 31, 2015 totaled R$1,093 (R$992 as of December 31, 2014), calculated based on the current production of Chrysotile.

31. SUBSEQUENT EVENTS

a) On January 28, 2016, the acquisition by the Company of all shares of its issue was approved, for purposes of being held in treasury and subsequently disposed of or cancelled, without reduction in capital (share buyback program).

Acquisitions will be effective for 12 months beginning January 29, 2016 and ending January 28, 2017.

The Company could acquire until 2,000,000 (two million) of common registered shares, with no par value, of its own issue.

EXECUTIVE BOARD STATEMENT

In compliance with Article 25, Paragraph 1, items V and VI of CVM Instruction 480/2009, the Executive Board of Eternit S.A. declares that:

(i) it has reviewed, discussed and is in agreement with the opinions in the report issued by the independent auditors Ernst & Young Auditores Independentes S.S. related to the Parent Company and Consolidated Financial Statements and corresponding Notes for the fiscal year ended December 31, 2015, and

(ii) it has reviewed, discussed and is in agreement with the Parent Company and Consolidated Financial Statements and corresponding Notes for the fiscal year ended December 31, 2015.

Eternit S.A.
The Executive Board

AUDIT BOARD REPORT

The Audit Board of Eternit S.A., in compliance with the law and its Bylaws, examined the Management Report and individual and consolidated Financial Statements, and the corresponding Notes, for the fiscal year ended December 31, 2015.

Based on its examination, and also taking into account the unqualified report issued by the independent auditors ERNST & YOUNG Auditores Independentes S.S., as well as the information and clarifications provided during the fiscal year, the Audit Board believes said documents, as well as the proposal for allocation of the net income for the year and for previous years, including the distribution of dividends, are in fair conditions to be submitted to the Board of Directors and Annual Shareholders' Meeting.

São Paulo, March 24, 2016.

INDEPENDENT AUDITOR'S REPORT

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

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

We have audited the accompanying individual and consolidated financial statements of Eternit S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the related income statements of comprehensive income, of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Eternit S.A. as at December 31, 2015, its individual and consolidated operating performance and respective cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

EMPHASIS OF MATTERS

We draw attention to Note 1 to the individual and consolidated financial statements, which describes the uncertainty surrounding the Federal Supreme Court of Brazil (STF) judgment of the overall merit of Direct Actions of Unconstitutionality (ADIs) ADI No. 3357, against State Law No. 11643/2001, of the State of Rio Grande do Sul, which prohibits the manufacturing and sale of all types of asbestos-based goods, within that state, and of ADI No. 3937 contesting State Law No. 12684/2007, of the State of São Paulo, which prohibits the use in the State of São Paulo of products, materials or goods that contain any type of asbestos or amianthus, and of other ADIs related to amianthus. Our opinion is not qualified in respect of this matter.

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

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

OTHER MATTERS

STATEMENTS OF VALUE ADDED

We have also audited the individual and consolidated statements of value added (SVA) for the year ended December 31, 2015, prepared under the responsibility of the Company's management, the presentation of which is required by Brazilian Corporation Law for publicly-held companies, and as supplementary information under IFRS, whereby no SVA presentation is required. These statements have been subject to the same auditing procedures described above and, in our opinion these are presented fairly, in all material respects, in relation to the overall financial statements.

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

Rita de C. S. de Freitas
Accountant CRC-1SP214160/O-5

Eternit

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