2011

DURATEX

ANNUAL SUSTAINABILITY REPORT

Profile

GRI 2.2 | 2.3 | 2.5 | 2.7 | 2.8

For six decades now, Duratex has been offering its customers quality and sophistication. Through its brand names Deca, Durafloor and Hydra, and the name of Duratex itself, the Company develops products and solutions for all segments of the construction and furniture segments. Its portfolio includes metal bathroom fittings, vitreous chinaware, laminated flooring, hardboard, medium density particle panels (MDP) and medium and high density particle panels (MDF and HDF). **GRI 2.1**

All these products are sold predominantly in Brazil, as well as in more than 30 other countries, to a portfolio of more than 30 thousand customers. The Company is among the top ten in its segment, in addition to being the largest manufacturer in the Southern Hemisphere and the leader in the Brazilian market for industrialized wood panels, vitreous china and metal fittings[1].

With its headquarters in São Paulo (SP), the Company has approximately 10,500 employees, distributed among 14 industrial units in the states of Minas Gerais, Paraíba, Pernambuco, Rio Grande do Sul, Rio de Janeiro and São Paulo, as well as a unit in Argentina. In addition, the Company maintains subsidiaries in the United States (Duratex North America) and Europe (Duratex Europe). **GRI 2.4**

These units have a nominal production capacity of approximately 4 million cubic meters per year of wood panels and 6 million m^2 of laminate flooring, 17 million metal bathroom fitting pieces and 9.8 million pieces of vitreous chinaware. New investment in 2012 is expected to increase this production capacity.

The Company also has approximately 230,000 hectares of land, either owned or leased, with approximately 138,000 hectares of planted forest, principally eucalyptus, in seven forestry units in the states of Minas Gerais, Rio Grande do Sul and São Paulo. The forests supply the industrial complexes at a very favorable cost, ensuring a high degree of self-sufficiency in the supply of wood and providing the Company with an excellent competitive advantage in production cost terms.

The forestry areas of Agudos, Botucatu, Itapetininga and Lençóis Paulista (SP) and Uberlândia (MG) carry forestry management certification from the Forest Stewardship Council (FSC). The forestry management of Botucatu and the sapling nursery also carry International Organization for Standardization (ISO) 14001 certification, while all the industrial units carry ISO 9001 certification.

(1) Duratex Estimate.

With its shares publicly listed, Duratex S.A. is a Brazilian company in the private sector, controlled by the Itaúsa conglomerate (Investimentos Itaú S.A.) and Companhia Ligna de Investimentos, which together with the family controlling shareholders, hold 39.9% and 17.8% of the capital, respectively. The remaining 42.3% comprises the free-float, in shares traded on the BM&FBOVESPA Novo Mercado under the ticker code DTEX3. **GRI 2.6**

In 2011, Duratex reported net sales of R$2.97 billion, earnings before interest, tax, depreciation and amortization (EBITDA) of R$839.4 million, equivalent to an EBITDA margin of 28.3%, and net earnings of R$374.9 million. The Company's market capitalization at the end of the year amounted to R$4.9 billion.

HISTORY

1951

The businessmen Eudoro Villela and Nivaldo Coimbra de Ulhoa Cintra, with the support of Alfredo Egydio de Souza Aranha, acquired equipment and machinery for the founding of Duratex S.A. Indústria e Comércio.

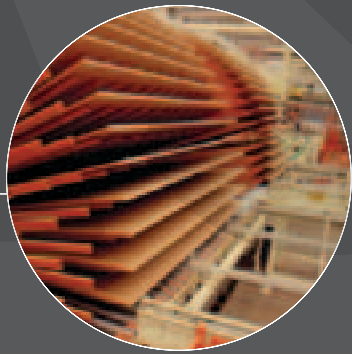
1954 1961

The first Duratex industrial plant began operations at Jundiaí (SP). By the beginning of the 60s, the Company had begun to export wood-based hardboard. In 1961, a second production line was brought into service at the plant at Jundiaí.

1972

The incorporation of Deca made the Company economically stronger and attracted a number of actors for the industrialization of São Paulo. When acquired, Deca already had a leadership position in the Brazilian metal bathroom fittings segment.

EARS



1981 1995

The 80s and 90s were characterized by operational expansion through acquisitions such as those of Louça Sul (1981), the Itapetininga unit of the Peixoto de Castro Group (1984), the Agudos unit of the Freudenberg Group (1988) and the Argentinian company Piazza Hermanos, in the metal bathroom fittings segment (1995).

1997

This year saw the commercial start-up of the first MDF plant in Brazil, at the unit in Agudos (SP), for the production of laminated flooring sold under the Durafloor brand name.

2002

A new MDF/HDF/super density fiberboard (SDF) plant in Botucatu (SP), with cutting-edge technology and an annual production capacity of 400,000 cubic meters, expanded the product mix and strengthened the Duratex brand name in the wood sector.

2005

Duratex joined Level 1 of BOVESPA Corporate Governance, emphasizing the Company's commitment to transparency and fairness in the disclosure of information. New committees set up strengthened the Company's corporate governance structure.

2008

A year of operational expansion, with the acquisition of Ideal Standard, with plants in Jundiaí (SP) and Queimados (RJ), and Cerâmica Monte Carlo, located in Cabo de Santo Agostinho (PE). With this, the Company achieved a market share of one third of Brazil's production of vitreous china bathroom fittings, and moved into the world's top ten companies in this field.

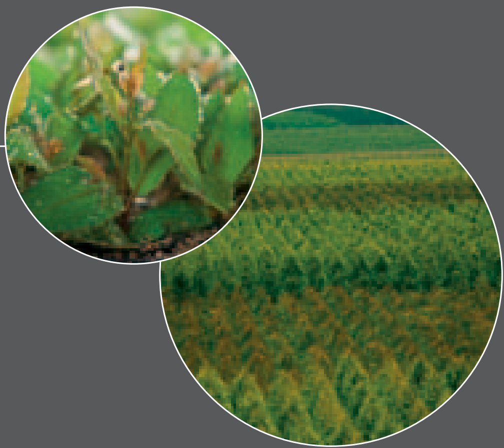
2009

The merger with Satipel ended up making Duratex the largest wood panel company in the Southern Hemisphere. This company, founded in 1970, ranked number 2 in the panel segment, and was controlled by Companhia Ligna de Investimentos, which became part of Duratex's controlling block of shareholders. In the same year, the Company joined the BM&FBOVESPA Novo Mercado and expanded production capacity in Taquari (RS).

CCESS

2010

The acquisition of a further piece of land of around 9,000 hectares of planted forest in São Paulo will provide support for future expansion in the region. Operations also began at a new resin plant to supply the panel production units in the state of São Paulo.



2011

The Company sponsored a series of concerts with conductor João Carlos Martins and the Bachina Philharmonic and promoted the Rino Mania project to celebrate 60 years since its foundation. Other highlights of the year include the completion of the acquisition, in February, of Elizabeth Louças Sanitárias and the announcement of the decision to invest in two new MDF plants with effective capacities of 520,000 m^3 and 680,000 m^3 per year to be inaugurated, respectively, in 2013 and 2015.

About This Report

GRI 3.5 | 3.6 | 3.8 | 3.9 | 3.13

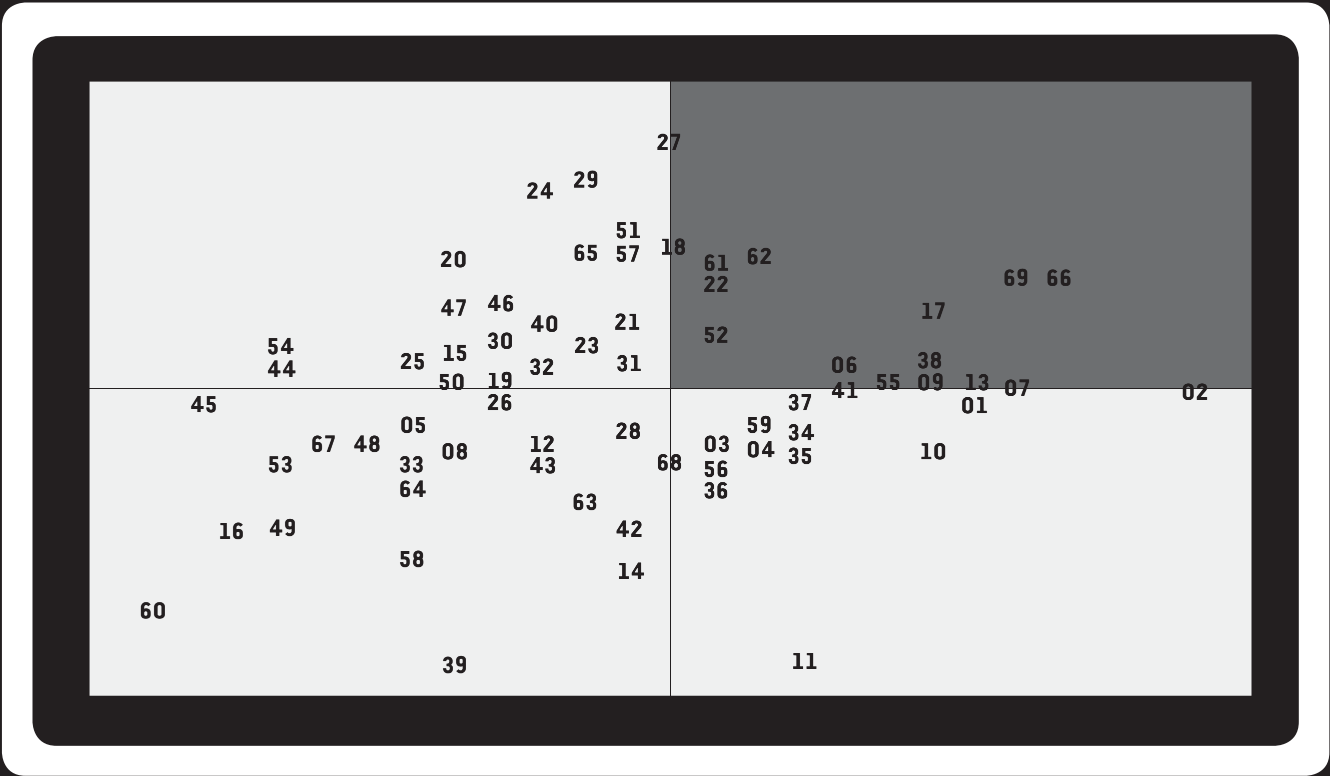
For the fifth year running, Duratex is publishing its Annual Report in accordance with the directives of the Global Reporting Initiative (GRI). The report includes the Company's performance in the wood, vitreous chinaware and metal bathroom fittings segments for the period from January 1 to December 31, 2011, and its operations in Brazil, except where otherwise indicated. In the period covered by this report, there were no significant changes in the size, structure or shareholding participation of the Company. The publication has been validated for the first time, by PricewaterhouseCoopers (PwC), and has an application level of A+ verified by the GRI. The previous report was published in Portuguese and English in electronic format only. **GRI 2.9 | 3.1 | 3.2 | 3.3**

As with the previous edition, the accounting data comply with International Financial Reporting Standards (IFRS), in accordance with Instruction No. 485/10 of the Brazilian Securities Exchange Commission (CVM). The effects of adopting the standards are explained in the chapter entitled Business Performance (page 77). The scope, limit and method of measurement have not been altered, and therefore there has been no reformulation of the information provided in previous years. The financial statements have been audited by PwC. **GRI 3.10 | 3.11**

Identification of the content of this publication was initiated in 2010, when Duratex held its 1st Stakeholder Panel, involving shareholders, clients, suppliers, the press, employees, the community, government and civil bodies. The themes identified in the Materiality Test served as the basis for the 2010 Annual Report and for the improvement of Duratex's management during 2011. For this reason the same themes serve as the basis for this Report, with specific details provided of the progress made in each of these aspects during the year. They are as follows:

- Management strategy (6)
- Economic-financial performance (9)
- Share performance (13)
- Investments in the business (17)
- Environmental policy (18)
- Water resources and reuse of water (22)
- Environmental impact through the use of products (27)
- Definition of targets (38)
- Combating corruption (52)
- Code of conduct (55)
- Customer safety in the use of products (61)
- Information about the products (accessibility and quality of information) (62)
- Quality of products (66)
- Customer service (pre- and post-sale) (69)

MATERIALITY TEST



For more in-depth information of the Materiality Matrix and the stakeholder consulting process, please refer to the 2010 Annual Report on the website www.duratex.com.br/ri.

For more information, please contact the Investor Relations department at the e-mail address relações.investidores@duratex.com.br.

GRI 3.4

Main Indicators

GRI 2.8 | EC1

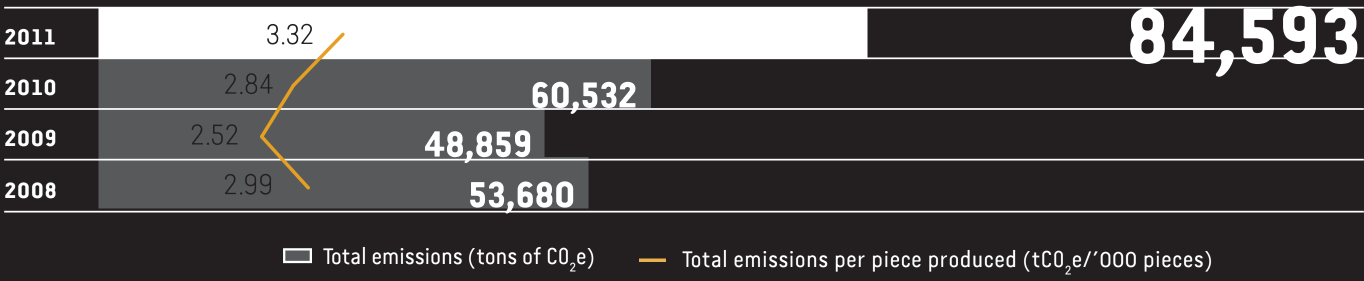
Main Indicators (R$ ‘000, except where otherwise indicated)

	2011	2010	2009[1]
Shipments			
Wood (m^3)	2,268,822	2,312,177	1,499,191
Deca (thousands of pieces)	25,505	21,639	19,800
Results			
Net Revenue	2,970,365	2,741,810	1,930,051
Domestic Market	2,835,969	2,629,069	1,806,665
Export Market	134,396	112,741	123,385
EBITDA	839,349	893,002	398,188
Net Earnings	374,860	467,247	181,087
Earnings per Share[2] (R$)	0.68	0.85	0.47
Value Added	1,694,756	1,571,236	1,023,504
Profitability			
Gross Margin	34.1%	40.8%	34.4%
EBITDA Margin	28.3%	32.6%	20.6%
Net Margin	12.6%	17.0	9.4%
Return on Net Equity (ROE)	10.5%	14.1%	7.5%
Investments			
Programs for Education, Training and Development	956	1,378	1,140
Environment	26,680	17,574	10,588
Research and Development	19,322	23,341	22,580
Plan for the Application of Funds	635,846	459,564	426,964
No. of Employees	10,668	9,690	9,003

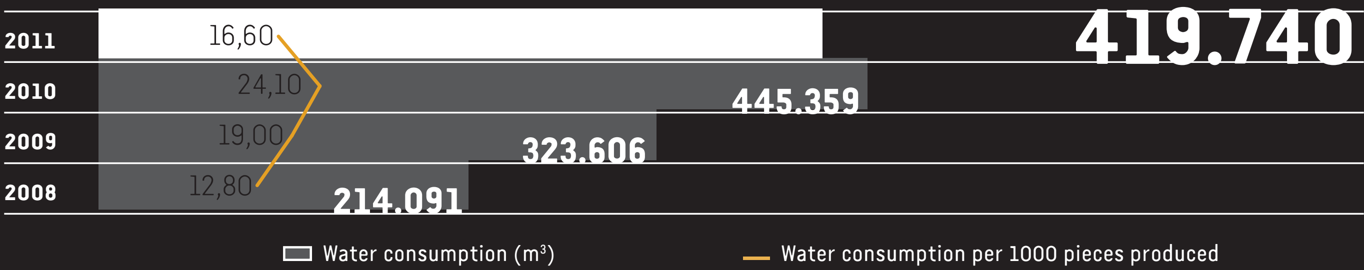
(1) Considers eight months (January to August) of Duratex and four months (September to December) of Satipel + Duratex.
(2) Basic earnings per share are calculated by dividing the profit attributable to the shareholders of the Company, by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares bought back by the Company to be held in treasury.

EFFICIENCY INDICATORS
DECA DIVISION

EMISSIONS

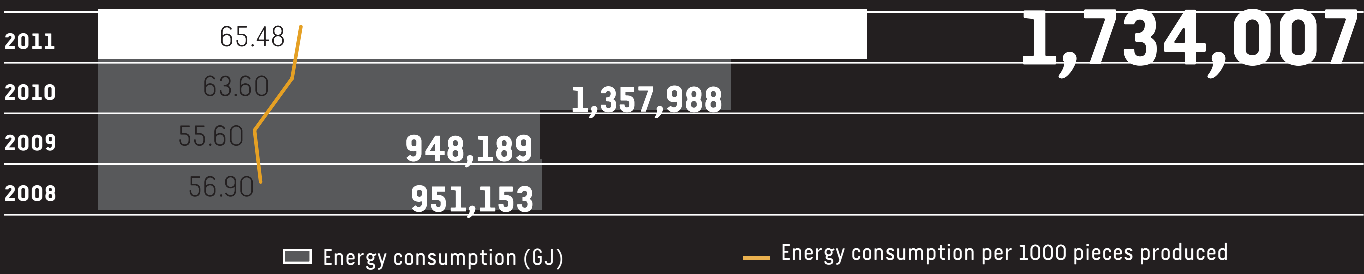


WATER CONSUMPTION



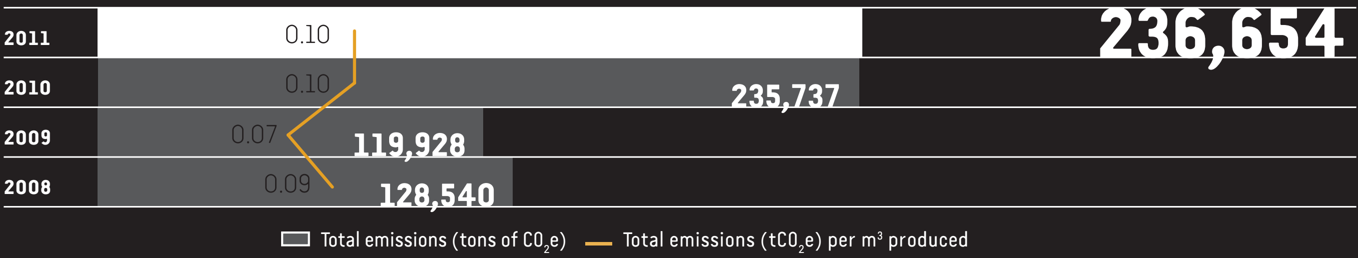
Deca Division: the data for water consumption, presented in that year, was adjusted.

ENERGY CONSUMPTION

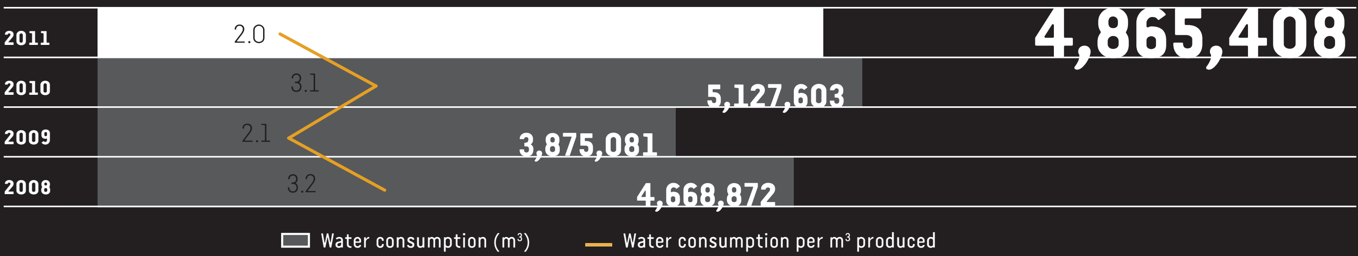


EFFICIENCY INDICATORS
WOOD DIVISION

EMISSIONS

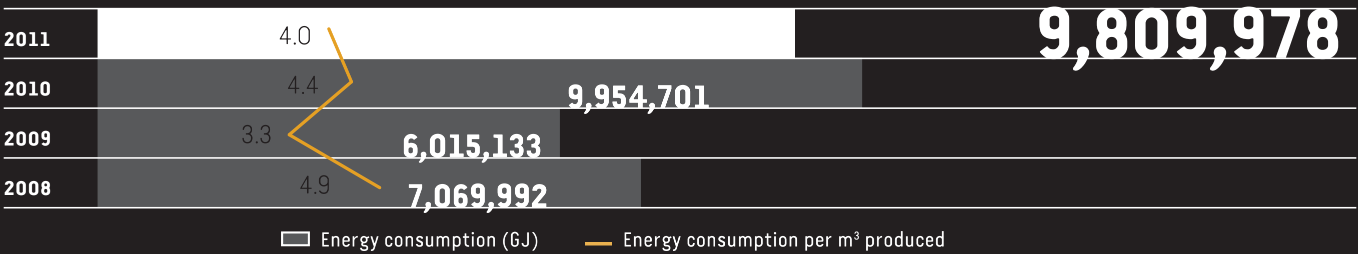


WATER CONSUMPTION



Wood division: the data for water consumption, presented in that year, was adjusted

ENERGY CONSUMPTION



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Message from the Chairman of the Board of Directors

GRI 1.1

Themes 6 and 17 of the Materiality Matrix: Strategy for management and investment within the business

The year 2011 was a challenging one for Brazilian industry, which was only able to withstand the adverse global conditions thanks to the dynamism of the domestic market. Against a background of global recession and scarcity of credit, as well as the monetary and macro-cautionary measures adopted by the Brazilian government, with GDP growth tumbling from 7.5% in 2010 to 2.7%, Duratex's results last year, despite being less than satisfactory, have not diminished our optimism and confidence in the brilliant future that we are constructing for our Company. In fact, the immense degree of social mobility seen in recent times should ensure the continuing economic expansion of Brazil, with a consequent need for new investment, particularly in the area of construction, whether in the run-up to the major sporting events which are to be held in 2014 and 2016, or to meet the demand for infrastructure and housing.

Duratex has been preparing for this with investment focused on its organic growth, launching new products and acquisitions. Over the five-year period 2008-2012 we are investing approximately R$3.1 billion, of which R$635 million was allocated in 2011 and another R$650 million planned for 2012. This strategy, heavily focused on growth, demonstrates our long-term vision and our commitment to the sustainability of our operations, in anticipation of what the future may hold.

We would like to emphasize that we are keeping an eye open for new expansion opportunities through mergers or acquisitions, whether in the same segments in which we operate, or in new sectors which we believe provide synergy with our existing ones, as a way of expanding our horizon of operations. In this regard, of particular interest in this regard was our acquisition of a factory in the vitreous chinaware segment, which added 25% to our production capacity, while also enabling us to diversify geographically, as the plant is located in the Brazilian Northeast in João Pessoa, Paraiba. We continue to keep watch and analyze opportunities which could contribute to the creation of value for our shareholders. Simultaneously, we are also active in expanding our businesses through investment aimed at expanding our supply capacity.

Currently, one of the Company's main challenges is to strengthen the Duratex brand-name. In 2001, we carried out a major campaign to celebrate the Company's 60th birthday and the area being worked on now is the investment in our various brand-names so that they are developed in a consistent and harmonious manner.

The advances made in our corporate governance, which is a key strategic element in the sustainability of our businesses, have also been substantial. We have concluded the mapping of risks at Duratex, which will enable mitigating actions to be developed. Worthy of note was the creation of the Committee for the Evaluation of Transactions with Related Parties, composed exclusively of independent members, as well as for the first time carrying out 360° staff evaluations at the management level, with the aim of improving the skill management and performance of our 97 managers.

Aware that education is a fundamental factor in training efficient and capable professional staff, this being even more important in the industrial segment, we have carried out intense work on staff training to ensure that we have the human capital necessary to support our expansion.

The knowledge gained over these last 60 years at Duratex will form the basis for the building of our future. We are recognized as a company which is financially sound, environmentally responsible and ethical, with the desire and solid preparation for growth, as we create and take advantage of opportunities in that direction. Recently, we re-emphasized our corporate identity, with the definition of our Mission, Vision and Values, whose dissemination process began at the beginning of 2011 in our 15 industrial plants and six forestry units, so that these are increasingly incorporated into the day-to-day routine of our employees, forging our "Way of Being".

My 11,000 colleagues and I feel great pride in our company Duratex and we wish to thank all our shareholders, clients, suppliers and the communities for the confidence they entrust in us, while assuring them that we are fully aware of our responsibilities and that we will continue to contribute with the best of our talent and with all our energy, so as to always live up to their expectations.

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SALO DAVI SEIBEL
Chairman of the Board of Directors

Message from the Chief Executive Officer

GRI 1.1

Themes 6 and 17 of the Materiality Matrix: Strategy for management and investment within the business

2011 saw the celebration of Duratex's 60th birthday, as well as enormous challenges and achievements. We successfully coped with an adverse economic situation characterized by a slowdown in the economy from the second half of the year, and growing cost pressure in both divisions, while in the Wood Division there was the additional pressure of more expensive credit and a shortening in financing terms offered in the retail furniture segment, which is the main sales destination for our wood panels.

Even against this background, we managed to overcome challenges and see that net revenue increased by 8% on the year, to approximately R$3.0 billion. Recurring EBITDA amounted to R$799.5 million, with an EBITDA margin of 26.9% and recurring net earnings of R$349.7 million, which allowed us to distribute the gross amount of R$128.2 million to shareholders in the form of dividends and interest-on-equity.

In 2011, an important step forward was taken by the Company in the area of corporate governance, with the creation of nine multi-disciplinary commissions to provide support for the Executive Board. Among the most important actions taken by these bodies in the period was the mapping of risks and the definition of a series of policies covering several topics in different areas, such as Sustainability, Risk, Innovation, New Business, and Investment.

Its balanced capital structure, represented by a Net Debt/EBITDA ratio of 1.4x, means that Duratex can exploit opportunities that could contribute to generating value for its shareholders. In this regard, it is worth noting the 20 projects analyzed by the New Business Commission, which include mergers and acquisitions, in Brazil and abroad, of which the most notable was the acquisition of Elizabeth Louças Sanitárias.

This operation resulted in significant geographical diversification in the vitreous chinaware segment, with a corresponding gain in scale. Other opportunities continued to be analyzed at the beginning of 2012.

In addition to this acquisition, there have been a series of investments in fixed assets, whose analysis and monitoring of which is the responsibility of the Investment Commission. In this area, a total of R$636 million was spent during the year on, among other items, the construction of the building and the acquisition of equipment for the new plant for the manufacture of MDF panels, to be inaugurated in the first half of 2013 in Itapetininga (SP), the acquisition and installation of paper impregnation and low-pressure coating equipment, to add value to the panels sold, the introduction of a new furnace for the firing of vitreous chinaware at the unit in Cabo de Santo Agostinho (PE) and expansion of the metal bathroom fittings unit at Jundiaí (SP).

All these investments confirm our commitment to the growth and development of the Country, and should enable Duratex to grow more rapidly than its competitors. The Company will thus be able to benefit from the buoyant conditions in the domestic market, as a result of the increase in real incomes among the population, the low unemployment rate, and favorable credit conditions.

We are also aware of the need to adopt management practices that meet the desires and demands of our main interested public audiences and those of future generations. In this regard, we believe that the perceptions of Duratex's management and stakeholders, evaluated by the engagement panel in 2010, should be increasingly aligned. For this reason, we improved our operations in 2011 based on themes indicated in the Materiality Matrix. Principles such as those included in the Global Compact provide guidelines for improving our management, and strengthening our commitment to sustainability.

It must be emphasized that the achievements accomplished would not have been possible without the dedication and commitment of our approximately 11,000 professionals, with their excellent drive and motivation to overcome challenges. This is the great differentiator of a company whose vocation is to grow and create value.

We have arrived at this juncture having brought together the best people, innovative products and the strength of our brand names. We will be continuing in our quest to explore challenges and gain knowledge learnt, creating jobs and opportunities, and acting with an ethical and entrepreneurial spirit, as well as a profound sense of social and environmental responsibility.

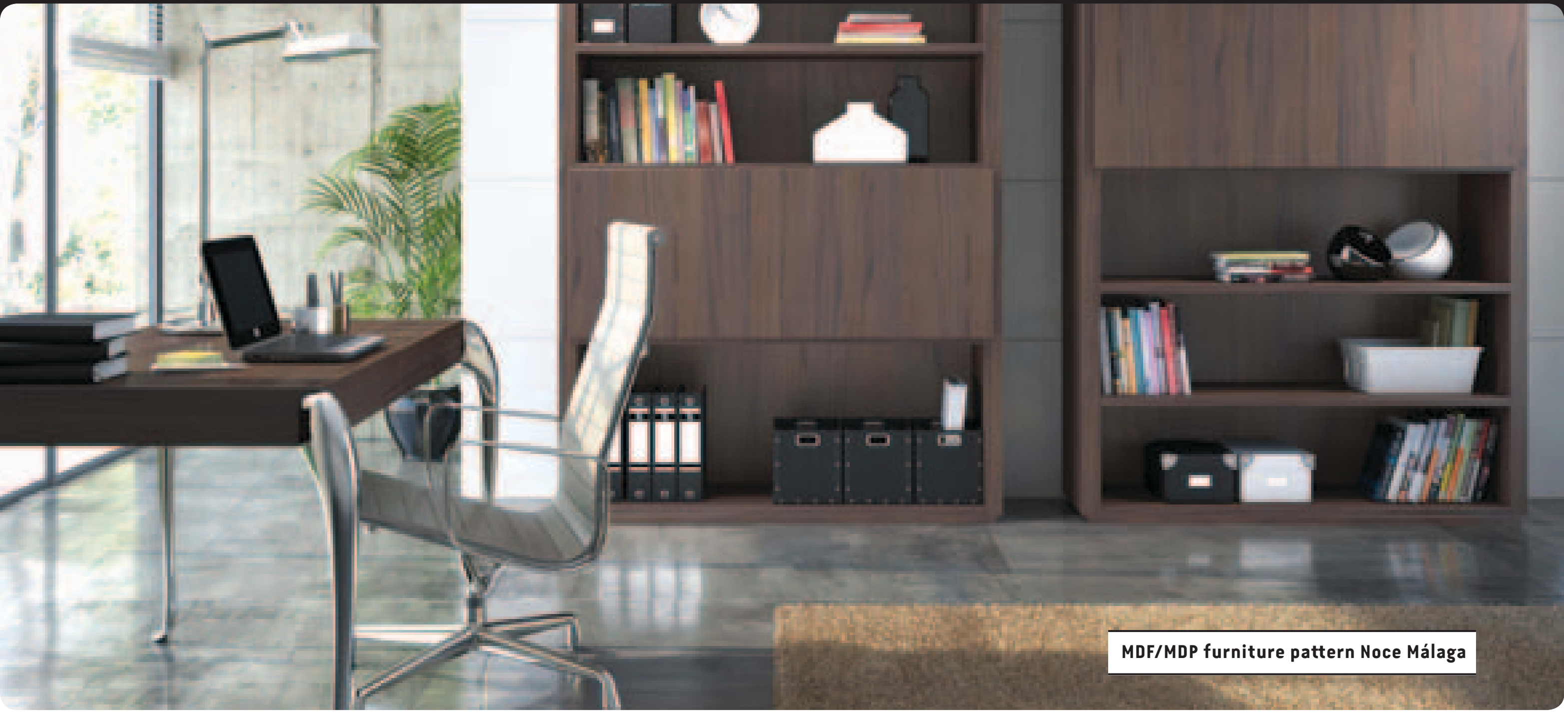
We are ready for whatever the future may hold.

HENRI PENCHAS
Chief Executive Officer

01

Corporate Governance

Duratex improved its corporate governance structure in 2011, with a new committee and nine commissions, which provide support for decision-making on specific matters



MDF/MDP furniture pattern Noce Málaga

Duratex's corporate governance structure is responsible for the formulation of investment strategies, the making of decisions, and the monitoring of the Company's relationship with its shareholders and other stakeholders, thus ensuring continuing value generation and the sustainable development of the businesses.

In 2011, to meet the demands of the market, improve management and extract synergy from the businesses, Duratex improved its governance model with the creation of a new committee and nine commissions, to provide support for the Board of Directors and the Executive Board, respectively.

Reporting to the Board of Directors, the Committee for the Evaluation of Transactions with Related Parties was set up, consisting only of independent members. The following multi-disciplinary commissions were set up to provide support for the Executive Board: Corporate Matters and Tax, Innovation, Investment, Social Investment, Marketing, New Business, Personnel, Risks and Sustainability.

This structure observes the principles of transparency, equity, the rendering of accounts and corporate responsibility, recommended by the Brazilian Institute Corporate Governance (IBGC). Duratex's employees are instructed to carry out their activities in an ethical manner, with transparency and a focus on results, in keeping with the Company's Mission, Vision and Values, as well as the Code of Ethics and Conduct in force.

The Company's remuneration policy, set by the Board of Directors and the Executive Board, is established and updated on the basis of market research. This periodic updating process aims to ensure competitiveness in relation to the best companies in the market, linking a tranche of variable remuneration to targets and results, based on the Company's strategic directives. As one of the improviments in governance, and in keeping with the Duratex best practices, the Company will establish remuneration linked to social and environmental variables. The Board of Directors should, along with the new human resource managers, define the parameters and indicators that will be used. **GRI 4.5**

MISSION, VISION AND CODE OF CONDUCT

GRI 4.8

OUR MISSION

To meet our customers' requirements with excellence, by developing and offering products and services that contribute to the improvement of people's quality of life, while generating wealth in a sustainable manner.

OUR VISION

To be a reference company that is recognized by customers, employees, communities, suppliers and investors as the best option, due to the quality of our products, services and relationships.

OUR VALUES

Integrity
Commitment
Focus on people
Exceeding of expectations
Continuous improvement
Innovation
Sustainability

CODE OF ETHICS AND CONDUCT

Theme 55 of the Materiality Matrix: Code of Conduct

Duratex's Code of Ethics and Conduct is in alignment with Itaúsa Holding's code, and establishes how the Company must act in relation to society and the expectations of each of its employees, independent of position or function. Here are its main objectives:

- to serve as an individual and collective reference for the attitudes and behavior of employees, so that all adhere to the same values and standards of conduct;
- to act as a guide for Duratex's relationships with its employees, clients, shareholders, suppliers, customers, capital markets, competitors, public authorities and society in general;
- to serve as a guide for the activities of the Company with respect to the environment and the communities in which it operates;

- to strengthen Duratex's internal and external image and that of its employees, showing them to be ethical, serious and committed to corporate citizenship and the community.

Itaúsa's Code of Ethics and Conduct can be accessed at the following website: www.duratex.com.br/ri.

GOVERNANCE STRUCTURE

GRI 4.1

GENERAL SHAREHOLDERS MEETING

It is the responsibility of the General Shareholders Meeting to define the annual remuneration of members of the Board of Directors, the Executive Board and the Board of Auditors, when in operation, and decide on issues of a shareholding nature, such as call options, the Company's participation in capital markets, mergers and acquisitions.

According to the Brazilian Corporation Law, shareholders may not participate in deliberations at general shareholders meetings if they have a conflict of interest with the Company. Should a shareholder vote under the circumstances, the decision must be annulled, with the shareholder being held responsible for any damage caused, transferring any advantages gained to the Company. **GRI 4.6**

BOARD OF DIRECTORS

It is the responsibility of Duratex's Board of Directors to supervise the management of the Company's executives and the sustainable development of the businesses. The Board meets on a routine basis every two months and on an extraordinary basis whenever necessary. The Portal of the Board, an on-line platform with access restricted to members of this body, provides important information about Duratex, the market and other topics necessary to assist this body in its decision-making. **GRI 4.9**

The Board consists of a minimum of five and a maximum of ten full-time members, with the possibility of there being substitute members, of a number determined at the General Shareholders Meeting. In 2011, the Board had nine full--time members, three of whom were independent, with one nominated by minority shareholders, as well as three substitute or "alternate" members. As determined by the Company Bylaws, the Chairman of this body may not exercise an executive function within the Company. **GRI 4.2 | 4.3**

The process of evaluating members of the Board includes inherent sustainability aspects and 360° model evaluation by peers. Shareholders may make recommendations to the Board of Directors, or make suggestions or criticisms, via the e-mail address governanca.corporativa@duratex.com.br. **GRI 4.4 | 4.10**

Members of the Board Of Directors	
Salo Davi Seibel	Chairman of the Board
Alfredo Egydio Arruda Villela Filho	Vice-president of the Board
Ricardo Egydio Setubal	Vice-president of the Board
Alcides Lopes Tápias*	Full-time member
Álvaro Antonio Cardoso de Souza*	Full-time member
Fabio Schvartsman*	Full-time member
Helio Seibel	Full-time member
Paulo Setubal Neto	Full-time member
Rodolfo Villela Marino	Full-time member
Andrea Laserna Seibel	Substitute member
Olavo Egydio Setubal Júnior	Substitute member
Ricardo Villela Marino	Substitute member

(*) Independent members.

Committees

The Committees have the function of advising the Board of Directors on strategic decisions. These important forums allow for the detailed evaluation of topics relevant to the Company, such as sustainability, staff, risks, the disclosure of information and transactions with related parties. The members of the Committees – consisting of a minimum of three and a maximum of six members – are selected by the Board itself, with a mandate of one year, and the right to re-election.

Committee for Staff, Governance and Nomination: evaluates and approves the succession process for the Company's managers, remuneration policy, employee development and corporate governance structure, as well as monitoring and revising the Company's Mission, Vision and Values.

The Committee for Staff, Governance and Nomination met 12 times in 2011. Its focus was drawing up and monitoring the mapping process for the identification and establishment of successors for the Company's managers. In addition to this task, it monitors the implementation of a remuneration policy which encourages the meeting of goals. Finally, it carried out an annual self-evaluation of the Board of Directors and Its Committees, as well as an evaluation of the Chairman of the Board – the results of which are being used to draw up an action plan for improvements to be implemented in 2012.

Members of the Committee for Staff, Governance and Nomination	
Álvaro Antonio Cardoso de Souza*	Chairman
Alfredo Egydio Arruda Villela Filho	Member
Andrea Laserna Seibel	Member
Helio Seibel	Member
Ricardo Egydio Setubal	Member
Rodolfo Villela Marino	Member

(*) Independent member.

Washbasin L 104C, Duna Quadratta faucet

Committee for Sustainability: created in 2010, the Sustainability Committee has the purpose of encouraging and creating mechanisms for the integration of sustainability into management processes at Duratex.

During the year, the Committee met on five occasions, and with the support of the Brazilian Foundation for Sustainable Development (FBDS) monitored the implementation of action plans approved and put into practice in 2011, as a result of extensive sustainability diagnosis and planning over a period of three years. This followed new Policy on the Environment and Climate Changes, and Standards for the Purchase of Goods and Services, which have been included in the socio-environmental requirements for suppliers.

There was also interaction with the Committee for Audit and Risks, for the implementation of activities associated with the environment, specifically the analysis of environmental risks associated with Duratex's operations and the management of such risks. With the objective of monitoring the work carried out by the business areas, the Committee has invited executives from the Supply Chain Management area of the Company and the Deca Division to provide a presentation on how the principles of sustainability are being incorporated in their activities. At the end of the year, the Committee revised the priorities for 2012 and subsequent years.

Members of the Sustainability Committee	
Fabio Schvartsman*	President
Andrea Laserna Seibel	Member
Olavo Egydio Setubal Junior	Member
Rodolfo Villela Marino	Member

(*) Independent member.

Committee for Auditing and Risk Management: this supervises internal control processes and the management of risks inherent in the Company's activities, along with the work carried out by the internal auditing department, and the external auditors. It also evaluates the quality and integrity of the Financial Statements.

During 2011, the Committee met on 12 occasions. At these meetings, financial, operational and environmental risks were analyzed, as well as the principal internal controls for risk mitigation; Duratex's Policy for Risk Management was also approved.

Members of the Committee for Auditing and Risk Management	
Alcides Lopes Tápias*	President
Álvaro Antonio Cardoso de Souza*	Member
Andrea Laserna Seibel	Member
Ricardo Egydio Setubal	Member
Rodolfo Villela Marino	Member

(*) Independent members.

Committee for Disclosure and Trading: analyzes and discusses documents that will be released to the market, monitors the trading of shares, and ensures compliance of the Policy for Trading and Disclosure.

The Committee met four times during the year. Of particular note was the recommendation to adhere to the Brazilian Association of Listed Companies (ABRASCA) manual for self--regulation, as well as the approval of a policy for the dealing of the treasury department in the Company's securities.

Members of the Committee for Disclosure and Trading	
Flavio Marassi Donatelli	President
Antonio Massinelli	Member
Henri Penchas	Member
Raul Penteado de Oliveira Neto	Member
Rodolfo Villela Marino	Member
Salo Davi Seibel	Member

Committee for the Evaluation of Transactions with Related Parties: this is responsible for ensuring that the transaction takes the Company's interests into consideration, in an independent, transparent and ethical manner, and in accordance with the legislation in force. It consists only of independent members of the Board of Directors.

The Committee met four times during the year, to deal with the formulation of regulations, a working agenda and the analysis of purchases and sales.

Members of the Committee for the Evaluation of Transactions with Related Parties	
Alcides Lopes Tápias*	President
Álvaro Antonio Cardoso de Souza*	Member
Fabio Schvartsman*	Member

(*) Independent members.

EXECUTIVE BOARD

The Executive Board is the main body responsible for implementing strategic plans and directives set by the Board of Directors, determining the allocation of funds and evaluating the performance of the segments in which the Company operates.

It consists of 14 statutory executives, who have the task of putting into practice those actions that are necessary and appropriate for the management of the business in accordance with the deliberations of the Board of Directors, along with proposing programs for the expansion and modernization of Duratex. The directors meet routinely once a week, and on an extraordinary basis whenever needed. All the members of the Executive Board undergo yearly performance evaluation by the Board of Directors, their peers, and their direct subordinates.

Supporting commissions for the Executive Board strengthen integration within the Company

Members of the Executive Board	
Henri Penchas	President
Antonio Joaquim de Oliveira	Executive Director for Panels
Alexandre Coelho Neto do Nascimento	Executive Director for Wood Sales
Antonio Massinelli	Executive Legal Director
Flavio Marassi Donatelli	Executive Director for Finance and Investor Relations
João Jacó Hazarabedian	Executive Director for Information Technology, Standards and Investment Management
Mônica Ramos Pinto*	Executive Director for Human Resources
Raul Penteado de Oliveira Neto	Executive Director for the Deca Division
Renato Aguiar Coelho	Executive Director for the Wood Industry
Roberto Szachnowicz	Executive Director for the Supply Chain
Flavio Dias Soares	Director for Development and Marketing at Deca
Francisco de Assis Guimarães	Director for Innovation and Technology Outsourcing
Marco Antonio Milleo	Industrial Director for Deca
Roney Rotenberg	Sales Director for Deca

(*) Joined the Executive Board in March 2012.

Commissions

In 2011 Duratex created a series of commissions to assist in the decision-making process of the Executive Board. These recently constituted bodies strengthen the Company's integration, bringing together specialists from different areas. They also allow discussion on relevant topics and, from a systems perspective, permit the monitoring of their influence on the various operational segments, as well as the business challenges faced by the various teams. They also ensures that the matters debated at the committee level are analyzed from an operational perspective.

New Investment Commission: this analyzes the competition and Duratex's competitiveness, in addition to monitoring and approving the Company's investments in fixed assets. This commission consists of a coordinator and ten members. Among the actions carried out during the year was the creation of an expansion plan for the Wood Division, with two new MDF units, and the reformulation of the project for the new vitreous chinaware plant in Queimados (RJ).

Commission on Personnel: consisting of one coordinator and seven members, it proposes and monitors the implementation of personnel management policies and practices, with a view to attracting, retaining and developing talent. These actions have helped Duratex to be recognized as one of the best companies to work for.

New Business Commission: proposes the development of new businesses which show competitive advantages and will increase the generation of value at Duratex. It consists of one coordinator and seven members.

In 2011, the commission complied with its regular fortnightly schedule, as well as meeting more frequently whenever necessary. It analyzed 23 projects, among them the acquisition of Elizabeth Louças Sanitárias, which was completed in February.

Commission on Social Investments: this commission prioritizes investments in social projects that have a long-lasting impact on the community, reaffirming Duratex's commitment to being recognized as a socially responsible company. It consists of ten members.

During the year, this commission met 15 times, with the objective of making a start on drawing up a Policy for Social Investment and standardizing the Company's sponsorship of educational initiatives. Duratex is also looking at the possibility of social action on projects focused on sport and culture.

Commission for Sustainability: this adds value to the management and governance process, based on the principles of sustainability, by proposing the development of actions, programs and policies in accordance with the best market practices. It consists of one coordinator and 11 members.

During 2011, the commission covered topics related to the environment, suppliers, employees, environmental indicators and Communication, and ended the year with the formalization of a new Duratex-wide policy for the environment and climate change. It also finalized a policy for the buying of goods and services that includes socio-environmental criteria and a program for the engagement of suppliers, in addition to promoting discussions on the establishment of non-financial parameters to be linked to remuneration, among other subjects.

The commission had the support of the specialist consultancy FBDS, which provided assistance in training on specific themes in addition to contributing to the development of an agenda and the fulfilment of a schedule agreed with top management.

Commission for Innovation: consisting of one coordinator and 11 members, it has the objective of disseminating, encouraging and monitoring the development of competitive differentiators in technologies, processes, products and services.

Commission for Shareholding and Tax Matters: comprising one coordinator and five members, it develops solutions which contribute to the improvement of the Company's shareholding and tax structure.

Marketing Commission: this proposes policies for the strengthening of Duratex's corporate brand name through attributes such as quality, ethical behavior, reliability, design, innovation and sustainability, generating satisfaction for the consumers of Deca, Durafloor and Hydra and adding value to shareholders. It consists of one coordinator and six members.

Among the actions carried out by this commission was the redesign of the Company's websites and the drawing up of a Marketing Policy, which is still under discussion.

Commission for Risks: consisting of one coordinator and six members, this evaluates the risks involved in the Company's operations and recommends appropriate policies to management.

This commission's main accomplishment was the mapping of the Company's general risks, which were duly classified in terms of degree of vulnerability and impact. For each risk identified an action plan is being drawn up with the objective of either eliminating or mitigating that particular risk.

For more information on members of the Board of Directors, Committees, the Executive Board and Commissions, including their experiences with respect to socio-environmental issues, readers should access the reference form available on the CVM's website www.cvm.gov.br or the Company's website www.duratex.com.br/ri. **GRI 4.7**

STRATEGY AND INVESTMENTS

Themes 6 and 17 of the Materiality Matrix: Strategy for management and investment within the business

In order to maintain its leadership position during the 60 years since its foundation, and over the coming decades, Duratex has been constantly investing in the expansion of its production capacity and operational infrastructure and the integration of its processes. All the funding allocation is planned in accordance with market trends and customer demand.

Baseboard and door trim in MDF, Essential line

In 2011, Duratex invested a total of R$636 million, R$149 million of which was allocated to the Deca Division. Of this, R$54 million was spent on expanding the production of metal bathroom fittings, and R$95 million on investment for the inauguration of a new site in Queimados (RJ) and the acquisition of Elizabeth Louças Sanitárias, in João Pessoa (PB). The shipment volume increased 17.9% to 25.5 million pieces. Contributed to this ability to service the market, as well as investments made in the past, focused on organic expansion of capacity, the acquisition of Elizabeth Vitreous China.

In the Wood Division R$222 million was invested in the completion of projects for a new paper impregnation line, the purchase of low-pressure presses, a new production line for laminated flooring, the installation of peripheral equipment in the unit in Taquari (RS) and investments in Itapetininga.

The remaining investment was allocated to the maintenance of existing operations and reforestation activity.

The Company is prepared for potential internal growth, with new operations having already begun and investments planned over a five-year horizon, in its two divisions. The funds available also allow the Company to take advantage of opportunities for expansion in its existing segments, as well as in business areas that have synergy with those in which it currently operates, emphasizing Duratex's commitment to the development of Brazil.

For 2012, the Company has an investment budget of approximately R$650 million, for allocation to Duratex's strategic projects in its two divisions: completion of the works and the assembly of equipment for the new MDF production line in Itapetininga (SP), with operational start-up planned for 2013; the planting of trees and maintenance of the Company's forestry base; and the finalization and inauguration of the vitreous chinaware unit in Queimados (RJ).

RISK MANAGEMENT

GRI 1.2 | 4.11

Duratex maintains procedures for the management of the risks to which it is exposed, with respect to interest rate fluctuation, variation in the exchange rate, and credit. The organizational structure for the control and management of risks consists of the Board of Directors, the Committee for Audit and Risk Management, and within the operational scope of the Executive Board, the Risks Commission.

The Company considers risk management to be an essential tool in the preservation of value and the protection of the capital committed to its operations. Analysis of potential risks is carried out by the representatives of the various areas, and follows the Precautionary Principle, established at the United Nations Conference on the Environment and Development.

The procedures adopted by Duratex have the objective of protecting its investments, and include the monitoring of exposure levels and establishing limits that trigger the respective decisions to be made.

In 2011, the work of risk mapping was carried out by an external auditing firm, Deloite Touche Tohmatsu Brasil. Action plans are being drawn up by the Risk Commission, in partnership with other areas of the Company, with the aim of formalizing the risk management process based on documentation and set procedures. This study has determined the various risks, for which mitigation actions will be structured, and defined the Risk Rules, published in December.

EXCHANGE-RATE RISK

Any rise in exchange rates can increase the balance of the Company's loans, foreign currency denominated financing, and debentures in local currency. Duratex seeks to ensure that the fluctuations in currency to which the Company's liabilities are subject, do not affect its results or cash flow. For this purpose, there is an internal policy which sets out the various ways of mitigating exchange-rate risks. Any derivatives of an "exotic" nature, are not permitted.

RISK TO CASH FLOW OR FAIR VALUE ASSOCIATED WITH INTEREST RATES

Interest rate risk is risk that could result in the Company suffering from economic losses, due to adverse market conditions. This risk is continuously monitored, with the aim of assessing the possible need for the use of derivative contracts to provide protection against volatility. There is a Debt Policy which defines risks which are acceptable to the Company.

CREDIT RISK

The Company has adopted a sales policy associated with the level of credit risks to which it is exposed, in accordance with the business. The diversification of its receivables portfolio, the selection of its clients, and the monitoring of financing periods for sales and individual limits, are all procedures that are adopted for the minimization of bad debts or losses. With respect to financial activities the money markets, and other investments, Duratex has an investment policy which lists the institutions with which it may have a business relationship and provides guidelines with respect to the level of concentration.

Duratex has a debt policy for the setting of limits and parameters so as to guarantee its solvency. Control of its liquidity position takes place on a daily basis, through the monitoring of projected cash flow.

RISKS AND OPPORTUNITIES WITH RESPECT TO CLIMATE CHANGE

GRI EC2

Risks linked to climate change are due to possible changes in the regulatory environment and consequent demands with respect to the reduction of greenhouse gas emissions, or the development of products with a superior performance. Among the impacts predicted is a reduction in the level of forestry productivity in the event of irregular rainfall patterns, an increase in investment in the research and development of eco-efficient products, forestry cultivation and improvements to reduce emissions.

There are also opportunities presented by climate change. As the leading company in the segments in which it operates, Duratex has the capacity to adapt itself to more challenging conditions and lead the movement for change, with the possible capturing of additional market share.

To learn more about all the risks, readers should access the reference form on the CVM's website www.cvm.gov.br or on the Company's website www.duratex.com.br/ri.

INTANGIBLE ASSETS AND COMPETITIVE ADVANTAGES

Duratex combines a number of essential factors for the creation of value and the building of competitive advantages. These aspects strengthen the Company's operations by contributing to improving the productivity of its operations, consolidating its relationships with its, and improving environmental performance through the efficient use of resources.

GEOGRAPHICAL DIVERSIFICATION

The geographical diversification of Duratex's operations provides improved quality in the service that it provides to customers in the domestic market, further reducing logistics costs. Of the regions with the highest growth potential in terms of the Company's strategic planning, of particular note is the Northeast, where in 2011 the Company built a Distribution Center and acquired a new vitreous chinaware operation, Elizabeth Louças Sanitárias.

BRAND-NAME

The brand names Duratex, Durafloor, Deca and Hydra are synonymous with quality and reliability. They express the innovation, commitment, design, quality and sophistication that the market demands. The rhinoceros logo, which represents Duratex, is among the best known and respected corporate logos in the country, and was widely publicized through the campaign Rino Mania, in commemoration of the Company's 60th anniversary.

Duratex's intangible assets are essential factors in the creation of value and competitive advantages

INNOVATION

Duratex continually invests in research and development in relation to products and solutions to provide it with greater competitiveness in the markets in which it operates, in addition to training its employees to offer products that are in alignment with the trends and desires of the consumer market. In 2011, Duratex invested R$19,3 million in product research and development. In the Deca Division, of particular note are the new products that reduce water consumption, and the sophisticated product lines that use cutting-edge technology. And in the Wood Division, innovation in pattern panels has expanded the Company's portfolio in this segment.

QUALITY

The quality standard of Duratex's products is a reference in the domestic market, and has resulted in the Company's privileged position among customers and consumers. Sales teams undergo constant training, while technical assistance services cover the entire Country. The Company's Customer Service (SAC) provides credibility to its brand names, and engenders user confidence; customer service access telephone numbers can be found on packaging and websites (www.deca.com.br, www.duratex-madeira.com.br and www.durafloor.com.br).

ECO-EFFICIENCY

Duratex's strategic planning includes commitment to the preservation of natural resources, and makes provision for investment in efficient and clean processes, the reuse of materials and the development of equipment that reduces the consumption of water and electricity. All the wood used in the production of boards and panels originates from reforestation activities, with certification FSC on some of its plantations.

Item of furniture in MDF/MDP,
BP Essential Nude Pattern

PERSONNEL

Duratex's employees are among its main assets. The attraction and retaining of talent is indispensable for the success of the businesses and the development of human capital encourages and contributes to maintaining a healthy work environment. In recent years, the Company has strengthened the alignment of its employees with its corporate culture, through the formulation of its Mission, Vision and Values, and the publication of these directives through its campaign "Somos Assim" (this is how we are).

INFORMATION TECHNOLOGY

Duratex uses a SAP database, protected by a Business Continuity Plan, which includes replication of the database every 30 minutes and its storage in a safe environment, separate from the Company's facilities. In addition, the Company has a modern industrial structure, with the latest generation of machinery and equipment, robotized processes, constant maintenance and advanced information technology resources and systems.

A corporate Information Technology Standards and Investment Management Board was created in 2011, with the purpose of improving the Company's IT systems and establishing standards and processes to improve risk management, the planning and monitoring of investments, and the Company's internet exposure, with sites targeted at specific groups.

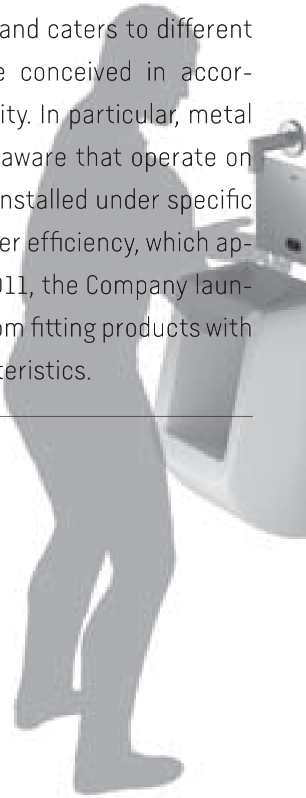
GAINS IN SCALE

As the largest manufacturer of industrialized wood panels and vitreous china in the Southern Hemisphere[1], Duratex continuously invests in expansion of its production capacity, enabling gains to be achieved through increased scale. In addition to the investments completed in 2011, the Company has an ongoing portfolio of projects, over a five-year horizon, to cater to the growth in the domestic market.

DIVERSITY OF PRODUCT MIX

Duratex's product mix is extensive, and caters to different consumer segments. Products are conceived in accordance with principles of sustainability. In particular, metal bathroom fittings and vitreous chinaware that operate on reduced levels of water, have been installed under specific program that aims at improving water efficiency, which applies approximately 270 items. In 2011, the Company launched a number of new metal bathroom fitting products with reduced water consumption characteristics.

(1) Duratex estimate.



At the exhibition Expo Revestir 2012, Deca unveiled as part of its water-saving line of products an innovative product, which is shown on the side of this page. It is a urinal with an integrated sink , which uses the water from hand-washing to subsequently rinse the urinal.

Awards granted to Duratex highlight its commitment to quality, innovation and sustainability

INTEGRATION OF OPERATIONS

The Company's high degree of self-sufficiency in forestry based on its almost 138,000 hectares of planted forests, predominantly made up eucalyptus trees, enables gains to be achieved in terms of supply logistics. The Company is also looking at possible operations in businesses that have synergy with those in which currently operates.

COST MANAGEMENT

The scale of production, the integrated wood supply system – with the Company's own renewable forests situated close to its plants – and the verticalization of its production processes all ensure a high level of productivity at a competitive cost. In addition, the Company reuses inputs and uses biomass for the heating of its boilers. Initiatives such as these contribute to maintaining the low cost of operations.

AWARDS AND RECOGNITIONS

GRI 2.10

During the year, Duratex won various prizes and recognitions with respect to its management and products, of particular note being its commitment to quality, efficiency, innovation, transparency, ethics and sustainability.

The Company was once again selected in 2011 to be part of the BM&FBOVESPA Corporate Sustainability Index (ISE). It also featured among the list of Best Companies to Work for, published by the magazine *Capital Aberto*, in addition to receiving the Association of Capital Market Analysts and Investment Professionals (APIMEC) SP Esmeralda 25 Year Prize for Diligence. The Company was also recognized in the category of Plant Exploration and Reforestation in the awards for Best Agribusiness granted by the magazine *Globo Rural*.

Award/Recognition	Description	Grantor
Green Building	Covers companies that contribute to progress in the transformation of the construction sector in a sustainable manner.	Green Building Council Brazil
IDEA/Brazil	The Company received the Gold award in the Housing category. This prize is one of the most highly esteemed in the world.	Brazilian extension of the US-based International Design Excellence Awards (IDEA).
Top of Mind	Highlights the companies that are best remembered by consumers. The Company distinguished itself in the "Bathroom" category: Showers Metal Bathroom Fittings and Vitreous Chinaware. It also received the award for Company of the Year. Durafloor's laminated flooring also received this recognition.	Research by Datafolha of São Paulo
Planeta Casa 2011	The awards are presented to the best sustainability projects designed by companies and professionals in the architecture, decoration and construction segments. Duratex was highlighted for its Tap with Hydrogenerator.	*Cláudia* magazine in partnership with the Sustainable Planet site
Casa Brasileira Museum prize	Duratex was recognized for its design, in the awards held in São Paulo.	Casa Brasileira Museum
15th awards for best product of the year - Revenda Group	The awards, the result of votes by stallholders, honor those with the best results in the various sales outlets. Products granted awards: Linha Aspen and Válvula Hydra Duo.	Revenda Group
Pini Awards	These awards recognize the best suppliers in the Brazilian construction industry.	*Construção Mercado* magazine
Top Anamaco	Dedicated to companies in the sector that have been successful in meeting the challenges of the market.	Anamaco

02

Socio-environmental Responsibility

GRI 4.12 | 4.14 | 4.15 | 4.16 | 4.17

Duratex has an agenda made up of socio-environmental priorities with a three-year horizon, involving 27 themes related to social, environmental, structural, functional and governance matters

Sink L95, Stick faucet

Theme 18 of the Materiality Matrix: Environmental Policy

The establishment of priority themes was one of the main highlights in 2012 in the socio-environmental area. This work, led by the Sustainability Committee, was carried out with the support FBDS for the structuring of a three-year agenda involving 25 social, environmental, structural, functional and governance themes. The management of these initiatives is the task of the Commissions that report to the Executive Board, so as to guarantee that they are applied systematically throughout the Company and link them with the corporate governance structure.

Among the main initiatives of this agenda already implemented in 2011 was the revision and updating of the Environmental Policy, integrating the question of climate change, which is being disseminated by the Company through training sessions and the implementation of initiatives. Sustainability criteria were also included in the Buying Policy – taking into account questions of environmental, labor-related and social risks associated with suppliers.

Information on the environment and safety are generated by the Environment Compliance and EHS modules of the SAP system. Duratex, along with other companies in the Itaúsa Conglomerate, was the first Brazilian company to acquire the Environment Compliance Module, with the aim of structuring the management of environmental data with greater control and reliability.

Duratex's commitments, expressed in its Environmental Policy, strengthen its Environmental Management System (SGA), which already carries ISO 14001 certification at the forestry unit in Botucatu and the sapling nursery in Lençóis Paulista (SP). In addition to this, actions are being implemented so that the Company's units will receive ISO 14001 certification over the next few years.

Among the certifications received, of particular note is the seal from the FSC, for Duratex's forestry management. The FSC evaluates the operations and control on the extraction of the wood used for the manufacture of panels and other products. This certification attests to the adoption of environmentally appropriate practices that are socially just and economically viable. In 1990 Duratex became the first company in Latin America to obtain the FSC seal of approval.

Initiatives for the improvement of Duratex's environmental management use market benchmarks such as the Ethos Indicators, GRI, Carbon Disclosure Project (CDP), ISE and the Dow Jones World Sustainability Index (DJWSI). Duratex is one of the companies that have been invited to the BM&FBOVESPA Carbon Efficiency Index (ICO2), after having contributed to the discussions for the creation of this index. It is also a signatory to the Global Compact and one of the founding members of the Brazil Green Building Council.

TABLE OF INTERACTIONS

Interested Party	Communication Channels	Main Actions
Shareholders and Investors	Quarterly conference calls on economic-financial results; roadshows in Brazil and abroad; individual and group meetings, and analysts visits to factories; public meetings of analysts in Brazil; annual report; website area for investor relations, with contact details; e-mail alerts for the publicizing of events of interest; electronic newsletter on sustainability; relationship channel on the environmental theme.	Publication on the website of economic-financial, social, environmental and cultural information; quarterly reports containing discussion of economic-financial results and socio-environmental performance; Code of Ethics and Conduct; Committee for Disclosure and Trading; Policy on Securities Trading; Policy on the Disclosure of Material Events or Facts.

Interested Party	Communication Channels	Main Actions
Clients and consumers	Toll-free telephone number for client services; corporate website, Deca and Wood Divisions; annual report; electronic newsletter on sustainability; relationship channel on the environmental theme.	Services to clients and technical assistance; product advertising following ethical standards; development of eco-efficient products; Credit Committee; Code of Ethics and Conduct.
Suppliers	Website; annual report; electronic newsletter on sustainability; relationship channel on the environmental theme.	Policy for the Supply of Goods and Services; Code of Ethics and Conduct.
Employees	Confidential channels for the reporting of discrimination in the workplace; electronic newsletter on sustainability; relationship channel on the environmental theme; *RH Escuta* (human resources is listening); internal notice boards; intranet; website; annual report.	Education and training programs; special events on particular holidays, such as Secretary Day, Mother's Day and the end of year celebrations; Code of Ethics and Conduct; Committee for Personnel and Succession.
The community	Meetings in the communities; annual report; website; relationship channel on the environmental theme.	Sustainability Committee; sponsorship of cultural and social events.
Government and society	Annual report; website; relationship channel on the environmental theme.	Code of Ethics and Conduct; Policy for Receiving and Dealing with Complaints; Environmental Policy; contribution to associations, entities and sustainable initiatives, such as the Ethos Institute and the *Na Mão Certa* (in the right hands) program; ISO and FSC certifications.
The Press	Annual report; press advisory service; website; e-mail alert.	Code of Ethics and Conduct; Committee for Trading and Disclosure.

CLIENTS AND CONSUMERS

GRI PR5

Themes 61, 62, 66 and 69 of the Materiality Matrix: customer health and safety in the use of products, product information – access and quality of information, product quality and service to the client – pre-and post sale

The Company is dedicated to the protection of the health and safety of its clients and consumers, who have recognized its brand names and products as being market references in terms of quality, design, innovation and sustainability. Duratex offers flexible service channels, an extensive technical assistance network, continuous investment in the training of installation professionals, and marketing programs and relationship programs with solid foundations of respect and ethical behavior.

In the Wood Division, two structures guarantee the service provided to industry (particularly the furniture sector), retail wood sellers and construction material retailers. The two areas operate with the shared support of teams specialized in communication, product development, technical assistance and relationships. In the Deca Division, the pre-sales area strengthens the uniqueness of the products and the value of the brand name, with visits to the offices of architects and construction firms. In addition, the Deca Division has 20 sales affiliates, five of them focused on the construction industry while the others providing service to retailers.

Service to Consumers—Durafloor	2011	2010	2009
Total number of calls taken by the customer call center	32,364	25,452	29,451
% of complaints as a proportion of the calls taken	11.60%	9.0%	11.74%
% of complaints not dealt with	0%	0%	0%
Average waiting time before calls are answered	7s	7s	6s

In 2011, Durafloor's service for general and technical assistance dealt with 37,940 customer contacts, comprising 24,614 calls received at the call centre, 7750 e-mails, 4467 letters and 1109 Proprietor Registration Card units (CRP).

Service to consumers – Deca Division	2011	2010	2009
Total number of calls received by the Call Center	78,841	100,722	98,594
% of complaints as a proportion of the total calls taken	1.1%	0.19%	0.06%
% of complaints not dealt with by the call center	0%	0.01%	0.01%
Average waiting time before calls are answered	47s	48s	49s

The Deca Division's consumer service received 78,841 calls in 2011, 42% of were related to authorized technical assistance outlets, 30% to product information, 5% to technical information, 3% sales and 19% to other themes. 1.1% of the calls were complaints.

RELATIONSHIP ACTIVITIES

Duratex strengthens its brand name and the relationships with clients and consumers through a series of activities, some of which have been in place for more than 15 years. Among the main ones, of particular note are the Duratex Loyalty Program and the competitions for architecture and interior design, such as the *Sonho de Banheiro* (dream bathroom) Deca Prize and the Banheiro Deca design competition. Also noteworthy is the sponsorship of technical seminars, which brought together 2,500 professionals in the sector in 2011, and the participation at trade fairs and the more important events in the sector. In 2011, the Company participated in Casa Cor, the International Trade Fair for Machinery, Raw Material and Accessories for the Furniture Industry (FIMMA) and Expo Revestir.

SUPPLIERS

In 2011, Duratex restructured its Supply Chain area, introducing three management areas responsible for supplies, purchases not related to production, and strategic inputs. The focus is on the management of these inputs, allowing greater synergy among the Company's various input requirements.

One of the main initiatives by this team last year resulted in the publication of a Buying Policy and in the mapping of Duratex's suppliers, classifying them in terms of economic performance, exposure to risks and the adoption of socio-environmental practices. This mapping will provide the Company with guidelines for engagement with these strategic suppliers.

Another item of note was the project for changing Duratex's energy matrix, which will be substituting fuel oil with natural gas. In addition to being less polluting, natural gas tends to be cheaper than oil. In this regard, an important partnership agreement signed with a concessionaire in São Paulo involves the building of a gas pipeline

Item of furniture in MDF/MDP, BP Lume Branco Diamante pattern from Bauru (SP) to Duratex's plant in Agudos (SP), which will enable the energy matrix to be changed, replacing the current fuel oil used with natural gas.

For the transport of inputs and finished products, Duratex contracts legally established transport firms that mainly operate using their own fleets and which impose strict criteria when selecting vehicles from third parties.

EMPLOYEES

GRI 4.4

Duratex believes that one of its greatest challenges is to grow without compromising its essential nature, which is its way of thinking and getting things done. For this to take place in a consistent manner, backing by employees is indispensable. The Company's professional staff members have an outstanding knowledge of the Company's operational markets, as well as production and sales. The attraction and retention of internal talent is the Company's focus in developing its human capital, which encourages and contributes to maintaining a healthy working environment.

In 2010 and 2011, the Company reinforced its Mission, Vision and Values. In addition to validating the content with its employees, the Company carried out a campaign for the publicizing of these principles, providing support for the process of aligning organizational culture. With the slogan "Somos Assim", the publicity campaign for the publication of the content involved all the units, with the use of presentations and interactive information, supported by technical and behavioural information material specially developed to promote debate, reflection and compliance.

At the end of 2011, Duratex had 10,668 staff members, with 10,390 in Brazil and 171 in other countries, 107 trainees and 1,929 outsourced staff. Compared to 2010, there was an increase of 11% in the direct employee base.

	2011	2010	2009
Direct Employees	10,390	9,368	8,681
Trainees	107	148	113
Employees Abroad	171	174	209
Total	**10,668**	**9,690**	**9,003**
Outsourced Staff	1,929	1,682	1,428

	2011			2010			2009		
Level within the Company	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Director (employee)	2	0	2	1	0	1	0	0	0
Management	640	59	699	597	53	637	534	54	588
Administrative	1,220	679	1,899	1,130	648	1,778	1,061	618	1,679
Production and Others	7,419	371	7,790	6,713	226	6,939	6,260	154	6,414
Total	**9,281**	**1,109**	**10,390**	**8,441**	**927**	**9,368**	**7,855**	**826**	**8,681**

Diversity Indicators	2011	2010	2009
Number of women who work at the Company	1,109	927	826
% of management positions occupied by women	8.4%	8.2%	9.2%
Number of men who work at the Company	9,281	8,441	7,855
% of management positions occupied by men	91.6%	91.8%	90.8%
Number of negroes who work at the Company	2,978	1,904	1,721
% of management positions occupied by negroes	10.9%	6.8%	6.5%
Number of disabled persons, or those with special needs	283	272	268
Number of employees over 45 years old	1,387	1,330	1,242

DEFINITION OF TARGETS

Theme 38 of the Materiality Matrix: Definition of Targets

Since 1995, Duratex has had a profit-sharing scheme in place for its employees, which today applies to all its businesses, based on indicators that are directly related to the performance of the unit and the degree of commitment the employee shows to the Company. Two economic-financial indicators are taken into account, based on Revenue – Productivity and Added Value or Cost – as well as three indicators related to attitude and degree of commitment to the organization: work-related accidents, deficiencies and product quality.

All employees at the operational level, and at the first level of supervision (supervisors and coordinators) are evaluated, collectively and individually, according to these criteria, and recognized and remunerated based on this evaluation.

For managers and directors, there is a "skill model" aligned to the future challenges of Duratex and the process of performance management which includes 360° evaluation and the measuring of targets agreed at the beginning of the year – organized into three fronts: corporate, unit and individual. This performance management process will have a direct impact on annual variable remuneration and the formulation of an individual performance program for executives, linked to gaps in knowledge and skills identified in the performance evaluation.

Targets and Respective Weightings for Managers and Directors		Weightings			
		Corporate (Central office)		Industrial Units	
Front	**2011 Target**	**Director**	**Manager**	**Director**	**Manager**
Corporate	EBITDA and ROE of Duratex	70%	70%	50%	40%
Units (Panels, Deca and Forestry)	EBITDA and ROE of each unit	0%	0%	25%	30%
Individual	Up to 5 specific targets	30%	30%	25%	30%
	Total	**100%**	**100%**	**100%**	**100%**

As a long-term incentive instrument, the Company has a stock option plan in place for members of the Executive Board and managers. Every year the Committee for Staff, Nomination and Governance grants options to these executives in accordance with established targets.

It is important to emphasize that the performance management process also provides input on the Company's succession plan, identifying potential successors for key positions within the organizational structure and the development efforts that will be needed for each member of staff to be fully capable of exercising functions with greater responsibility within the Company. **GRI LA12**

Regular Performance Evaluation and Career Development Planning	
% of employees evaluated	95.27%
Total number of direct employees	10,390

REMUNERATION AND BENEFITS

Duratex ended the year with a total staff of 10,668, who received a total remuneration of R$315.5 million.

Duratex's salary policy is based on market benchmarks in the segments in which it operates, taking into account roles, responsibilities, results and the performance of each professional member of staff. To ensure that the remuneration policy is correctly applied, research is carried out from time to time. In addition to fixed remuneration, the Company has variable remuneration and benefit plans, in addition to a stock option plan for its executives.

The Company offers its employees a pension scheme of the defined contribution type, run by the Itaúsa Industrial Foundation. Two types of plans are provided to employees: the Defined Contribution Plan (DC plan) and the Defined Benefit Plan (DB Plan). The former is offered to all employees, with 5,140 active, 168 assisted and 548 participants, and the Company contributes amounts of between 50% and 100% of the contribution made by participants. The DB plan, which is closed to new entrants, in 2011 had 68 active, with 502 assisted and 23 participants. For more information on this, readers should refer to the Financial Statements, Note 26, on page 167. **GRI EC3**

TRAINING AND EDUCATION

Duratex invests continually in the training of its staff through programs focused on technical improvement and the development of behavioural and leadership skills. In 2011, R$1,975,100 was spent on initiatives which included subsidies for graduate, postgraduate, language and training courses. There were 82,664 participants and 21.5 training hours per employee.

Investment in training	2011	2010	2009
Total invested (R$)	1,975,055	1,378,610	1,140.914
Hours of training per employee	21.5	23.8	24.0
Number being trained	82,664	53,026	48,278
Number of educational grants provided to employees	94	117	163
Amount invested in educational grants (R$)	242,172	236,892	345,449
Total invested in training (R$)	1,732,884	1,141,718	795,465
% of investment in education and training as a proportion of total revenue	0.07%	0.06%	0.08%
% of investment in education and training as a proportion of total operating expenses	0.45%	0.40%	0.37%
% of investment in education and training as a proportion of total staff expenditure (remuneration for work)	0.62%	0.50%	0.43%

HEALTH, SAFETY AND QUALITY OF LIFE

Duratex prioritizes the well-being and health of its employees. To this end it has introduced a series of initiatives, such as work breaks for providing guidance on the safe operation of machinery and concepts of gymnastics in the workplace to improve posture and avoid repetitive strain injury. The Company has medical posts which are equipped to carry out routine examinations and attend to emergencies. Employees participate in vaccination campaigns, including vaccinations against influenza and yellow fever.

The Company also promotes Internal Weeks for the Prevention of Accidents in the Workplace (SIPAT) and has an Internal Commission for the Prevention of Accidents (CIPA). For the transport of employees in the forestry division to rural zones, the Company has buses that are specially equipped with bathrooms, awnings and tables, which also serve as canteens.

Vehicles undergo constant maintenance and drivers receive guidance on driving safety. These initiatives, added to the investment in training for operators at its plants, have helped to reduce the number of work-related accidents. In 2011, there were 241 incidents, of which 140 resulted in time off work.

COMBATING CORRUPTION

Theme 52 of the Materiality Matrix: the fight against corruption

Duratex has set out directives for the treatment of corruption issues in three corporate documents: the Code of Ethics and Conduct, the Corporate Policy for the Prevention and Combat of Illicit Acts and the Policy for Receiving and Handling Complaints. These directives are incorporated into the Company's Buying Policy and are applied to the ethical and transparent management of suppliers, in compliance with the conventions of the International Labour Organization (ILO) and the principles of the Global Compact.

The internal auditing area evaluates internal controls and risk management, reporting to the Committee for Auditing and Risk Management. The External Auditors, on the other hand, evaluate the Company's Financial Statements. These evaluation procedures allow the prevention of cases of corruption.

All employees are made aware of risks related to corruption. The item entitled Governance in the Dictionary of Risks provides for the evaluation of the potential risk of unethical conduct and fraud. The residual evaluation of this risk was classified as being of Medium Impact, being mitigated through a structure of internal controls and corporate governance, as well the management of risks by the Company's administrators, managers and employees. **GRI SO2 | SO3**

Duratex maintains open channels to receive complaints from employees and third parties. These complaints are analyzed by the internal audit team and reported to the Audit and Risk Management Committees. If confirmed they may lead to the warning of the infringer and other internal penalties, not exempting the infringer from legal responsibility for his or her actions. In 2011, the Company received no communications, either internal or external, related to cases of corruption. **GRI SO4**

Sink L260, Decalux faucet

COMMUNITY

GRI SO1

Duratex develops and supports programs which prioritize the professionalization of youth and environmental education in the communities where it works. During 2011, the Company invested approximately R$30.0 million in socio-environmental projects, 50% more than in the previous year.

Many of the initiatives involve employees, who act as volunteers or who donate material as part of collection campaigns. An example of this is the Formare Project, through which employees act as educators for at-risk youth.

PROJECTS

Social projects supported in 2011	
Art	**Season of concerts by the Bachiana Philharmonic Orchestra and the João Pessoa Chamber Orchestra:** conducted by maestro João Carlos Martins, these concerts were attended by some 30,000 people.
	Cantando por um Brasil Melhor (singing for a better Brazil): with the musical group Trovadores Urbanos, this benefited the population in 12 municipalities in the state of São Paulo.
	Vozes pela Infância (voices of childhood): with the participation of maestro João Carlos Martins, the percussion group of the *Vai Vai* samba school and young talented classical musicians. The income from the event, minus taxes, was donated to Childhood Brasil for the *Na Mão Certa* (in the right hands) program.
	A Sustainable World: a travelling theater operating in Estrela do Sul (MG) and surrounding communities, benefiting 2,600 children and adolescents in the public educational network.
	Ecological living: exhibition at this São Paulo Museum of Modern Art, presenting pioneering projects by architects from various parts of the world that touch on the necessity of preserving scarce natural resources. This event received more than 25,000 visitors.
	Rino Mania: this project involved 75 rhinoceros sculptures decorated by various artists. Of these, 60 were exhibited in the city of São Paulo and a further 15 went on a traveling exhibition in communities in which the Company operates. At the end of the exhibitions, the sculptures were auctioned off and the amount collected, approximately R$ 600,000, was donated to the United Nations Children's Fund (UNICEF) and Associations of Parents and Friends of Special Needs Children (APAEs), among other non-governmental organizations. Rino Mania also involved pupils in 128 elementary schools in the public education network of 11 towns in the states of São Paulo, Minas Gerais, Rio Grande do Sul and Pernambuco. This initiative promoted teaching workshops with 237 teachers, who encouraged their students to discuss the preservation of species threatened with extinction and the study of wildlife, as well as to learn more about the importance of working as a team. During the project, children and youth decorated 220 mini-rhinoceroses in an initiative which involved approximately 7,000 pupils.

Social projects supported in 2011	
Education	**Tide Setubal Joinery School:** offers professional training to youth from Agudos, benefiting 74 people in 2011. There are three professional skills taught: Carpentry, Microcomputer operation and Marquetry.
	Buscando o Futuro (looking to the future): since 2004, this project has provided guidance on engagement in the labor market to students in public and technical schools. In 2011, the project was held in the Louças Jundiaí e Metais Planidil unit of the Deca Division, with the participation of 150 students from the National Commercial Training Service (SENAC).
	Piatan Environmental Awareness Area (AVAP): located in Agudos (SP), it has the object of disseminating information about the management of sustainable forestry, through monitored visits by schools, clients and the community. In 2011, there were visits from more than 7300 people; these included facilities for the presentation of informational videos, notice board displays and forest trails with information on the surroundings.
	The Escola Formare program: carried out in partnership with the Iochpe Foundation of São Paulo and the Federal Technology University of Paraná (UFTP), contributes to the professional training of at-risk youth, providing them with professional education courses from the Agente de Serviços Administrativos e Comerciais (administrative commercial service agent). In 2011, 35 teenagers from needy communities were trained.

Duratex has invested approximately R$ 30 million in socio-environmental projects

Social projects planned for 2012
Community Library: involves the creation of three libraries in the municipal schools of Botucatu (SP), Uberaba (MG) and Cabo de Santo Agostinho (PE) and the overhaul of two libraries already present in the municipalities of Taquari (RS) and Estrela do Sul (MG).
Contacts with art: an education project of the São Paulo Museum of Modern Art, which seeks to strengthe the connection between art and various field of knowledge, with the objective of contributing to the process of teaching educators from different institutions.
Swimming, Athletics and Weightlifting Championships: seeks to achieve the best conditions for training of disabled athletes to participate in the 2016 Paralympics. The projects Hands Teams and Magic Hands, aim to train volleyball and basketball teams, respectively, made up of athletes in high-performance wheelchairs.

Durafloor flooring,
Gris Versalhes pattern

In the forestry area, one of Duratex's most important projects include consultations through poll research among neighbors, customers and suppliers to the farms and plantations. The object is to encourage pre-and post-operational research. The pilot project began in 2010, and was expanded in 2011, with the sending out of approximately 800 questionnaires, accompanied by information leaflets on the activities developed by the Company. This material was distributed in the regions of Minas Gerais and São Paulo.

Around 200 returns were received on a voluntary basis. The responses and information are still being tabulated, but a preliminary analysis indicates that there is recognition of the positive aspects of the Company's presence as well as more sensitive aspects, such as the driving of the Company's vehicles along rural roads, the impact of which is being analyzed. The final report on this subject is being compiled with the support of the Sagrado Coração University (USC/Bauru).

In Rio Grande do Sul, an Environmental Impact Study (EIA/RIMA) has been drawn up, which involved anthropic diagnosis. Since 2005, the Company has recorded demands from interested parties, producing a report every year. Through this activity, and based on the information of older employees, it has been determined that controversial subjects have been dealt with as they have been detected. In 2011, demands in the environmental area amounted to a total of 474, received through the Company's relationship channels.

GOVERNMENT AND SOCIETY

Duratex has relationships with, and participates in, various entities. Among these of particular note are: the Brazilian Association of Wood Panel Industries (ABIPA), the Brazilian Association of High Resistance Laminated Flooring Industries (ABIPLAR), the Brazilian Association of Planted Forest Producers (ABRAF), ABRASCA, the Centre for Industries in the State of São Paulo (CIESP), the Federation of Industries in the State of São Paulo (FIESP), the Brazilian Institute for Investor Relations (IBRI), the Brazilian Institute for Finance Executives (IBEF) and the Institute for Forestry Research (IPEF). **GRI 4.13**

The Company operates in a responsible and transparent manner in order to legitimize its actions and increase its involvement in the protection of human rights and in the combating of corruption. Duratex respects legislation in force, and demonstrates its commitment to the principles of the Declaration of the Rights of Man, the Global Compact, and the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work. These terms are expressed in the Company's Code of Ethics and Conduct, and are recognized by all employees. **GRI 4.12**

THE ENVIRONMENT

In 2011, Duratex achieved its targets for forestry harvesting and planting, ensuring sustainability in the supply of its wood panel manufacturing plants. FSC and ISO 14001 certifications were maintained after external environmental auditing. At the unit in Rio Grande do Sul an Environmental Impact Study was completed (EIA/RIMA), the results of which were filed with the State Federation for Environmental Protection (FEPAM).

Research on biodiversity and the conservation of natural resources was conducted in accordance with existing schedules, and with promising results with respect to compliance with the requirements of FSC certification and environmental licensing. In addition, Duratex contributed to the revision of the New Forestry Code, through sectoral representations.

During the year, the Company maintained the planted areas using a system of minimal cultivation, which permits the protection of the soil against erosion, and contributes to natural fertilization of the soil. Some fires did occur, but the measures in place for their prevention and control proved to be efficient and safe, so that the cost of these incidents remained within the internal limits for general costs. The average commercial area consumed by fire in the last five years was 0.29% of the total area, while the area burned in the year corresponded to 0.24%.

Duratex invests in the allocation of areas for conservation by encouraging the processes of natural regeneration of native vegetation. In this area, the Company's actions involve the containing of erosion, silting and revitalization of soil fertility. These production sustainability measures are complemented by the demarcation and protection of permanent preservation areas and the conservation of sections of native vegetation, where they exist.

Concerned about the management of its environmental indicators, Duratex has improved its monitoring methods and expanded the extent of its evaluation of environmental performance, which today covers all the plants and forestry units.

In 2011, the Company invested R$26.7 million in environmental protection, of particular note being the R$8.8 million spent on the treatment of effluents; R$11 million on the collection of residues; R$2 million on forestry preservation, R$1.8 million on environmental initiatives, R$227,000 on water treatment and R$1.6 million on exhaust systems. In addition to these amounts, R$385,600 was booked as a provision for environmental liabilities.

During the period, there were three occurrences which resulted in the signing of Terms for the Adjustment of Conduct with the local state ministries, with the total payment of R$ 49,762.39.

At the industrial plant of Uberaba (MG), the Company undertook a commitment to carry out the necessary improvements in its Effluent Treatment Station (ETE) and in the cities of Taquari (RS) and Itapetininga (SP), by way of compensation with respect to the revitalization of the forestry of the area involved.

BIODIVERSITY

Biodiversity monitoring initiatives are carried out with the purpose of getting to know and obtaining proof of the levels of diversity of flora and fauna in the forestry plantations controlled by Duratex. These are projects which enable the Company to technically document how the management of its forestry plantations contributes to the conservation of plants and native animals. As this activity carried out in cooperation with universities, Duratex also contributes to the training of specialists.

State		Fomentation 2011 Total Area (ha)	Fomentation 2011 Conservation (ha) *	Fomentation 2010 Total Area (ha)	Fomentation 2010 Conservation (ha) *
São Paulo	Leased	17,355.23	3,761.82	17,130.85	3,726.20
	Promotion	5,606.85	-	5,606.85	-
	Owned	112,834.35	26,987.01	112,982.61	26,511.45
São Paulo – Total		**135,796.43**	**30,748.83**	**135,720.31**	**30,237.65**
Minas Gerais	Leased	70,228.87	15,735.67	65,955.60	13,925.57
	Promotion	2,704.03	-	2,704.03	-
	Owned	-	-	-	-
Minas Gerais – Total		**72,932.90**	**15,735.67**	**68,659.63**	**13,925.57**
Rio Grande do Sul	Leased	3,627.83	1,274.38	3,627.88	1,280.89
	Promotion	14,748.78	-	13,765.20	-
	Owned	4,583.20	1,861.90	3,772.76	1,481.17
Rio Grande do Sul – Total		**22,959.81**	**3,136.28**	**21,165.84**	**2,762.06**
Total		**231,689.14**	**49,620.78**	**225,545.78**	**46,925.28**

(*) Conservation, permanent preservation area (APP), legal reserve etc.

	Protected Species				
Fauna	**São Paulo**	**Minas Gerais**	**Rio Grande do Sul**	**Federal**	**IUCN(*) Red List**
Critically Endangered (CR)	3	2	-	6	-
Endangered (EN)	8	8	5	4	3
Vulnerable (VU)	19	11	11	8	8
Near Threatened (NT)	10	-	-		9
Data Deficient (DD)	-	-	-		2
Total	**40**	**21**	**16**	**18**	**22**
Flora	**São Paulo**	**Minas Gerais**	**Rio Grande do Sul**	**Federal**	**IUCN(*) Red List**
Endangered (EN)	-	-	1	-	-
Vulnerable (VU)	-	2	5	2	-
Total		**2**	**6**	**2**	

(*) International Union for the Conservation of Nature.

In 2011, 56% of the Company's energy matrix was supplied by the use of biomass, increasing the use of renewable energy sources for the generation of electricity

FLOW TOWER

Since 2008 the Flow Tower project has studied the balance of carbon, water and nutrients throughout the eucalyptus forestry cycle, in order to attempt to clarify points regarding the environmental sustainability of forests with a high productivity, and carbon sequestration in biomass and in the soil, among other themes. Preliminary results indicate that six months after the cutting and reformation of the forest, equilibrium has already been achieved between respiration and photosynthesis.

The project, on Duratex's own land, involves more than ten national forestry companies (Arcellor Mittal – formerly Acesita, Arcellor Mittal – formerly CAF, Bahia Specialty Cellulose BSC – formerly Copener, Cenibra, Conpacel, Fibria – formerly Aracruz, Fibria – formerly VCP, Klabin, Suzano and V&M), under the coordination of the French Center for Agricultural Research (CIRAD), Institute for Forestry Research and Studies (IPEF), Luiz de Queiroz College of Agriculture (ESALQ), University of São Paulo (USP) and North Carolina State University (NCSU). On this plantation the project occupies an area of 200 hectares, in the center of which the tower is has been constructed.

FORESTRY PROTECTION

Duratex's prevention activities are part of the Company's risk management and involve various levels of activity, with the adoption of prevetion and combat techniques that are appropriate to forestry culture and monitoring by a team that undergoes constant training.

The protection of forestry plantations against fire and pests are activities that are fundamental for maintaining the longevity of Duratex's operations. A system for the prevention and fighting of forestry fires requires the use of observation towers, motorized surveillance, radio communication by vehicles, fire trucks and water tankers, specific manual tools for fighting fire in rural areas, training of firefighters, the carrying out of simulations, awareness campaigns for the Company's own employees as well as outsourced workers, and cooperation initiatives with neighbours and public bodies.

To carry out the control of pests and diseases, the Company uses Integrated Pest Management (MIP). This management methodology promotes equilibrium between the environment and productivity, through the selection of more resistant saplings and the conservation of native forest around the plantations. In this way, the forest provides a natural form of pest control. If there is a threat to forestry productivity, the Company uses a biological control method to restore environmental balance, only applying chemical products when this form of control fails. Duratex always prioritizes the use of efficient products with a low risk to the environment.

MATERIALS

In 2011, 3,811,159 tons of raw materials, chemicals, fertilizer and associated materials were consumed in the Company's production and cultivation processes. The Deca Division used 191,121 tons of this total volume, while the Wood Division consumed 3,620,038 tons.

Using processes for the technically efficient reuse of material, in the Deca Division, 21,439.28 tons of material were reused during the year, equivalent to 18.4% of the total mass used in the industrial plants. The figures are not compatible with 2009 and 2008, as they include information that goes beyond the re-use of ARM sludge, such as the remnants of paste and scrap deriving from pieces rejected as a consequence of quality control, and still in the crude stage. In the metal bathroom fittings sector, inputs for recycling (pre-and post-consumption) were 95% for bronze, 90% for brass, 14% for ABS, 41% for polyethylene, 8% for polyacetate, 5% for nylon and 4% for polypropylene.

	2011	2010	2009	2008
Materials used (tons/year)				
Nitrogen Phosphorus Potassium (NPK) Fertilizer, Borax, Dolomitic Limestone, etc.	51,107	45,785	37,000	40,549
Raw materials (tons/year)				
Wood Production Process*	3,214,766	3,399,222	1,525,228	1,413,015
Clay, Kaolin, Feldspar, Quartz, Plaster of Paris and Others	177,239	112,302	106,677	86,917
Re-bars	4,613	2,069	3,786	3,508
Brass Tubes	454	427	347	322

	2011	2010	2009	2008
Materials Used (tons/year)				
Brass Discs and Tapes	423	246	439	397
Zamac	39	24	62	102
Brass Castings	1,806	1,745	1,688	1,750
Bronze	5,109	4,661	4,192	4,344
Plastic	1,438	1,247	1,149	1,050
Associated Materials				
Lubricants (production process)	993	656	447	372
Resins and other Materials Acquired from Third Parties**	291,640	283,147	133,272	105,798
Aluminum Sulfate	2,764	1,838	1,696	2,283
Paper Acquired from Third Parties	11,147	10,349	6,589	7,228
Caustic Soda (concentration of 50%)	365	368	-	-
Sawn Material (Packaging)	6,311	6,007	6,143	-
Methanol	40,610	20,606	-	-
Seated Acid	34	27	-	-
Sulphuric Acid	7	14	-	-
Di-ethylene Glycol (DEG)	264	8	-	-
Termite Pesticide	18	4	-	-
Caprolactam	12	1	-	-
Total	**3,811,159**	**3,890,754**	**1,828,715**	**1,667,635**

(*) Damp processed wood.
(**) Resin, formaldehyde, urea, concentrated urea formaldehyde, melamine, paraffin, humocer, ammonium sulfate, paints and varnishes.

ENERGY[1]

In 2011, Duratex consumed 10,549,235.75 Gjoules of energy, an increase of 2% compared to the figure of 11,317,282 GJ recorded in 2010. The Deca Division consumed 1,734,007.15 GJ, while the Wood Division, including Wood, Forestry and Resinas Industriais S.A. (DRI) consumed 9,809,977.83 GJ. The administrative area consumed a further 5,247 GJ. Of the total consumed, indirect energy accounted for 2,653,144.54 GJ.

Duratex's energy matrix is based on renewable natural resources, such as biomass. In 2011, approximately 56.1% of the energy used was generated based from this source, which reflects the efforts to adopt clean technologies. 22.97% of the energy used was acquired from the electric utility concessionaire, 11.03% from natural gas, and 9.87% from fuel oil.

WATER

GRI EN8 | EN9 | EN10

Theme 22 of the Materiality Matrix: Water resources and water reuse

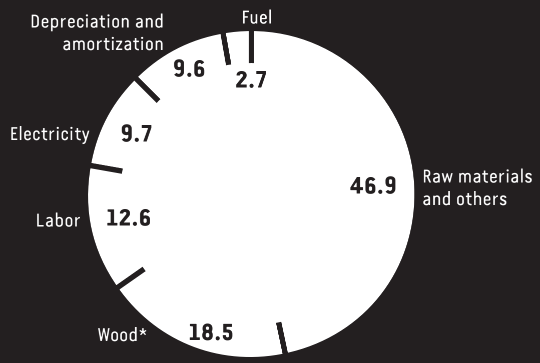
In 2011, the volume of water consumed by Duratex's operations amounted to 5,290,054.59 m^3, a figure which is not comparable with the previous year because of the correc-

INTEGRATION

Consumption of materials and energy has a direct impact on Duratex's costs. In 2011, these variables were responsible for a significant portion of the Cost of Goods Sold (COGS). This, in turn, grew by 17.4% compared to 2010, coming to a total of R$ 1,715.9 million, principally due to the increase in the costs of labor and commodities, such as copper and resin, and the higher level of shipment volumes at the Deca Division.

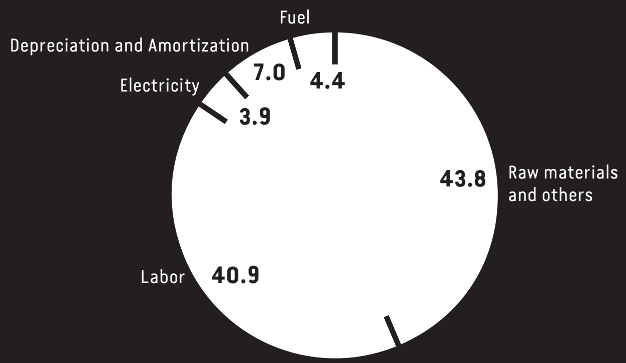
With the aim of integrating economic-financial and socio-environmental questions, the Company is focusing its efforts so that the management of these variables is carried out in synergy, with its adoption as a parameter of performance.

(1) The calculation of energy consumed includes all the Brazilian units, and the use of natural gas, biomass, British Plastics Federation (BPF) fuel oil and indirect electrical energy.



COST OF PRODUCTS IN THE WOOD DIVISION %

*Includes depletion in the cost of Wood.



COST OF PRODUCTS IN THE DECA DIVISION %

tions made in the figures reported for this indicator. Of this total, 92% was consumed by the Wood Division and 8% by the Deca Division. The catchment from public water utility concessionaires amounted to 821,782 m^3, 14,944,807 m^3 from artesian and semi-artesian Wells, 2,963,559.48 m^3 captured from local water courses and 9,904.80 m^3 from rainwater catchment.

With respect to the preservation of the hydrographic basins in the locations in which it operates, Duratex follows all the requirements of the environmental agencies. There has been no record of water sources affected by the withdrawal of water from the Pardo River, in Botucatu (SP), and the Taquari River, which cuts through the town of the same name in Rio Grande do Sul.

The Company also has programs for the recycling and reuse of water. The Deca Division reused 9% of the water consumed, while the Wood Division reused 91%. Of particular note are the vitreous chinaware units, which have reached a level of 52% in the reuse of water. Of the total consumed in 2011, 2,535,595.302 m^3 went through these processes, equivalent to 48% of the total.

EFFLUENTS AND RESIDUES

GRI EN21 | EN22 | EN23 | EN24 | EN25

Duratex treats its effluents in accordance with environmental legislation. The run-off into watercourses situated close to its industrial plants adheres to the standards established by Conama 357/05, with no significant effect on the quality of the water in the rivers. The Company invests in Effluent Treatment Stations (ETE), permitting the reuse of water in its operations, and the maintenance of effluents units where the discharge is treated prior to being returned to the public system.

In 2011 total effluents generated amounted to 3,592,506.1 m^3, up 8.7% compared to 2010 when the volume generated amounted to 3,304,272 m^3. Of this total, 65% was discharged in irrigation fields for the production of grass used for biomass in the generation of thermoelectric power. The portion discharged in the public sewerage network and watercourses amounted to 1,125,553.1 m^3 which was treated in the Company's own effluent treatment stations, to ensure compliance with the quality standards established under the environmental legislation.

During the period, Duratex discharged 219,982.89 tons of solid residues, with 5,483.08 tons classified as Class I and 214,499.81 tons as Class II A and B. The portion of residues classified as non-dangerous, comprising 98% of the total, was sent to industrial landfill sites, as well as reuse and recycling. The dangerous residues, which represent 3% of the total, were sent to authorized companies or returned to suppliers for appropriate treatment, in accordance with the appropriate technical regulations.

INVENTORY OF EMISSIONS

GRI EN16 | EN17 | EN18 | EN19 | EN20

Emissions inventoried in 2011 – which for the first time will be audited by an independent company – came to a total of 323,367.6.03 tons of CO_2 equivalent, while of this total 224,607,07 tons or 69.5% was in the form of direct emissions, thus falling within Scope 1 of the GHG Protocol. Emissions referring to electricity purchased, Scope 2, accounted for a total of 22,486.90 tons of CO_2 equivalent, or 6.95% of total emissions. Indirect emissions, Scope 3, represented 23.57% of emissions, in other words 76,276.63 tons of CO_2 equivalent.

In 2011, the inventory of greenhouse gas emissions included the emissions of the Paraíba and Argentina units as well as an inventory of NO_x and SO_x emissions, which totaled 2,403.62 tons and 1,139.29 tons respectively, contributing to improving the inventory level.

Since 2007, Duratex has quantified the stock of carbon fixed in its planted forests, which supply its industrial units. For 2011 and the following years, a specialist consultancy was hired to extend the calculation to the forestry areas in São Paulo, Minas Gerais and Rio Grande do Sul.

Eucalyptus forest owned by Duratex

Inventory of Emissions (tCO_2e)	Scope 1 (tCO_2e)	Scope 2 (tCO_2e)	Scope 3 (tCO_2e)	Total (tCO_2e)
Year				
2008	156,804	24,007	1,339	182,220
2009	155,742	12,035	1,010	168,787
2010	218,534	39,267	38,468	296,269
2011	224,604	22,487	76,277	323,368

03

Performance of the Businesses

Cost control and risk monitoring ensure Duratex's financial health and a robust cash position for the making of strategic investments in expansion and modernization

Durafloor flooring, Style Soho pattern

Theme 9 of the Materiality Matrix: economic-financial performance

Duratex's financial management is based on the monitoring of risks to protect its investments in the event of fluctuation in interest rates or exchange rates. Its strong control of costs guarantees the Company's financial health, while its robust cash flow allows it to invest in strategic expansion and modernization projects.

The main alterations to the Company's financial statements caused by the adoption of IFRS accounting standards, were reported on under: Combination of Businesses, Biological Assets and Employee Benefits. The tables below show a reconciliation of Total Assets, Equity and Net Earnings due to adopting the new accounting standards.

	2011	2010	2009
Total Assets			
Before IFRS Adjustments (R$'000)	**5,656,456**	**5,011,223**	**4,335,942**
Combination of Businesses	728,437	757,805	780,856
Biological Assets	348,276	332,164	280,572
Employee Benefits	78,108	66,802	55,838
Other Adjustments	2,873	2,873	13,320
After IFRS Adjustments	**6,814,150**	**6,170,867**	**5,466,527**
Variation	1,157,694	1,159,644	1,130,586

	2011	2010	2009
Shareholders' Equity			
Before IFRS Adjustments (R$'000)	**2,849,357**	**2,623,454**	**2,331,107**
Combination of Businesses	542,739	556,241	571,456
Biological Assets	229,862	219,228	185,177
Employee Benefits	51,551	44,089	36,853
Other Adjustments	19,301	9,516	17,307
After IFRS Adjustments	**3,692,810**	**3,452,528**	**3,141,900**
Variation	843,453	829,074	810,790

	2011	2010	2009
Net Earnings			
Before IFRS Adjustments (in R$'000)	**372,492**	**442,064**	**179,756**
Combination of Businesses	(15,729)	(15,213)	432
Biological Assets	10,634	34,051	(2,488)
Employee Benefits	7,463	7,236	1,947
Other Adjustments		(891)	1,440
After IFRS Adjustments	**374,860**	**467,247**	**181,087**
Extraordinary Event	(25,165)	(27,817)	71,877
Recurring Net Earnings in IFRS	349,695	439,430	252,964

To learn more about the effects of the new IFRS accounting standards, readers should consult the financial statements on page 105 of this report.

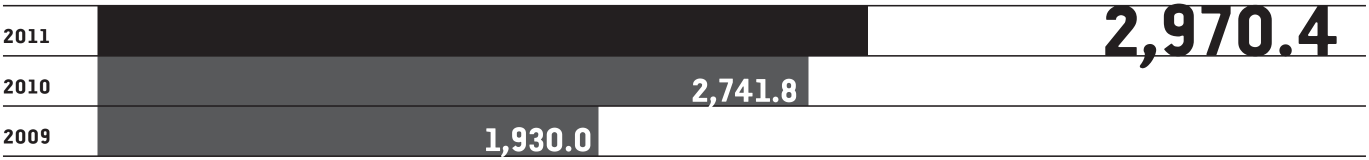
ANALYSIS OF CONSOLIDATED RESULTS

GRI EC1

NET REVENUE

Net revenue totaled R$2,970.4 million for the year, up 8.3% on 2010. This rise was due to the 17.9% increase in volume shipped from the Deca Division and an improvement in unit net revenue, in both Divisions. Of this amount, only 4.5% came from exports, with the domestic market being responsible for 95.5% of revenues for the year.

REVENUE (R$ MILLION)



COST OF GOODS SOLD AND GROSS MARGIN

The cost of goods sold, net of depreciation, amortization and exhaustion, and the net variation in the fair value of biological assets, in other words the cash cost, amounted to R$1,715.9 million in the year, an increase of 17.4% compared to 2010. This rise was due to an increase in variable costs at the Deca Division due to a higher volume shipped, and the increase in costs in the period, particularly those related to labour and commodities, such as copper and resins. Additionally, in the fourth quarter, there was pressure from costs denominated in dollars as a result of the exchange-rate depreciation in the period.

Note that the net variation in the Biological Asset Value, a non--cash event, represented by the difference between (1) and (2), in the table on page 80, contributed (+) R$16.1 million in Gross Profit in 2011 and (+) R$51.6 million to the result in 2010.

Another non-cash event, Depreciation, Amortization and Depletion, item (3) in the table below, contributed to a reduction in Gross Profit for 2011.

This line showed an increase of 20.6% on the year. This increase was mainly the result of investments made in the purchase of machinery and equipment, as well as the acquisition of Cerâmica Elizabeth.

R$´000	2011	2010	2009
Cash COGS	(1,715,874)	(1,461,395)	(1,133,463)
Variation in Biological Asset Fair Value (1)	154,009	183,765	96,853
Depletion Tranche of Biological Assets (2)	(137,898)	(132,173)	(100,623)
Depreciation, Amortization and Depletion (3)	(258,671)	(214,547)	(128,402)
Gross Profit	**1,011,931**	**1,117,460**	**664,414**
Gross Margin	**34.1%**	**40.8%**	**34.4%**

SALES EXPENSES

Sales expenses totalled R$343.9 million for the year, up 11.5% on 2010, while the percentage in relation to net revenue remained stable on an annual comparison, but diluted in relation to 2009.

	2011	2010	2009
Sales Expenses (R$ '000)	(343,955)	(308,354)	(231,552)
% of Net Revenue	11.6%	11.2%	12.0%

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses came to a total of R$106.7 million in 2011, down 2.3% on 2010. With respect to net revenue, there has been dilution in expenses since 2009.

	2011	2010	2009
General and Administrative Expenses (R$ mil)	(106,763)	(109,330)	(109,699)
% of Net Revenue	3.6%	4.0%	5.7%

EBITDA

Operating profit before financial results experienced a significant alteration with the advent of the new accounting methodology. The main changes are with respect to the Company's Biological Assets, as well as employee benefits. Being of an accounting nature and non-cash, these are disregarded in the calculation of EBITDA. So as to lend more transparency to the calculation, below we provide a table with the reconciliation of this indicator, based on operating profit before financial results.

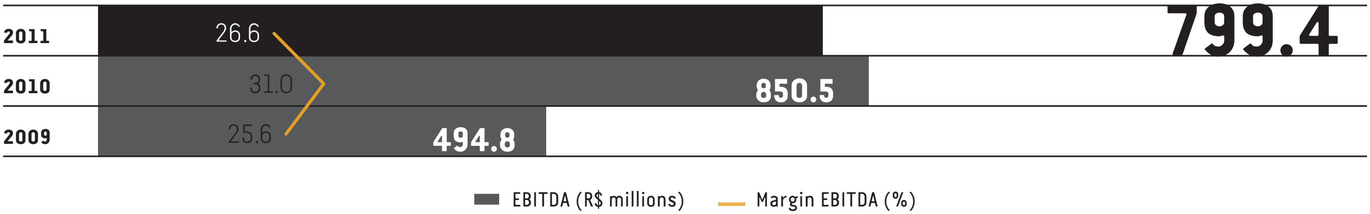
R$´000	2011	2010	2009
Operating Profit before Financial Results	576,366	715,555	258,872
Depreciation/Amortization/Depletion	290,400	240,003	138,494
Variation in the Fair Value of Biological Assets	(154,009)	(183,765)	(96,853)
Depletion Tranche of Biological Assets	137,898	132,173	100,623
Employee Benefits	(11,306)	(10,964)	(2,951)
EBITDA	839,349	893,002	398,185
EBITDA Margin	28.3%	32.6%	20.6%
Extraordinary Events	(39,888)	(42,448)	96,606
Recurring EBITDA	799,461	850,554	494,791
Recurring EBITDA Margin	26.9%	31.0%	25.6%

Both under the IFRS standard and before the adoption of the new accounting methodology, there was a nominal annual decline in this indicator, as well as the margin, in relation to net revenue. This was due to the lower volumes shipped from the Wood Division and the increase in the cost of inputs, on a general basis, which was made worse by the depreciation in the exchange rate, which took place in the final quarter.

For the year, recurring EBITDA amounted to R$799.4 million, equivalent to an EBITDA margin of 26.9%, down 6% in absolute terms, and a reduction of 4.1 percentage points in margin compared to 2010.


Furniture in MDF/MDP BP Prisma Carvalho Évora pattern

EBITDA



Accounting EBITDA
2011: EBITDA of R$839.3 million / EBITDA Margin of 28.3%; 2010: EBITDA of R$893 million / EBITDA Margin of 32.6%; 2009: EBITDA R$398.2 million / EBITDA Margin of 20.6%.

NET EARNINGS

Net earnings for the year totaled R$374.9 million, lower than the figure of R$467.2 million reported in 2010. These results were boosted by non-recurring events of an extraordinary nature. The sale of property contributed (+) R$25.2 million to the results for the year, while taxes recovered added (+) R$27.8 million to the results of the previous year. As a consequence, the recurring result for the year amounted to R$349.7 million.

It is worth pointing out that the results for 2011, 2010 and 2009 were all impacted by events of a non-cash nature. In 2010, the net effect of the biological assets on Duratex's result was (+) R$34.1 million, while in 2011, this effect amounted to (+) R$10.6 million.

As a result of the investments made, and the acquisition of Elizabeth, the net impact of depreciation, amortization and depletion on the 2011 results was (-) R$191.7 million, compared to (-) R$158.4 million in 2010, in other words an annual variation of (-) R$33.3 million in profits for the year. In 2009, due to the merger with Satipel and associated expenses, in addition to the expenses of putting this company's accounting systems on a par with the rest of the group, its reorganization and the adoption of best practices, extraordinary events were booked in the amount of (-) R$71.9 million.

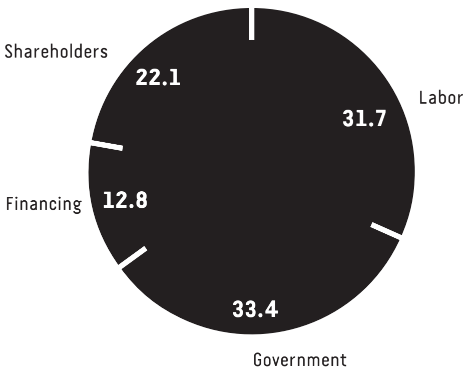
RECURRENT NET INCOME (R$ MILLION)

Accounting Net Earnings
2011: EBITDA of R$839.3 million / EBITDA Margin of 28.3%; 2010: EBITDA of R$893 million / EBITDA Margin of 32.6%; 2009: EBITDA R$398.2 million / EBITDA Margin of 20.6%.

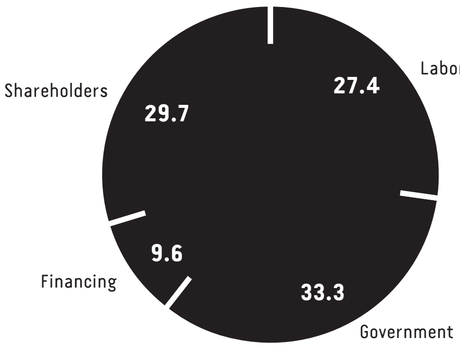
94.2% of the debt is incurred in national currency, avoiding exchange rate risks

DISTRIBUTION OF VALUE ADDED

In 2011, Duratex's Statement of Value Added (DVA) showed a total of R$1,694.8 million, up 7.9% on 2010. Of this figure, R$566.4 million, equivalent to 14.6% of revenues obtained and 33.4% of the total value added, went to federal, state and municipal governments in the form of taxes and contributions.



DVA 2011 %



DVA 2010 %

INDEBTEDNESS

Total debt in 2011 amounted to R$1.92 billion, equivalent to a net debt of R$1.19 billion, representing an increase of 21.7% compared to 2010. This is due mainly to investment of R$635.8 million, which, for example, included the acquisition of Elizabeth Louças Sanitárias. During the year, R$675.1 million in new loans was taken out, while R$538.6 million was paid down.

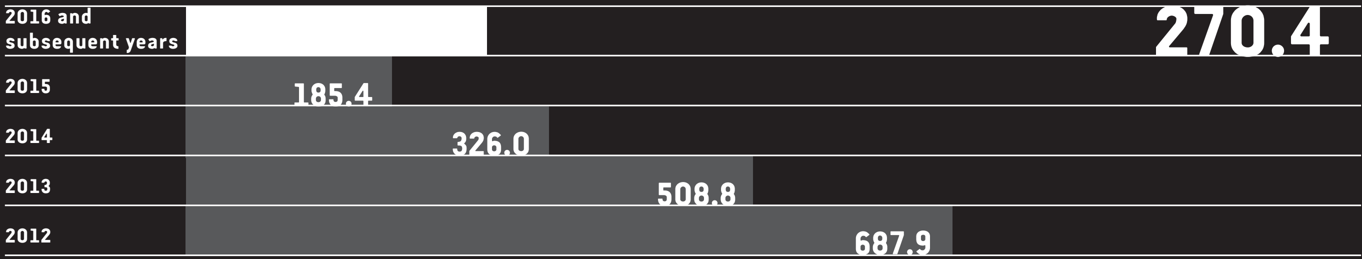
Duratex's debt is 94.2% denominated in the Brazilian national currency, the real, with only 5.8% of loans exposed to exchange rate risk due to being contracted in foreign currency. The Net Debt/EBITDA ratio amounted to 1.4 times.

Duratex kept its two lines of government financial assistance open in 2010: Fundiest and Fundopen, which are the counterparts to the investment in the municipalities of Taquari (RS) and Uberaba (MG). Fundiest, the credit line granted by the Development Bank (BDMG), is in the amortization phase, with the final repayment due in November 2020.

In December 2011, the balance remaining of this debt amounted to R$139,831,000. Fundopen is still in the release phase. At the end of 2011, the balance owing in this credit line amounted to R$4,023,000. The total amount borrowed in the form of government assistance amounted to R$143,854,000 at the end of 2011, representing 7.5% of the Company's total debt. **GRI EC4**

Debt Profile (R$ '000)	2011	2010	2009
Short-term Debt	687,902	431,608	615,266
Long-term Debt	1,227,588	1,162,354	803,809
Total Debt	1,915,940	1,593,962	1,419,075
Cash and Equivalents	726,159	616,549	300,924
Net Debt	1,189,331	977,413	1,118,151
Net Debt/Net Equity (%)	32.2	28.3	35.6
Net Debt/EBITDA	1.42x	1.09x	2.80x

TITLE: DEBT PAYDOWN SCHEDULE



CAPITAL MARKETS

Theme 13 of the Materiality Matrix: Stock Performance

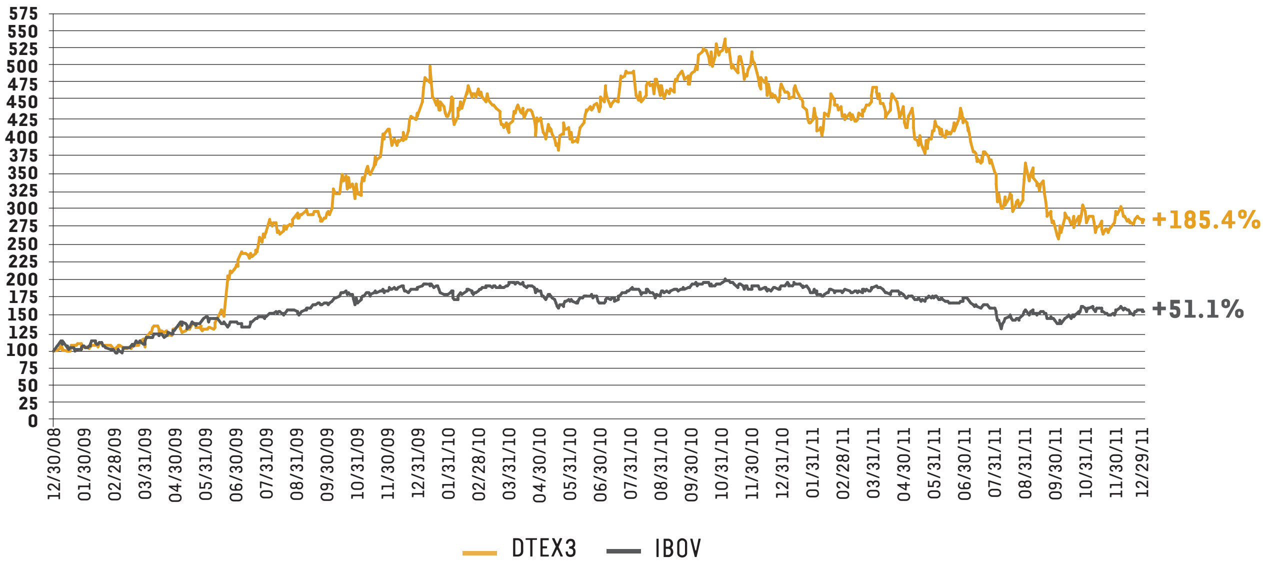
The shares of Duratex are listed on the BM&FBOVESPA Novo Mercado, the segment of the market that lists the shares of companies with the highest level of corporate governance. In this listing segment, the Company is obligated to abide by decisions made by the BM&FBOVESPA Novo Mercado arbitration chamber for the solution of any and every dispute between the Company, shareholders and managers.

In addition, the Company has a differentiated dividend distribution policy, with the distribution of the equivalent of 30% of adjusted net earnings to shareholders. A third of its Board of Directors consists of independent members, and the Company adopts international standards for its annual reports (GRI, level A).

In 2011, Duratex distributed a share bonus issue equivalent to 20%, the cost attributed to the bonus shares being R$2.86 per share. With this, the quantity of shares in the Company's paid-up capital was increased to 550,035,331 shares, of which 42.3% represents the free-float.

At the end of the year, Duratex had a market capitalization of R$4.9 billion, with the share price at the end of the year being R$8.92. Almost 729,000 trades were registered on the stock exchange, equivalent to a trading volume of R$4,203.7 billion.

SHARE PERFORMANCE: BASE 100



This level of liquidity ensured the Company's presence in the IBOVESPA, the main index of the São Paulo stock exchange, consisting of approximately 60 companies, whose main criteria for inclusion is share liquidity. Another important index of which Duratex is a part is the ISE, consisting of companies with an outstanding level of sustainability in their corporate governance practices, business characteristics, the nature of their products, and aspects related to climate change.

Duratex adhered to the ABRASCA Self-Regulation Code, in force since August 2011, and set up a Committee for the Evaluation of Transactions with Related Parties, consisting only of independent members of the Board of Directors.

To strengthen its investor presence, Duratex held a number of regional APIMEC meetings in Belo Horizonte (MG), Brasilia (DF) and Rio de Janeiro (RJ). The meeting in São Paulo (SP) marked the 25th year running that the Company has hosted presentations to the public, and emphasized its commitment to the best practices that it has adopted. The Company also maintains its communication channels for shareholders, via the e-mail address investidores@duratex.com.br and the telephone numbers (11) 3179-7259 and (11) 3179-7355.

DECA DIVISION

GRI PR1 | PR2 | PR3 | PR4

Themes 61, 62, 66 and 69 of the Materiality Matrix: customer health and safety in the use of products, product information – access and quality of information, product quality and service to the client – pre-and post-sale

Through the Deca Division, the Company manufactures metal bathroom fittings, vitreous chinaware and accessories, which are sold in Brazil and exported to more than 30 countries, under the Deca, Hydra and Deca Piazza brand names (the latter in Argentina). The brand names of the Division stand out for their extensive line of products, design and quality. The Division is the leader in the Brazilian metal bathroom fittings market – a position that should be consolidated once the ongoing investments are concluded – in addition to being among the top 10 global players in this segment.

The Company's products are widely accepted in all markets, without any restrictions on their sale. In 2011, no cases were identified of non-compliance with regulatory codes with regard to customer and consumer health and safety, the labeling of the Company's products and services, or complaints referring to violation of privacy or loss of client data.

In its packaging Deca includes the required legal text required, with data on origin and manufacture, as well as the technical and functional characteristics. Water-saving attributes are emphasized on the packaging. Whenever necessary, information is also included on precautions for use. In the instruction booklet, Deca encourages correct disposal of their packaging and recyclable products.

For each project health and safety aspects are evaluated, in accordance with Brazilian regulations (ABNT). Tests in the laboratory and in the field ensure that the products do not represent any risks to users. After the launch, periodic analyses are carried out of lines of products, with respect to their performance and possible improvement.

LOCATION OF THE PLANTS

The Deca Division's operations consist of two plants for the manufacture of metal bathroom fittings, in São Paulo and Jundiaí (SP), and one unit in Argentina (Deca Piazza). The six vitreous chinaware manufacturing plants are in the following locations: two in Jundiaí, one in São Leopoldo (RS), one in Cabo de Santo Agostinho (PE), another in Queimados (RJ) and another in João Pessoa (PB), which was acquired in February 2011.


Cubo toilet with Anna accessories

PLANTS

SÃO PAULO

• Metal bathroom fittings São Paulo and Jundaí

• Vitreous chinaware – two plants in Jundaí

RIO DE JANEIRO

• Vitreous chinaware – Queimados

RIO GRANDE DO SUL

• Vitreous chinaware – São Leopoldo

PERNAMBUCO

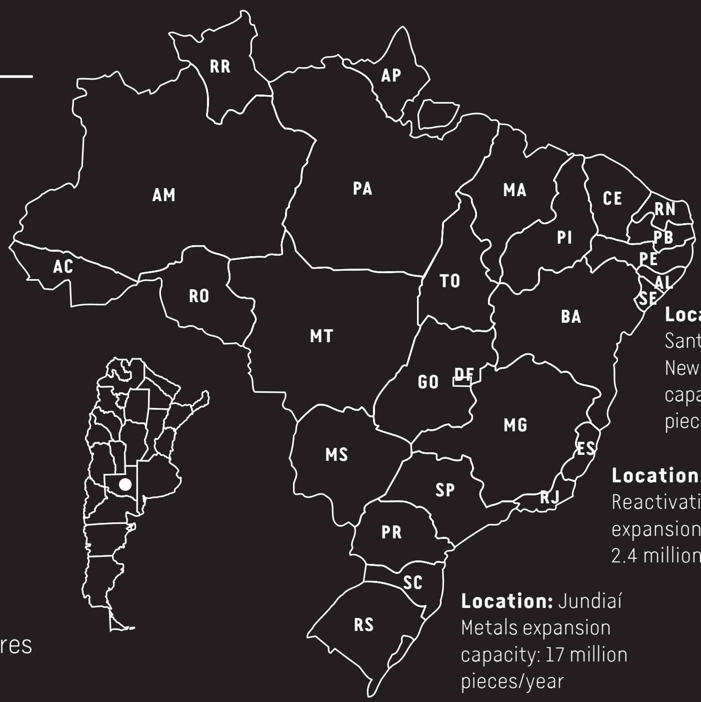
• vitreous chinaware – Cabo de Santo Agostinho

PARAÍBA

• Vitreous chinaware – João Pessoa

ARGENTINA

• Metal bathroom fittings – Decca Piazza in Buenos Aires



Location: Cabo Santo Agostinho. New kiln with capacity of 800,000 pieces/year

Location: Queimados Reactivation and expansion capacity: 2.4 million pieces/year

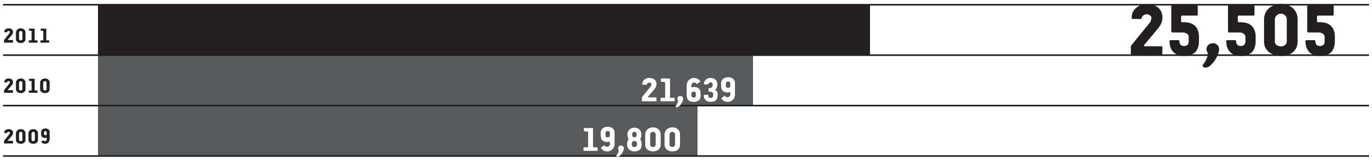
Location: Jundiaí Metals expansion capacity: 17 million pieces/year

EBITDA of the Deca Division remained stable compared to the previous year, at R$269.1 million

PERFORMANCE

The Deca Division's volume shipped increased by 17.9% compared to the previous year, amounting to 25.5 million pieces in 2011. This increase in volume is due to the investments made in organic expansion to the division's operations, as well as the acquisition of Elizabeth Louças Sanitárias. Net revenue was up 20.1%, to R$1.1 billion. This growth outperformed the domestic construction materials market, for which sales increased by 2.9% during the year, according to figures from the Brazilian Association for the Construction Materials Industry (ABRAMAT).

DECA SHIPMENTS ('000 PIECES)



The Deca Division's operational performance was affected by a combination of a sales mix with lower added value and higher costs. In this way, unit net revenue increased by 1.9% in the year, while the cash unit cost rose by 12.3%. These figures are due to the increase in shipment volume, and the incorporation of Elizabeth – which has a sales mix with a lower added value, and therefore lower profitability – in addition to the collective wage increases which put pressure on labor costs, representing 41% of the Division's total costs.

EBITDA remained stable compared to the previous year, at R$269.1 million. The flat performance of this figure, combined with the increase in net revenue, explained the decline in margin from 29.7% in 2010 to 24.6% in 2011.

Ongoing investment at the units in São Paulo and Rio de Janeiro should strengthen Deca's position in the Southeast. The importance of the Northeast should increase in terms of sales weighting, due to the switching over of products manufactured in the Paraíba unit, to create a stronger sales mix.

L 701 square sink, with TWIST metal tap fittings

After IFRS Adjustments	2011	2010	2009
Shipments ('000 pieces)			
Basic	8,870	7,965	7,326
Finishing	16,636	13,673	12,475
Total	**25,506**	**21,638**	**19,801**
Financial Highlights (R$ '000)			
Net Revenue	1,094,386	911,525	757,244
Domestic Market	1,054,987	873,877	723,683
Export Market	39,399	37,648	33,561
Net Unit Revenue (in R$ per piece shipped)	42,91	42,13	38,24
Unit Cash Cost (in R$ per piece shipped)	(24,70)	(21,99)	(21,18)
Sales Expenses	(155,568)	(127,969)	(231,552)
General and Administrative Expenses	(37,378)	(35,047)	(109,699)
Operating Profit before Financial Expenses	222,792	257,039	149,854
Depreciation and Amortization	50,248	40,254	35,630
Employee Benefits	(3,927)	(3,639)	(1,161)
EBITDA	269,113	293,654	184,323
Extraordinary Items	0	(23,203)	-
Recurring EBITDA	269,113	270,451	184,323
Recurring EBITDA Margin	24.6%	29.7%	24.3%
Prior to IFRS Adjustments			
Recurring EBITDA	290,440	290,958	199,661
Recurring EBITDA Margin	26.5%	31.9%	26.4%

HIGHLIGHTS

GRI EN26 | EN27 (partially met)

Theme 27 of the Materiality Matrix: environmental impact of product use

Expansion works at the unit in Queimados (RJ) continued on schedule, with start-up planned for 2012; gains were achieved from the acquisition of Elizabeth Louças. During the year, R$19.3 million was invested in research and development, with a focus on the preservation of resources in production and packaging processes.

The Deca Division has kept itself up to date with respect to new demands, adapting its products to trends and demand in the market. In 2011, the Division launched a number of new products, of particular note being the Deca Balance shower lines, which reduce water consumption, in addition to the Base Fácil Deca solution, an innovative valve base which connects directly to cold water pipes (PVC) and hot water pipes (CPVC and PPR), with no need for connectors or adapters. In the vitreous chinaware segment, of particular note with the launching of the Quadra and Soho lines, the Studio Kids lines and the Electronic Lavatory Seat.

The Company is structuring itself to fully comply with the National Policy for Solid Residue, and has already provided guidelines to its consumers of metal bathroom fittings about the correct disposal of packaging, which carries identification of recyclable material.

WOOD DIVISION

GRI PR1 | PR2 | PR3 | PR4

Themes 61, 62, 66 and 69 of the Materiality Matrix: customer health and safety in the use of products, product information – access and quality of information, product quality and service to the client – pre-and post sale

The mission of the Wood Division is to offer a complete line of differentiated products. These products have a significant competitive advantage, and include a wide variety of designs and solutions that reflect important innovations.

Our professional workforce is one of our differentiatos. They are trained, committed and focused on results. Another of our strengths is in our assets, along with our relationship with clients and consumers. Attributing value to the brand name is focused on differentiation.

All the customer and consumer relationship activities of the Wood Division are linked to the marketing area, which operates with three objectives: building and improvement of the brand name; development of the market, partly based on the promotion of techniques of use in applications, as well as a training area, which on average trains an average of 9,000 to 10,000 people a year; and technical assistance provided for the installation of panels and Durafloor product. Customer satisfaction polls are conducted every year, that include both the domestic market, as well as export markets.

The Wood Division offers a unique and complete product line

Various relationship events are held, particularly workshops, in which a selection of commercial partners and specifiers are invited to seminar sessions on products and themes of interest, as well as the Meeting of Friends. In total, 5,000 people participated in these events in 2011.

The Company's products are widely accepted in all markets, without any sale restrictions. Relevant product information is disclosed in a transparent manner on labels, packaging, and through the services offered. In 2011, no cases were identified at the Wood Division of non-compliance with voluntary codes with regard to the health and safety of clients and consumers. There were also no problems with respect to the labelling of the Company's products and services, or complaints with respect to the violation of privacy or loss of client data.

Location of plants

The Wood Division operates with five industrial units in Brazil, located in Agudos, Botucatu and Itapetininga (SP), Uberaba (MG) and Taquari (RS). These are responsible for the production of fibreboard, MDP, MDF, HDF and SDF panels, Durafloor laminated flooring, semi-finished components for furniture and industrial resins.

The Division has a high degree of self-sufficiency in the supply of wood thanks to the sustainable maintenance of approximately 138,000 hectares of planted forest, with approximately 230,000,000 trees distributed over 431 plantations. From 2011 the division was able to count on a new Distribution Centre, located in the Brazilian Northeast, to improve the logistics services in that market.

PLANTS

SÃO PAULO

Itapetininga: MDP and new MDF plant (start-up in 2013)

Agudos: two MDF production lines, one for flooring and one for resin manufacture (DRI)

Botucatu: Fiberboard and MDF

MINAS GERAIS

Uberaba: MDF and MDP

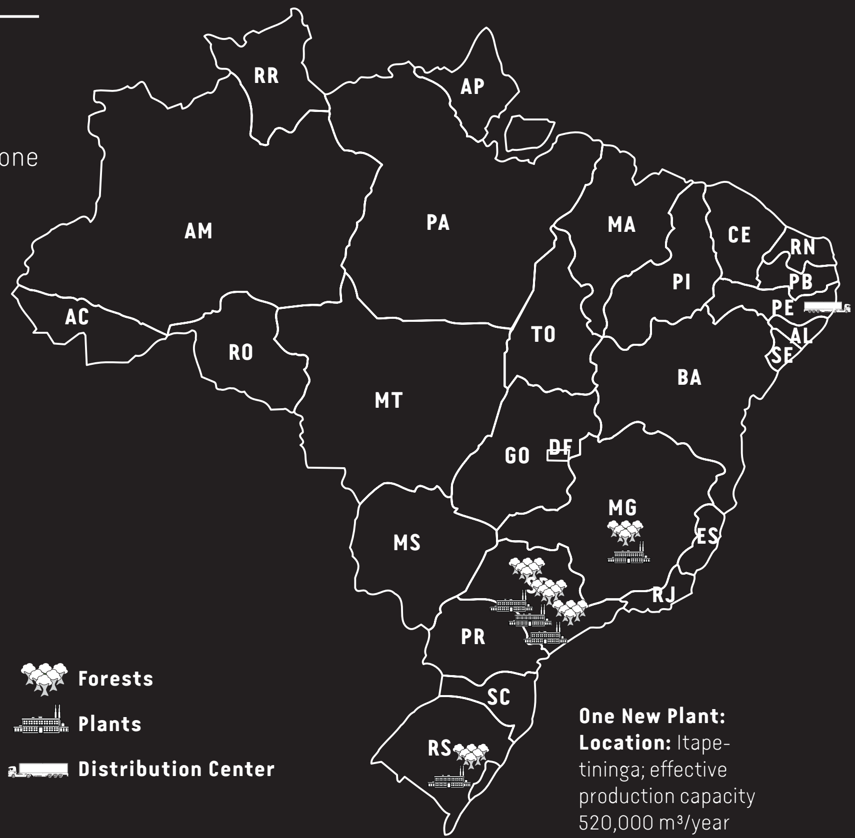
RIO GRANDE DO SUL

Taquari: MDP

230,000 hectares of land:

- SP – 62%
- MG – 34%
- RS – 4%

140,000 hectares of planted forest



One New Plant:
Location: Itapetininga; effective production capacity 520,000 m³/year

PERFORMANCE

In the second half of 2011, the Wood Division showed a 6.1% improvement in the level of volumes shipped, compared to the first half of the year. However there was a decline of 1.9% in the volume shipped compared to the previous year. The panel industry experienced growth of 3.6%, according to sector data from ABIPA. This performance is due to the precautionary stance taken by the Company to maintain its operational margins in a context of cost pressure, by improving its price base in a market which has idle capacity in terms of production capacity utilization.

SHIPMENTS IN THE WOOD DIVISION ('000 M³)

Thus, net revenue increased by 2.5% in 2011, to R$1.87 billion. Wood panel sales did not live up to initial expectations, given that the precautionary macroeconomic measures taken by the government slowed down the rate of consumption in the domestic market. This caused a reduction in the availability of credit offered to furniture consumers, as one of the ways of carrying out adjustments to the economy, which raised the average capacity utilization rate in the industry to around 25%, with an adverse effect on operational performance.

Recurring operational cash generation, as measured by EBITDA, disregarding the effect of the sale of assets in the period, totalled R$530.3 million, with an EBITDA margin of 28.3%. In 2010, the corresponding figure was R$580.1 million, with an EBITDA margin of 31.7%. This difference is due to the rise in production costs, which greatly exceeded the increase in product prices.

After IFRS Adjustments	2011	2010	2009
Shipments (in m³)			
Standard	1,364,833	1,408,248	910,443
Coated	903,989	903,929	588,748
Total	**2,268,822**	**2,312,177**	**1,499,191**
Financial Highlights (R$ '000)			
Net Revenue	1,875,979	1,830,285	1,172,806
Domestic Market	1,780,982	1,755,192	1,082,982
Export Market	94,997	75,093	89,824
Net Revenue per Unit (in R$ per m³ shipped)	826.85	791.59	782.29
Unit Cash Cost[1] (in R$ per m³ shipped)	(478.65)	(426.26)	(475.79)
Sales Expenses	(188,387)	(180,385)	(116,247)
General and Administrative Expenses	(69,386)	(74,283)	(79,024)
Operating Profit before Financial Results	353,576	458,516	109,020
Variation in Fair Value of Biological Assets	(154,009)	(183,765)	(96,853)
Exhaustion Tranche of Biological Assets	137,898	132,173	100,623
Depreciation, Amortization and Depletion	240,152	199,749	203,487
Employee Benefits	(7,379)	(7,325)	(1,791)
EBITDA	570,236	599,348	213,863
Extraordinary Items	(39,888)	(19,245)	96,606
Recurring EBITDA	530,348	580,103	310,469
Recurring EBITDA Margin	28.3%	31.7%	26.5%
Prior to IFRS Adjustments			
Recurring EBITDA	558,378	602,274	418,660
Recurring EBITDA Margin	29.8%	32.9%	28.1%

(1) Unit cash cost is arrived at by dividing the cost of goods sold – net of appreciation, amortization and depletion – by thevolume shipped.

In 2011, Duratex launched 26 new panel patterns, following trends in Brazil and around the world

HIGHLIGHTS

During the year, Duratex, through the Wood Division, updated its portfolio and launched 26 new panel patterns, following the trends in the Brazilian and international market, in the panels and laminated floor product lines.

In 2011, the Company concluded the first phase of its effluent treatment station at the Uberaba (MG) unit, as well as installing a new panel impregnation line and beginning the stabilization of technical performance at the Agudos (SP) and Uberaba (MG) units. In Taquari (RS), of particular note was the conclusion of the project to renovate the wood stockyard, expanding its capacity to process wood.

All the units of the Division became part of the ISO 9001 quality system, and diagnoses were carried out with the aim of implementing ISO 14001 and Occupational Health and Safety Advisory Services (OHSAS) 18000 standards. A project was also launched for the optimization, standardization and dissemination of the best industrial practices, through participatory management.

The principal strategy is to expand and strengthen the line of products to cater to an increasing number of consumers. Duratex will be making further investment in the Wood Division, which will allows it to increase its shipments of products with a higher added value, such as low-pressure panels and Durafloor flooring. With respect to panel production, a new MDF panel line is planned to begin operations in 2013, with an effective production capacity of 520,000 m³ per year, in addition to new coated product lines.

Brazilian Institute of Social and Economic Analyses (Ibase) Social Balance Sheet + Brazilian Accounting Standards (NBCT)-15

GRI 2.8 | EC1

1 – Calculation Base				2011 - R$ '000				2010 - R$ '000
Net revenue (RL)				2,970,365				2,741,810
Operating results (RO)				576,366				715,555
Gross payroll (FPB)				496,313				426,540
Total value added (VAT)				1,694,756				1,571,236
2 – Internal Social Indicators	**R$ '000**	**% of FPB**	**% of RL**	**% of VAT**	**R$ '000**	**% of FPB**	**% of RL**	**% of VAT**
Food	22,568	4.55	0.76	1.33	15,658	3.67	0.57	1.00
Compulsory social charges	180,472	36.36	6.08	10.65	165,911	38.90	6.05	10.56
Private pension	6,177	1.24	0.21	0.36	4,978	1.17	0.18	0.32
Health	21,014	4.23	0.71	1.24	16,217	3.80	0.59	1.03
Occupational health and safety	11,098	2.24	0.37	0.65	9,538	2.24	0.35	0.61
Education	242	0.05	0.01	0.01	237	0.06	0.01	0.02
Culture	28	0.01	0.00	0.00	56	0.01	0.00	0.00
Professional training and development	1,732	0.35	0.06	0.10	1,142	0.27	0.04	0.07
Nursery or day-care assistance	63	0.01	0.00	0.00	35	0.01	0.00	0.00
Sport	204	0.04	0.01	0.01	113	0.03	0.00	0.01
Profit-sharing	34,071	6.86	1.15	2.01	20,992	4.92	0.77	1.34
Transport	13,557	2.73	0.46	0.80	10,696	2.51	0.39	0.68
Others	2,073	0.42	0.07	0.12	1,648	0.39	0.06	0.10
Total - External Social Indicators	293,299	59.10	9.87	17.31	247,221	57.96	9.02	15.73

3 – External Social Indicators	R$ '000	% of RO	% of RL	% of VAT	R$ '000	% of RO	% of RL	% of VAT
Education	1,176	0.20	0.04	0.07	315	0.04	0.01	0.02
Culture	3,049	0.53	0.10	0.18	19	0.00	0.00	0.00
Health and sanitation	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Sport	0	0.00	0.00	0.00	5	0.00	0.00	0.00
Fighting hunger and food security	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Sector Indicator	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Others	2	0.00	0.00	0.00	48	0.01	0.00	0.00
Total contributions to society	4,227	0.73	0.14	0.25	387	0.05	0.01	0.02
Taxes (excluding social charges)	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Total - External social indicators	4,227	0.73	0.14	0.25	387	0.05	0.01	0.02
4 – Environmental Indicators	**R$ '000**	**% of RO**	**% of RL**	**% of VAT**	**R$ '000**	**% of RO**	**% of RL**	**% of VAT**
4.1 – Investments related to the production/operation of the Company								
Land expropriation	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Environmental liabilities and contingencies	385	0.07	0.01	0.02	149	0.02	0.01	0.01
Technological and industrial development program	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Energy conservation	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Environmental education	177	0.03	0.01	0.01	7	0.00	0.00	0.00
Industry-specific indicator	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Others	26,503	4.60	0.89	1.56	17,567	2.46	0.64	1.12
Total investment related to the operation/production of the Company	27,065	4.70	0.91	1.60	17,723	2.48	0.65	1.13
4.2 – Investment in external programs and/or projects								
Environmental education community projects	14	0.00	0.00	0.00	301	0.04	0.01	0.02
Preservation and/or revitalization of degraded environments	49	0.01	0.00	0.00	1,020	0.14	0.04	0.06
Others	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Total investments in external programs and/or projects	63	0.01	0.00	0.00	1,321	0.18	0.05	0.08
Total investments in the environment (4.1 + 4.2)	27,128	4.71	0.91	1.60	19,044	2.66	0.69	1.21

Distribution of investments in the environment	R$ ‘000	% of total	R$ ‘000	% of total
Distribution of investments in the environment	3,990	14.71	7,953	41.76
Total investment in environmental maintenance initiatives	22,704	83.69	9,922	52.10
Total investment in environmental compensation initiatives	434	1.60	1,169	6.14
Number of environmental, administrative and legal claims filed against the Company		3		1
Value of fines and compensation paymentsrelated to environmental matters, either administratively or legally regulated		49,762		149,556
With regard to the establishment of annual targets for the minimizing of residues, the general consumption in production/operations to increase efficiency in the use of natural resources, the Company :		( ) does not have targets (X) fulfilled 51 to 75% ( ) fulfilled 0 to 50% ( ) fulfilled 76 to 100%		( ) does not have targets (X) fulfilled 51 to 75% ( ) fulfilled 0 to 50% ( ) fulfilled 76 to 100%

5 - Workforce Indicators	2011 at units	2010 at units
Number of employees at the end of the period	10,390	9,368
Number of employees joining the Company during the period	2,647	2,333
Number of employees leaving during the period	2,128	1,646
Number of outsourced workers	1,929	1,682
Number of student trainees	107	148
Number of employees over 45 years old	1,387	1,330
No. of employees by age group:		
Fewer than 18	99	17
Between 18 and 35	6,362	5,772
Between 36 and 45	2,542	2,249
Between 46 and 60	1,334	1,286
Over 60	53	44
No. of employees with by level of schooling:		
Illiterate	0	0
With elementary education	3,017	2,508

With high school education	5,631	5,171
With higher education	1,491	1,447
Postgraduate	251	242
No. of women who work at the Company	1,109	927
% of supervisory positions occupied by women	8.4	8.2
No. of men who work at the Company	9,281	8,441
% of supervisory positions occupied by men	91.6	91.8
No. of Blacks who work at the Company	2,978	1,904
% of supervisory positions occupied by Blacks	10.9	6.8
No. of disabled persons or those with special needs	283	272
Gross remuneration by employment category:		
Employees	315,498	270,207
Managers	13,581	10,115
Difference between the minimum salary paid and the national or regional minimum salary		
Difference between the lowest salary paid by the Company and the minimum salary	0%	4.39%
Source	Payroll/National	Payroll/National
6 - Significant information with regard to the exercising of Corporate Citizenship"	**2011**	**2010**
Ratio between the highest and lowest remuneration at the Company	89.76	86.11
Total number of accidents in the workplace	241	372
Social and environmental projects developed by the Company were defined by:	( ) directors (X) directors and management ( ) all employees	( ) directors (X) directors and management ( ) all employees
Standards of safety and hygiene in the work environment, were formulated by:	( )directors and management ( ) all employees) (X) everybody + CIPA	( ) directors and management ( ) all employees (X) everybody + CIPA
With regard to freedom to join a union, the right of collective wage bargaining and the internal representation of workers, the Company:	( ) is not involved (X) follows the norms of the ILO ( ) encourages and follows the ILO	( ) is not involved (X) follows the norms of the ILO ( ) encourages and follows the ILO
Private pension arrangements include:	( ) directors ( ) directors and management (X) all employees	( ) directors ( ) directors and management (X) all employees

Employee profit-sharing includes:	( ) directors ( ) directors and management (X) all employees		( ) directors ( ) directors and management (X) all employees	
In the selection of suppliers, the same standards of ethics, and social and environmental responsibility adopted by the Company are:	( ) are not considered ( ) are suggested (X) are required		( ) are not considered ( ) are suggested (X) are required	
With regard to the participation of employees in voluntary work programs, the Company:	( ) is not involved ( ) supports (X) organizes and encourages		( ) is not involved ( ) supports (X) organizes and encourages	
Total number of consumer complaints and criticisms:	at the Company at Procon in court	51,515 42 62	at the Company at Procon in court	51,320 21 50
% of complaints and criticisms attended to or resolved:	at the Company at Procon in court	100 42 18	at the Company at Procon in court	0 24 16
Number of fines and client compensations, determined by consumer protection bodies or the courts:	at Procon in court	0 69,433	at Procon in court	1,239 36,891
Actions taken by the organization to remedy or minimize the causes of complaints:				
Number of labor cases:				
Brought against the entity	341		400	
Considered to have grounds	128		87	
Considered to be groundless	53		150	
Total value of fines and compensation payments paid as a result of court rulings:	2,894,529		2,920,754	
Total value added distributed (in R$'000):	1,694,756		1,571,236	
Distribution of value added:	**R$ '000**	**% of total**	**R$ '000**	**% of total**
Government	566,449	33.42	522,998	33.29
Employees	536,658	31.67	430,734	27.41
Shareholders	128,848	7.60	155,039	9.87
Third parties	216,789	12.79	150,257	9.56
Retained	246,012	14.52	312,208	19.87

2011

DURATEX

FINANCIAL STATEMENTS

MINUTES OF THE EXECUTIVE BOARD MEETING HELD ON FEBRUARY 16, 2012

DATE, HOUR AND PLACE: On February 16, 2012, at 8:00 am, at Av. Paulista, 1938 – 5th floor, Sao Paulo (SP).

PRESIDING: Henri Penchas – CEO; and Flávio Marassi Donatelli – Secretary.

QUORUM: The majority of the elected members.

RESOLUTIONS TAKEN UNANIMOUSLY: After analyzing the financial statements of the period ended 31.Dec.2011, as well as PricewaterhouseCoopers Auditores Independentes' Report, the Executive Board unanimously approved according to the dispositions included on incises V and VI of Article 25 of instruction # 480/09 by Comissão de Valores Mobiliários, declare:

a) Reviewed, discussed and agree with the expressed opinions included on PricewaterhouseCoopers Auditores Independentes' Report; and

b) reviewed, discussed and agree with the financial statements relative to the period ended 31.Dec.2011.

CLOSURE: Nothing more to treat and anyone wishing to Express themselves, closed the works, drawing up these minutes, which were read, approved and signed by all in Sao Paulo (SP), February 16, 2012. (aa) Henri Penchas – CEO; Alexandre Coelho Neto do Nascimento, Antonio Joaquim de Oliveira, Antonio Massinelli, Flávio Marassi Donatelli, João Jacó Hazarabedian, Raul Penteado de Oliveira Neto, Renato Aguiar Coelho and Roberto Szachnowicz – Executive Directors; Francisco de Assis Guimarães, Marco Antonio Milleo and Roney Rotenberg – Managing Directors.

FLÁVIO MARASSI DONATELLI
Investor Relations Director

REPORT FROM THE COMMITTEE FOR AUDITING AND RISK MANAGEMENT

INTRODUCTION

The Committee for Auditing and Risk Management of Duratex S.A. was created in November 2009, and according to its Regimen, has the following responsibilities: (i) to supervise the internal control processes and the management of risks inherent in the activities of the Company and its subsidiaries, as well as the work developed by the internal and external auditors; and (ii) to evaluate the quality and integrity of the financial statements (see http://www.duratex.com.br – Investor Relations). In the fulfillment of its tasks the analyses and evaluations produced by the Committee are based on information received from the management, the internal audit department the external auditors and the executives responsible for the management of risks and internal controls in the various segments of the Organization.

The management is responsible for the correct drawing up of the accounting statements of Duratex S.A., its subsidiaries, and affiliates. It is its responsibility, therefore, to establish procedures and monitoring to ensure the quality of the processes that generate the financial information. It is also responsible for the implementation and maintenance of internal control systems and the management of risks in accordance with the size and structure of the company.

The internal audit department has the task of evaluating the risks of the main processes and controls used to mitigate these risks, as well as verifying compliance to the policies and procedures determined by the management, including those referring to the drawing up of the accounting statements.

PricewaterhouseCoopers Independent Auditors is the company responsible for auditing the financial statements and must ensure that they satisfactorily represent, in all relevant aspects, the financial and equity position of Duratex S.A. and its subsidiaries, and that they were drawn up in accordance with the accounting practices in force in Brazil, as determined by the Brazilian Securities Commission – CVM.

ACTIVITIES OF THE COMMITTEE

During 2011, the Committee for Auditing and Risk Management met on eleven occasions. At the second meeting in 2012, held on February 10, the accounting statements of 31.12.2011 were discussed and analyzed.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Committee conducted meetings with the Directors of the various segments of the Organization. During these meeting were evaluated financial, operational and environmental risks, key internal controls and risk mitigation.

In December, the Committee reviewed and approved the Risk Management Policy of Duratex S.A.

EXTERNAL AUDITING

The Committee maintained quarterly meetings with the External Auditors. At these meetings were discussed points requiring attention or improvement observed during the course of the work carried out, whether they be related to internal controls or covering accounting aspects.

It was discussed and approved the Planning of work for the year 2011. It also analyzed the Internal Control Report prepares by external auditors on the basis of 31.12.2010.

Based on information received, there were no situations that could affect the objectivity and independence of external auditors.

The Committee considers the volume and quality of the information received to the satisfactory.

INTERNAL AUDITING

The Committee acquainted itself with the Planning of the Internal Auditing Work for 2011. During the course of the year it adopted a Policy for Internal Audit and accompanied the restructuring of the area.

At quarterly meetings, the Executive Manager of the Internal Auditing Department presented the results of the major work done. Such performance have bought to the attention of Committee that there are risks that could affect the strength and continuity of the Company.

ACCOUNTING STATEMENTS

The Committee discussed and analyzed the main accounting policies used in preparing and drafting of quarterly financial statements. Similarly. noted the main figures and the results submitted by the Company.

CONCLUSION

Thus, based on activities in the period, and weighted the natural limitations under the scope of its activities, the Audit Committee and Risk Management believes that the financial statements of 31.12.2011 have been prepared in accordance with accounting practices adopted in Brazil and recommended its approval by the Board.

São Paulo, February 10, 2012..

COMMITTEE FOR AUDITING AND RISK MANAGEMENT

Alcides Lopes Tápias – **President**

Álvaro A. Cardoso de Souza
Andrea Laserna Seibel
Ricardo Egydio Setúbal
Rodolfo Villela Marino

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Duratex S.A.

We have audited the accompanying financial statements of Duratex S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2011 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Duratex S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, 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 of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Duratex S.A. as at December 31, 2011, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duratex S.A. and its subsidiaries as at December 31, 2011, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

EMPHASIS OF MATTER

As discussed in Note 2.2.2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Duratex S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

OTHER MATTERS – STATEMENT OF VALUE ADDED

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2011, the presentation of which is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

São Paulo, February 16, 2012

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Carlos Alberto de Sousa
Contador CRC 1RJ056561/O-0 "S" SP

MANAGEMENT REPORT

SCENARIO AND MARKET

The year 2011 began at a slower rhythm than in the previous period, as a consequence of a series of cautionary measures of a macro-economic nature introduced by the monetary authorities, with the objective of reducing the level of economic activity, and, as a consequence, existing inflationary pressure. From the second half of the year, with the reversion of the inflationary picture, and the worsening of the crisis in Europe, with possible negative repercussions for the local economy, the government decided to stimulate the economy by reducing interest rates and implementing tax incentives. The benefits of these measures are likely to become apparent during the course of 2012.

In this environment, the furniture sector was most affected, and as a consequence, the Wood Division's performance was worse than had been estimated at the beginning of the year. The scenario of higher interest rates and economic uncertainty led to more expensive credit for consumers of furniture, the main destination for panels sold, with a lower number of installment payments offered to the end consumer.

In the construction segment, which is linked to the Deca Division, the level of activity continued buoyant, seeing that real estate financing lines were not affected by the combination of changes, which had an impact on the durable goods segment.

According to figures from ABIPA – Brazilian Panel Industry Association, demand for hardboard, MDF and MDP, in the domestic and export markets experienced an aggregate annual expansion of 3.6%, while the level of Duratex's shipments experienced a retraction of 1.9%. This is due to the price increases, implemented by Duratex, in response to rising industrial costs, with the aim of maintaining operational margins, against a background of idle capacity in terms of panel supply. The ABRAMAT index, which measures sales performance in the construction sector, in the domestic market, indicated annual expansion of 2.9%, while Deca's sales were up 20.1%. Organic expansion, begun in 2007, together with a number of strategic acquisitions in the vitreous chinaware segment, from 2008, enabled the division to capture the benefit of a buoyant period in the sector.

Despite the more difficult global scenario in the background, and internally troubled by the prospect of a return of the inflation phantom, Brazil continued to produce an outstanding performance and even saw its credit rating raised by the agencies Fitch Ratings, S&P and Moody's. At the end of the year, the Brazilian real was quoted at R$1.8758 against the U.S. dollar, compared to a rate of R$1.6662 against the dollar at the end of 2010. This depreciation in the exchange rate, in response to deterioration in the international scenario, contributed to putting additional pressure on costs linked to the U.S. dollar, at the end of the year.

STRATEGIC MANAGEMENT

Aware of the challenges that it has ahead, due to possible repercussions from the severe liquidity crisis in European countries, Duratex is continuing with its strategic plan for expanding production capacity. This is because of the perception that current conditions in the domestic market continue to be favorable in its operational segments. In this regard, of particular note is the investment that has been carried out in the period, of R$635.8 million, mainly in the following areas:

Wood Division: (i) down payment made for the purchase of equipment for the installation of two new MDF production lines, with a capacity of 1.2 million m^3; (ii) construction works to the building that will receive the first of the two production lines planned in Itapetininga – SP; (iii) conclusion of the assembly and operational start-up of a new low-pressure coating line, located at Agudos – SP, which contributes to enlarging the panel sales mix; and (iv) inauguration of a new production line for laminated flooring, in Agudos – SP, to cater to the growing demand for this type of product.

Deca Division: (i) acquisition of Elizabeth Louças Sanitárias, renamed Deca Nordeste Louças Sanitárias, and subsequently incorporated into Duratex S.A.; (ii) conclusion of the assembly and operational start-up of new electro plating equipment, in the metal bathroom fittings segment; (iii) introduction of a new kiln with a firing capacity of 800 thousand pieces of vitreous chinaware a year, at the unit in Cabo de Santo Agostinho – PE; and (iv) also in the vitreous chinaware segment, a revision to investment in the unit at Queimados – RJ, for which investment was initially planned of R$100 million for a production capacity of 1.9 million pieces a year; this investment being raised to R$130 million, to increase planned production capacity to 2.4 million pieces a year.

For 2012, additional investments are estimated at approximately R$650 million, focused on the following: (i) conclusion of building works and the assembly of equipment for the new MDF production line at the plant in Itapetininga – SP, with an effective production capacity of 520 thousand m^3 a year, and start-up planned for the beginning of 2013; (ii) the planting of trees and maintenance of the existing forestry base; and (iii) completion and inauguration, in the second half of the year, of the new vitreous chinaware unit at Queimados – RJ.

In this way, Duratex aims to strengthen its presence in the markets in which it operates, believing firmly that favorable structural conditions exist for continuing sustained growth in its operational segments.

SUBSEQUENT EVENT – ISSUE OF CONVERTIBLE DEBENTURES

In a Material Event notice, published on April 18, 2011, Duratex informed the market of its strategic decision to expand its operations in the MDF segment. To this end, investment is being made in the introduction, at its industrial unit in Itapetininga – SP, of a new production line for the manufacture of medium density fiber board panels (MDF), with an effective production capacity of 520 thousand m^3/year. As a way of adding value to its sales mix, investment is also planned for the construction of a new low-pressure coating line and a low-pressure laminated paper impregnation line.

In order to fund this investment, the Company requested financing from the National Bank for Economic and Social Development (BNDES), which was approved under the following conditions (the full conditions are available on the company's website):

(i) The granting of financial assistance to the Company in the amount of R$178,722,000.00; and

(ii) Participation by the BNDES, through its subsidiary BNDESPAR, in a private issue of debentures to be carried out by the Company, of R$99,999,900.00. This debenture issue was approved at a General Shareholders Meeting held on February 8, 2012, and has the following characteristics: issue of 777,000 debentures, in a single series, with a nominal unit value of R$128.70, issued in book entry form, with a floating guarantee, convertible into common shares issued by the Company, without the issue of receipts or certificates. The debentures have a five-year term before they are due for redemption. Each debenture may be converted on an isolated basis, at any time, once the period for preferential right of purchase has elapsed, at the discretion of its owner, for a number of common shares issued by the Company that is calculated by dividing its updated nominal book value, on the conversion date, by the price of R$12.87 per share, this price being corrected by variation in the IPCA index from the date of issue, so that each debenture will be convertible into ten common shares of the Company.

FINANCIAL SUMMARY

(In IFRS and R$'000)	4Q11	3Q11	4Q10	2011	2010
Highlights					
Volume Shipped: Deca ('000 pieces)	6,729	6,780	5,413	25,505	21,639
Volume Shipped: Panels (m^3)	555,656	611,696	569,223	2,268,822	2,312,177
Consolidated Net Revenue	**769,544**	**789,775**	**719,616**	**2,970,365**	**2,741,810**
Gross Profit	256,413	276,644	288,232	1,011,931	1,117,460
Gross Margin	33.3%	35.0%	40.1%	34.1%	40.8%
EBITDA[1]	188,781	242,094	255,010	839,349	893,002
EBITDA Margin	24.5%	30.7%	35.4%	28.3%	32.6%
Extraordinary Events[2]	0	25,820	36,444	39,888	42,448
Recurring EBITDA	188,781	216,274	218,566	799,461	850,556
Recurring EBITDA Margin	24.5%	27.4%	30.4%	26.9%	31.0%
Net Earnings	79,387	118,214	143,453	374,860	467,247
Recurring Net Earnings	79,387	102,333	119,598	349,695	439,430
Recurring Net Margin	10.3%	13.0%	16.6%	11.8%	16.0%
Indicators					
Current Ratio[3]	1.69	1.96	1.96	1.69	1.96
Net Debt[4]	1,189,331	1,196,777	977,413	1,189,331	977,413
Net Debt/EBITDA (last 12 months)	1.42	1.32	1.09	1.42	1.09
Average Shareholders' Equity	3,665,424	3,600,150	3,426,898	3,573,234	3,302,350
ROE[5]	8.7%	13.1%	16.7%	10.5%	14.1%
Shares					
Earnings per Share (R$)[6]	0.1448	0.2156	0.2610	0.6833	0.8504
Closing Share Price (R$)[7]	8.92	8.61	14.88	8.92	14.88
Book Value per Share (R$)	6.71	6.61	6.28	6.71	6.28
Shares Held in Treasury (shares)	1,889,486	1,849,486	629,486	1,889,486	629,486
Market Capitalization (R$'000)[8]	4,889,460	4,719,880	8,175,159	4,889,460	8,175,159

[1] EBITDA: measure of operational performance given by Earnings Before Interest, Taxes, Depreciation and Amortization.

[2] Extraordinary events: events of an unusual nature outside the normal course of operations which have contributed to the Company's operational and net result. In 2011, there was a contribution of (+) R$39.9 million to the operating result, principally referring to the sale of property, which had a positive impact on net earnings of R$25.2 million. In 2010, there was a positive impact of (+) R$42.4 million referring to taxes recovered and the reversion of bad debt provisions. This amount was equivalent to a positive effect on net earnings of R$27.8 million.

[3] Current ratio: current assets divided by current liabilities. Indicates liquidity in R$ for each R$ of short-term obligations.

[4] Net debt: total financial debt (-) minus cash.

[5] Return on Equity (ROE): measure of performance arrived at by measuring net earnings in the period, annualized in the quarters, against shareholder's equity.

[6] Net earnings per share is calculated by dividing the profit attributable to the shareholders of the Company, by the weighted average quantity of ordinary shares in issue during the period, excluding ordinary shares held in treasury. This indicator was adjusted for periods prior to May 5, 2011 as a result of a 20% stock dividend, in order to enable comparisons to be made between periods.

[7] The share price quote before the stock dividend, mentioned above, has been adjusted for the purpose of enabling comparisons to be made between periods.

[8] Market capitalization was calculated based on the closing share price at the end of the period, multiplied by the quantity of shares in issue (550,035,331 shares), net of shares held in treasury, adjusted by the stock dividend for periods prior to May 2011.

CONSOLIDATED PERFORMANCE – RECONCILIATION TO IFRS ACCOUNTING STANDARDS

The financial statements available on this date, filed with the CVM and BM&FBOVESPA, are based on International Financial Reporting Standards (IFRS) in keeping with CVM Instruction No. 485/10.

The main changes in the financial statements resulting from the adoption of IFRS are related to the following events: Combination of Businesses, Biological Assets and Employee Benefits. Below we show the reconciliation tables for Total Assets, Equity and Net Earnings as a result of the adoption of these new accounting standards. It should be pointed out that the analyses herein contained are of a spontaneous nature, in keeping with the best practices of governance and transparency. However, they do not replace the official financial statements, filed with the CVM, in accordance with the terms of the applicable legislation, and so they should both be analyzed together.

Total Assets	4Q11	3Q11	4Q10
Before IFRS Adjustments (in R$'000)	**5,656,456**	**5,553,312**	**5,011,223**
Business Combination	728,437	733,919	757,805
Biological Assets	348,276	327,275	332,164
Employee Benefits	78,108	77,274	66,802
Other Adjustments	2,873	2,873	2,873
After IFRS Adjustments	**6,814,150**	**6,694,653**	**6,170,867**
Variation	1,157,694	1,141,341	1,159,644

Shareholders' Equity	4Q11	3Q11	4Q10
Before IFRS Adjustments (in R$'000)	**2,849,357**	**2,800,726**	**2,623,454**
Business Combination	542,739	550,514	556,241
Biological Assets	229,862	216,001	219,228
Employee Benefits	51,551	51,001	44,089
Other Adjustments	19,301	19,795	9,516
After IFRS Adjustments	**3,692,810**	**3,638,037**	**3,452,528**
Variation	843,453	837,311	829,074

Net Earnings	4Q11	3Q11	4Q10	2011	2010
Before IFRS Adjustments (in R$'000)	**69,072**	**117,257**	**131,186**	**372,492**	**442,064**
Business Combination	(4,099)	(4,639)	(3,949)	(15,729)	(15,213)
Biological Assets	13,862	717	1,683	10,634	34,051
Employee Benefits	552	4,879	1,810	7,463	7,236
Other Adjustments	0	0	12,723	0	(891)
After IFRS Adjustments	**79,387**	**118,214**	**143,453**	**374,860**	**467,247**
Extraordinary Event	0	(15,881)	(23,855)	(25,165)	(27,817)
Recurring Net Earnings Under IFRS	**79,387**	**102,333**	**119,598**	**349,695**	**439,430**

EBITDA

Operating profit before the financial results underwent a considerable change with the introduction of the new accounting methodology. The main changes refer to the biological assets, principally, and to employee benefits. Because these events are of an accounting nature, with no cash effect, they are disregarded for the calculation of EBITDA. So as to make the calculation more transparent, below we show a reconciliation table for this indicator, based on operating profit before the financial result.

EBITDA Reconciliation R$´000	4Q11	3Q11	%	4Q10	%	2011	2010	%
Operating Profit Before Financial Result	**131,218**	**178,560**	**-26.5**	**196,616**	**-33.3**	**576,366**	**715,555**	**-19.5**
Depreciation/Amortization/Exhaustion	79,400	72,013	10.3	63,686	24.7	290,400	240,003	21.0
Variation in Fair Value of Biological Assets	(53,519)	(37,194)	43.9	(34,354)	55.8	(154,009)	(183,765)	-16.2
Exhaustion Tranche of Biological Assets	32,517	36,108	9.9	31,804	2.2	137,898	132,173	4.3
Employee Benefits	(835)	(7,393)	-88.7	(2,742)	-69.5	(11,306)	(10,964)	3.6
EBITDA	**188,781**	**242,094**	**-22.0**	**255,010**	**-26.0**	**839,349**	**893,002**	**-6.0**
EBITDA Margin	**24.5%**	**30.7%**	**-**	**35.4%**	**-**	**28.3%**	**32.6%**	**-**
Extraordinary Events	0	(25,820)	-	(36,444)	-	(39,888)	(42,448)	-
Recurring EBITDA	188,781	216,274	-12.7	218,566	-13.6	799,461	850,554	-6.0
Recurring EBITDA Margin	**24.5%**	**27.4%**	**-**	**30.4%**	**-**	**26.9%**	**31.0%**	**-**

The basic difference between the results before and after the adoption of IFRS methodology, disregarding the non-cash events mentioned above, is in the reclassification of employee profit sharing and stock options, which were previously classified after the operational result, therefore benefiting EBITDA. After the adoption of the IFRS methodology, these events are allocated proportionally at the lines: Cost of Goods Sold, and Sales, General and Administrative Expenses, thus reducing EBITDA.

Prior to IFRS Adjustments R$'000	4Q11	3Q11	%	4Q10	%	2011	2010	%
Operating Profit Before Financial Result	**132,278**	**194,471**	**-32.0**	**211,701**	**-37.5**	**622,137**	**719,483**	**-13.5**
Depreciation/Amortization/Exhaustion	**74,753**	**65,750**	**13.7**	**57,728**	**29.5**	**266,569**	**216,197**	**23.3**
EBITDA	**207,031**	**260,221**	**-20.4**	**269,429**	**-23.2**	**888,706**	**935,680**	**-5.0**
EBITDA margin	**26.9%**	**32.9%**	**-**	**37.4%**	**-**	**29.9%**	**34.1%**	**-**
Extraordinary Events	0	(25,820)	-	(36,444)	-	(39,888)	(42,448)	-
Recurring EBITDA	**207,031**	**234,401**	**-11.7**	**232,985**	**-11.1**	**848,818**	**893,232**	**-5.0**
Recurring EBITDA Margin	**26.9%**	**29.7%**	**-**	**32.4%**	**-**	**28.6%**	**32.6%**	**-**

Both for the numbers according to IFRS, and before the adoption of the new accounting methodology, there was a nominal annual decrease in this indicator, as well as in margin in relation to net revenue, due to the lower volume shipped, at the Wood Division, and an increase in the cost of inputs, in general, aggravated by the exchange rate depreciation which took place in the final quarter of the year.

WOOD DIVISION

The performance of the Wood Division, on the second half of the year, saw an improvement in terms of volume shipped, of 6.1%, compared to the first half of 2011. Net revenue, on same comparison base, was up by 9.8%. For the year as a whole, however, volume shipped was down 1.9%, while the panel industry as a whole grew by 3.6% according to sector data from ABIPA. This performance is explained by the Company's decision to increase prices early, as a way of maintaining operational margins, against a background of cost pressure. In this way, net revenue was up by 2.5% on the year to R$1,875.9 million.

Panel sales did not fulfill initial expectations. The series of interventions in the economy by the monetary authorities, with the aim of slowing down consumption in the domestic market, and thus cooling off inflationary pressure, fulfilled their function. Destocking was seen in the furniture supply chain, at the beginning of the year, while credit terms offered to furniture consumers were curtailed, as measures to adjust to the new market reality. This change led the industry to operate with an average idle capacity, for the year, estimated at approximately 25%, with an adverse effect on operational performance. The price increases implemented were not sufficient to compensate for the rise in costs, aggravated by the exchange rate appreciation at the end of the year.

Recurring operational cash generation, as measured by EBITDA disregarding the effect of asset sales in the period, totaled R$530.3 million, with a corresponding margin of 28.3%. Compared to the performance of a year earlier, in which recurring EBITDA amounted to R$580.1 million, with a margin of 31.7%, there was a deterioration as a result of the fact that prices did not keep pace with the increase in production costs. Evidence of this situation is shown in the unit cash cost, which increased by 12.3% during the year, while unit net revenue rose by 4.5%. Of the main production costs, of particular note are resins, manufactured from urea and methanol, the cost of which rose by an average of 16% during the year, while labor costs increased by 8%, with electricity supply contracts being linked to the IGP-M index.

With respect to the market positioning of the Wood Division, of note was the conclusion, during the year, of investments which will enable value added an increase in the amount of products shipped with a higher value added: low-pressure coated panels and Durafloor flooring. In terms of panel production scale, investment is ongoing to inaugurate a new MDF production line, at the beginning of 2013, with an effective capacity of 520 thousand m^3/year, in addition to more coating lines. It is also worth mentioning the restructuring carried out in this area, with the aim of achieving gains in efficiency and reducing fixed costs.

During the year, 26 new panel patterns were launched with the objective of updating the Division's product portfolio, following new trends in the domestic and international market. In this way, the panel sales mix gained 16 new low-pressure coated products, offered in MDP and MDF, and 15 patterns in lines of thinner panels – Duraplac and HDF – with a painted finish. The Durafloor product line was also renewed. The main strategy behind this initiative is to expand and strengthen our line of products, with the aim of catering to an increasing number of consumers. The Style line, for example, fills a gap in the segment of differentiated products focused on more upper market consumer segments. Among the unique selling points of this product line, is the fact that the joints between the floor boards are almost imperceptible, the result of the Ultra-Click fitting system and the new width of the boards. This new line is expected to add value to the existing portfolio. To serve the more competitive segments, the lines Way and Ritz were also launched. With new patterns, textures and dimensions, these lines represent products with additional differentials in this segment. The complete project involved the launch of 31 new products, which were incorporated into 8 existing lines, resulting in a total of 54 different flooring options to serve a wider range of consumer segments.

By way of market recognition, at the 20th ANAMACO awards ceremony, an event promoted by the National Association of Construction Material Merchants, the company was awarded the Pini and Top of Mind prizes in the laminated flooring category, in addition to the Estan Design award which recognizes the best practices in the conception of stands exhibited at trade fairs in Brazil.

After IFRS Adjustments	4Q11	3Q11	%	4Q10	%	2011	2010	%
Shipments (in m³)								
Standard	332,995	364,054	-8.5	352,893	-5.6	1,364,833	1,408,248	-3.1
Coated	222,661	247,642	-10.1	216,330	2.9	903,989	903,929	-
Total	**555,656**	**611,696**	**-9.2**	**569,223**	**-2.4**	**2,268,822**	**2,312,177**	**-1.9**
Financial Highlights (R$'000)								
Net Revenue	**479,506**	**502,085**	**-4.5**	**474,056**	**1.1**	**1,875,979**	**1,830,285**	**2.5**
Domestic Market	452,682	478,066	-5.3	453,962	-0.3	1,780,982	1,755,192	1.5
Export Market	26,824	24,019	11.7	20,094	33.5	94,997	75,093	26.5
Unit Net Revenue (in R$ per m³ shipped)	**862.95**	**820.81**	**5.1**	**832.81**	**3.6**	**826.85**	**791.59**	**4.5**
Unit Cash Cost[1] (in R$ per m³ shipped)	**(517.75)**	**(468.60)**	**10.5**	**(429.66)**	**20.5**	**(478.65)**	**(426.26)**	**12.3**
Sales Expenses	(46,585)	(48,271)	-3.5	(50,250)	-7.3	(188,387)	(180,385)	4.4
General and Administrative Expenses	(18,076)	(18,075)	-	(20,739)	-12.8	(69,386)	(74,283)	-6.6
Operating Profit Before Financial Results	**81,888**	**119,165**	**-31.8**	**119,900**	**-31.7**	**353,576**	**458,516**	**-22.9**
Variation in Fair Value of Biological Assets	(53,519)	(37,194)	43.9	(34,354)	55.8	(154,009)	(183,765)	-16.2
Exhaustion Tranche of Biological Assets	32,517	36,108	-9.9	31,804	2.2	137,898	132,173	4.3
Depreciation/Amortization/Exhaustion	66,628	59,872	11.3	52,914	25.9	240,152	199,749	20.2
Employee Benefits	(584)	(4,808)	-87.9	(1,806)	-67.7	(7,379)	(7,325)	0.7
EBITDA	**126,930**	**173,143**	**-26.7**	**168,458**	**-24.7**	**570,236**	**599,348**	**-4.9**
Extraordinary Events	0	(25,820)	-	(13,241)	-	(39,888)	(19,245)	-
Recurring EBITDA	**126,930**	**147,323**	**-13.8**	**155,217**	**-18.2**	**530,348**	**580,103**	**-8.6**
Recurring EBITDA Margin	**26.5%**	**29.3%**	**-**	**32.7%**	**-**	**28.3%**	**31.7%**	**-**
Before IFRS Adjustments								
Recurring EBITDA	138,196	147,930	-6.6	160,720	-14.0	558,378	602,274	-7.3
Recurring EBITDA Margin	28.8%	30.8%	-	33.9%	-	29.8%	32.9%	-

[1] The Unit Cash Cost is arrived at by taking the Cost of Goods Sold, net of depreciation, amortization and depletion, and dividing by volume shipped.

DECA DIVISION

The performance of the Deca Division during the year was of particular note. The volume shipped increased by 17.9%, reaching 25.5 million items. Contributing to this increased capacity to serve the market, in addition to investments carried out in the past focused on expanding production capacity organically, was the acquisition of Elizabeth Louças Sanitárias. Even disregarding the volume added by this acquisition, the organic growth in shipments would have been approximately 10%. The increase in Net Revenue was even more significant, 20.1%, coming to a total of R$1,094.4 million. By way of comparison, the ABRAMAT index, which measures revenue in the domestic market in the construction materials industry, showed an increase of 2.9% on the year.

The operational performance of the Division, however, was affected by the combination of a sales composition of a lower added-value and higher costs. As a result, unit net revenue increased by 1.9% on the year, while the unit cash cost rose by 12.3%. Contributing to this situation were factors linked to the increase in volume shipped, namely the incorporation of Elizabeth, which has a sales mix with a lower value, and therefore lower profitability, and the collective wage increases introduced which pressure on labor costs, which represent 41% of Deca's cost base. At the end of the year, dollar-denominated costs suffered from additional pressure, principally due to the depreciation in the exchange rate. The unit cash cost increased by 6.8% from the 3rd to the 4th quarter of 2011.

As a consequence, EBITDA remained stable year-on-year, at R$269.1 million. This flat result, combined with the increase in net revenue, explains the narrowing in EBITDA margins from 29.7% to 24.6%, in 2011.

Investments are being carried out at the units in São Paulo and Rio de Janeiro which should strengthen Deca's position in the Southeast. The Northeast should increase in importance in terms of sales participation, as items manufactured at the unit in Paraiba are switched over to a richer sales mix.

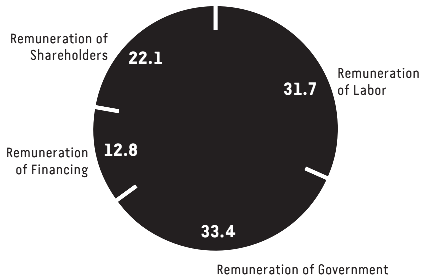
During 2011, a series of new products were launched, of particular note being the Deca Balance shower line, that reduces water consumption, in addition to the Base Fácil Deca solution, an innovative valve connection system which directly connects the cold water pipes (PVC) and hot water pipes (CPVC and PPR) without the need for connectors or adapters. In the vitreous chinaware segment, of note were the launches of the Quadra and Soho lines, in addition to the Studio Kids toilet bowl and the Electronic Toilet Seat which has 13 functions, among them being temperature control, seat angle, and water jet intensity.

By way of recognition of outstanding performance in the market, the following prizes were received: Company of Year for the Top of Mind award, the Museu da Casa Brasileira award for the Deca Twin Spa shower, the Pini award in the category of metal bathroom fittings and vitreous chinaware, the 6th Master Instal award for the Base Fácil Deca system, in addition to the Sustainable Company Award from the Brazilian Green Building Council, among others.

After IFRS Adjustments	4Q11	3Q11	%	4Q10	%	2011	2010	%
Shipments (in'000 items)								
Basic	2,347	2,321	1.1	1,853	26.7	8,870	7,965	11.4
Finishing	4,382	4,459	1.7	3,560	23.1	16,636	13,673	21.7
Total	**6,729**	**6,780**	**-0.7**	**5,413**	**24.3**	**25,506**	**21,638**	**17.9**
Financial Highlights (R$'000)								
Net Revenue	**290,038**	**287,690**	**0.8**	**245,560**	**18.1**	**1,094,386**	**911,525**	**20.1**
Domestic Market	279,128	276,659	0.9	236,354	18.1	1,054,987	873,877	20.7
Export Market	10,910	11,031	-1.1	9,206	18.5	39,399	37,648	4.7
Unit Net Revenue (in R$ per piece shipped)	**43.10**	**42.43**	**1.6**	**45.36**	**-5.0**	**42.91**	**42.13**	**1.9**
Unit Cash Cost[1] (in R$ per piece shipped)	**(25.81)**	**(24.17)**	**6.8**	**(24.58)**	**5.0**	**(24.70)**	**(21.99)**	**12.3**
Sales Expenses	(41,869)	(41,602)	0.6	(37,553)	11.5	(155,568)	(127,969)	21.6
General and Administrative Expenses	(9,997)	(9,646)	3.6	(9,835)	1.6	(37,378)	(35,047)	6.7
Operating Profit Before Financial Results	**49,332**	**59,395**	**-16.9**	**76,716**	**-35.7**	**222,792**	**257,039**	**-13.3**
Depreciation and Amortization	12,770	12,141	5.2	10,771	18.6	50,248	40,254	24.8
Employee Benefits	(251)	(2,585)	-90.3	(936)	-73.2	(3,927)	(3,639)	7.9
EBITDA	**61,851**	**68,951**	**-10.3**	**86,551**	**-28.5**	**269,113**	**293,654**	**-8.4**
Extraordinary Events	0	0	-	(23,203)	-	0	(23,203)	-
Recurring EBITDA	**61,851**	**68,951**	**-10.3**	**63,348**	**-2.3**	**269,113**	**270,451**	**-0.5**
Recurring EBITDA Margin	**21.3%**	**24.0%**	**-**	**25.8%**	**-**	**24.6%**	**29.7%**	**-**
Prior to IFRS Adjustments								
Recurring EBITDA	68,835	76,349	-9.8	72,265	-4.7	290,440	290,958	-0.2
Recurring EBITDA Margin	23.7%	26.5%	-	29.4%	-	26.5%	31.9%	-

VALUE ADDED

Value added in 2011 totaled R$1,694.8 million, up 7.9% compared to that for the same period a year earlier. Of this total, R$566.4 million, equivalent to 14.6% of revenues obtained, and 33.4% of total value added, was paid to the federal, state and municipal governments in the form of taxes and contributions.



DISTRIBUTION OF VALUE ADDED IN 2011 – %

CAPITAL MARKETS

On May 5, the Company carried out a stock dividend, equivalent to 20%, with a cost attributed to the bonus shares of R$2.85706740 per share. With this, the quantity of shares comprising the paid-up capital was increased to 550,035,331 shares (prior to the bonus share issue, paid-up capital comprised 458,362,776 shares). The amount and analyses contained in this Management Report take account of this bonus issue, also in previous periods, so as to allow comparisons to be made.

At the end of 2011, Duratex had a market capitalization of R$4,889.5 million, based on a closing share price of R$8.92.

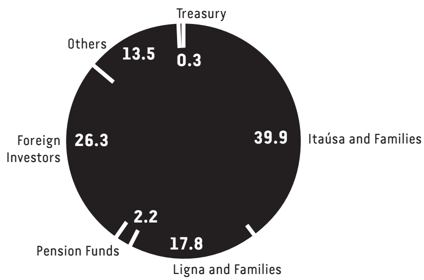
Over the year, 728,700 share trades were carried, involving 4,343.7 million shares of the Company, representing a trading volume of R$4,203.7 million. This level of liquidity ensured the presence of the Company shares in the IBOVESPA portfolio index, which comprises approximately 60 shares, for which the main inclusion criteria are aspects linked to share liquidity. Another important index in which the Company's shares are included is the Corporate Sustainability Index (ISE). This index is made up of 51 shares of companies that have shown outstanding performance in the application of the international concept of Triple Bottom Line sustainability, which evaluates, in an integrated manner, social, environmental and economic-financial aspects, and how these have been incorporated into corporate governance practices, characteristics of the business, the nature of the product, as well as climate change aspects.

With the objective of strengthening the Company's presence among the local investment community, regional Association of Capital Market Investment Analysts and Professionals (APIMEC) meetings were held in Belo Horizonte, Brasília and Rio de Janeiro. The meeting in São Paulo celebrated the 25th year running that the Company has held presentation meetings of this type, emphasizing its commitment to the best market practices which have been incorporated into the Company's corporate culture.

In this regard, Duratex decided to adhere to Abrasca Self-Regulation Code, in force since August 15, 2011, and also established a new committee under the board of directors named Committee for the Evaluation of Transactions with Related Parties, which consists only of independent members of the Board of Directors. It should be borne in mind that the Company also has another three committees chaired by independent board members, namely: (i) Auditing and Risk Management, (ii) Sustainability and (iii) Staff, Governance and Nomination, as well as a Committee for Trading and Disclosure, chaired by the Investor Relations Director.

The shares of Duratex are listed on the Novo Mercado section of the BM&FBOVESPA, a differentiated listing segment, which covers those companies which, in spontaneous manner, have shown themselves to be outstanding in the adoption of the highest levels of corporate governance. In this listing segment, the company is bound to abide by the decision of the Arbitration Chamber of the BM&FBOVESPA Novo Mercado for the resolution of any and every dispute involving controversies which may arise between the Company, shareholders and management.

In addition to the prerequisites of the Novo Mercado, the Company also has a differentiated dividend distribution policy, with the distribution of a minimum of 30% of net earnings to shareholders, while 1/3 of the seats on the Board of Directors are held by independent board members. Furthermore, the Company has adopted Global Reporting Initiative (GRI) Level A international reporting standards in its Annual and Sustainability reports. These reports can be found on the Company's website www.duratex.com.br.



SHAREHOLDING STRUCTURE AS AT THE END OF DECEMBER 2011 (%)

DIVIDENDS/INTERST ON EQUITY

According to the Company's bylaws, shareholders are guaranteed a minimum obligatory dividend of 30% of adjusted net earnings. On June 30, 2011, a provision was made for dividends of R$59,655 thousand, in the form of interest on equity, paid out from August 15, 2011. Additionally, at a meeting of the Board of Directors, a provision was authorized of R$64,680 thousand for interest on equity, to make up the total obligatory dividend for 2011, as well as an additional R$3,865 thousand in dividends. A total provision was made of R$68,545 thousand to be paid out starting February 29, 2012.

Gross remuneration to shareholders, for the financial year 2011, will total R$128.2 million, equivalent to R$0.2338 per share.

60 YEARS OF DURATEX

In commemoration of the Company's 60th birthday, Duratex held a series of 12 concerts with the Bachiana Sesi Philharmonic Orchestra – SP, conducted by João Carlos Martins, in the towns and cities where the Company's units are based. The concerts were aimed at employees and local communities, being open to the population, and were held in São Leopoldo and Taquari, in Rio Grande do Sul; in Estrela do Sul and Uberaba, in the State of Minas Gerais; in São Paulo, Botucatu, Agudos, Itapetininga, Lençóis Paulista and Jundiaí, in the State of São Paulo; in João Pessoa, in the State of Paraíba; and in Cabo de Santo Agostinho, in Pernambuco. At each concert, the public was invited to donate books and food to institutions in the region. The maestro also made visits to social projects supported by the local municipal authorities. There was also a special concert dinner held for clients and suppliers in the city of São Paulo.

Together with a series of concerts, from September the Rino Mania project was introduced, which brought together 75 rhinoceros sculptures decorated by artists. Of these, 60 were exhibited in the city of São Paulo with the remaining 15 being part of a travelling exhibit in 11 different localities in which the Company operates its manufacturing and forestry units. At the end of the exhibition cycle, the sculptures were auctioned, raising approximately R$600 thousand, which was donated to United Nations Children's Fund (UNICEF), various Association of Parents and Friends for Special Needs Children (APAEs) and non-governmental organizations.

The "Rino Mania" exhibition was also held for elementary education pupils at 128 schools in the public education network in 11 towns and cities in the States of São Paulo, Minas Gerais, Rio Grande do Sul and Pernambuco. The initiative promoted teaching workshops with 237 teachers, encouraging their pupils to have discussions about the preservation of threatened species, the study of wildlife and learning more about the importance of working as a team. During the project, children and youngsters decorated 220 mini rhinoceroses, in an initiative which involved approximately 7 thousand pupils.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

At the end of the financial year, the Company had a total of 10,667 employees, who received remuneration of R$81.4 million in the quarter, bringing the total for the year to R$315.5 million.

(Amounts in R$'000)	4Q11	3Q11	Var. %	4Q10	Var. %	2011	2010	Var. %
Employees (quantity)	**10,667**	**10,806**	**-1.3**	**9,690**	**10.1**	**10,667**	**9,690**	**10.1**
Remuneration	81,411.1	79,645.8	2.2	71,006.1	14.6	315,498.2	270,207.3	16.8
Obligatory Legal Charges	46,494.1	45,609.5	1.9	40,775.1	14.0	180,815.1	156,332.8	15.7
Differentiated Benefits	15,829.7	15,288.3	3.5	13,697.8	15.6	59,368.2	48,707.2	21.9

In initiatives related to the environment, in 2011 the Company allocated a total of R$26.7 million, of particular note being effluent treatment, the collection of residues and the maintenance of forestry areas. This figure corresponds to an increase of 51.7% compared to investment of this nature made in 2010.

During the year, a number of projects were developed of a social, sporting and environmental nature, involving a total investment of R$3,265 thousand. The highlights were as follows: (i) season of concerts with Maestro João Carlos Martins, conducting the Bachiana Philharmonic Orchestra, and the Chamber Orchestra of João Pessoa, providing free entertainment to approximately 35,000 spectators; (ii) the project "Singing for a Better Brazil", with the musical group Trovadores Urbanos, which provided free entertainment to the population of 12 towns and cities in the State of São Paulo where the Company has its industrial and forestry units; (iii) the Musical Project "Voices for Children", which in the production of the event had the participation of Maestro João Carlos Martins, of the Bachiana Philharmonic Orchestra, the percussion band from the Samba School "Vai Vai" and young talented classical musicians; donations were made to Childhood Brazil as part of the "Na Mão Certa" program; (iv) travelling theatre "A Sustainable World", held in Estrela do Sul – MG and neighboring towns, which benefited 2,600 children and adolescents in the public education network, with the aim of raising awareness on questions of sustainability; and (v) the exhibition "Ecological Home", at the São Paulo Museum of Modern Art, which displayed pioneering projects from architects from various parts of the globe, emphasizing the need for the preservation of scarce natural reserves, with the participation of more than 25 thousand visitors, among other projects.

For the year 2012 a series of projects are planned with the same focus, as follows: (i) the "Community Library", which involves the installation of 3 libraries in the municipal schools of Botucatu – SP, Uberaba – MG and Cabo de Santo Agostinho – PE, as well as the revitalization of 2 libraries already in place in the municipalities of Taquari – RS and Estrela do Sul - MG; (ii) the Educational Project "Contacts with Art", at the São Paulo Museum of Modern Art, which proposes links between art and various areas of knowledge, contributing to the training process of educators from various institutions; (iii) the project "Swimming, Athletics and Weightlifting Champions", which aims to provide better training conditions for athletes with disabilities, so that they can participate in the Paralympics in 2016 and (iv) the projects "Hands Teams" and "Magic Hands", which aims to provide support, respectively, for volleyball and basketball teams in high-performance wheelchairs, among other projects. For this purpose, funds of around R$3,141 thousand have already been earmarked.

In addition, the Company has invested approximately R$0.5 million in structured and recurring projects, such as: (i) the Tide Setubal Joinery School, that offers qualified teaching and professional training to needy youngsters; (ii) the Piatan Environmental Nursery, with the objective of spreading knowledge about the managing of sustainable forestry plantations, through visits, aimed at schools, plans and the community; and (iii) the "Escola Formare" program, carried out in partnership with the Iochpe Foundation of São Paulo and the Federal University of Technology of Paraná, with the aim of providing professional training to needy youngsters in high risk situations.

Internally, the Company invested R$1.9 million in the training of its employees. This training involved a total of approximately 223 thousand training hours, with 83,000 participants.

In June, an electronic journal was launched entitled *Duratex Sustainability*. This newsletter is used for the publishing of themes related to sustainability carried out by the Company at the social, economic and environmental levels.

As mentioned in previous Management Reports, during the year the process of defining a new statement of Mission, Vision and Values for the Company was concluded, and from June an internal program was started to disseminate this concept, called "Somos Assim" (how we are), which is done through presentations and the distribution of explanatory pamphlets. This material introduced elements that reflect part of our way of being, indicative of our way of thinking, and providing guidelines for our methods of operation, all written in accessible language, with practical examples.

With a view to reinforcing the theme Mission, Vision and Values, which reflect our way of thinking and operating, they are defined as follows:

MISSION

To meet our customer's requirements with excellence, by developing and offering products and services that contribute to the improvement of people's quality of life, while generating wealth in a sustainable manner.

VISION

To be a reference company that is recognized by customers, employees, community, suppliers and investors, as the option, due to the quality of our products, services and relationships.

VALUES

Integrity; Commitment; Emphasis on People; Exceed Expectations; Continuous Improvement; Innovation and Sustainability.

ACKNOWLEDGEMENTS

We are most grateful for the support received from our shareholders, and the dedication and commitment shown by our employees, in the partnerships we have with our suppliers, and the confidence entrusted in us by our clients and consumers.

The Management

BALANCE SHEET

In thousands of reais

	Note	Parent Company 12/31/11	Parent Company 12/31/10	Consolidated (IFRS) 12/31/11	Consolidated (IFRS) 12/31/10
ASSETS					
Current Assets		**1,535,754**	**1,345,406**	**1,933,005**	**1,676,028**
Cash and Cash Equivalents	5	376,071	309,000	726,159	616,549
Trade Accounts Receivable	6	639,562	578,661	657,589	564,810
Inventories	7	380,541	322,491	411,427	362,293
Other Receivables		56,736	56,108	31,496	27,300
Recoverable Taxes and Contributions	8	76,714	73,301	98,484	96,715
Other Credits		6,130	5,845	7,850	8,361
Non-current Assets		**4,537,077**	**4,111,519**	**4,881,145**	**4,494,839**
Related Parties	10	12	444	-	-
Linked Deposits		18,245	10,807	21,067	12,908
Other Credits		46,145	26,635	71,738	39,514
Pension Plan Credits		72,402	62,035	78,108	66,802
Recoverable Taxes and Contributions	8	27,536	28,506	29,763	35,605
Deferred Income Tax and Social Contribution	9	45,975	52,957	62,488	69,866
Investments in Subsidiaries	11	1,373,739	1,350,103	-	-
Other Investments		298	179	772	652
Property, Plant and Equipment	12	2,369,760	2,039,934	2,939,835	2,698,783
Biological Assets	13	-	-	1,094,220	1,030,717
Intangible Assets	14	582,965	539,919	583,154	539,992
Total Assets		**6,072,831**	**5,456,925**	**6,814,150**	**6,170,867**

The accompanying notes are an integral part of these financial statements.

In thousands of reais

	Note	Parent Company 12/31/11	Parent Company 12/31/10	Consolidated (IFRS) 12/31/11	Consolidated (IFRS) 12/31/10
Liabilities and Stockholders' Equity					
Current Liabilities		**939,858**	**723,735**	**1,141,539**	**856,245**
Loans and Financing	15	527,664	303,255	687,902	431,608
Suppliers		162,580	169,108	159,262	126,238
Personnel		96,588	80,143	104,893	86,105
Accounts Payable		41,156	44,778	52,207	55,091
Taxes and Contributions		51,718	36,777	68,987	59,347
Dividends Payable		60,152	89,674	68,288	97,856
Non-current Liabilities		**1,443,764**	**1,281,324**	**1,979,801**	**1,862,094**
Loans and Financing	15	1,096,056	989,512	1,227,588	1,162,354
Provisions	16	83,283	81,443	135,437	142,423
Deferred Income Tax and Social Contribution	9	259,236	207,192	500,721	443,071
Related Parties	10	95	17	-	-
Others		5,094	3,160	116,055	114,246
Stockholders' Equity	18	**3,689,209**	**3,451,866**	**3,692,810**	**3,452,528**
Capital		1,550,000	1,288,085	1,550,000	1,288,085
Costs on Issue of Shares		(7,823)	(7,823)	(7,823)	(7,823)
Capital Reserves		307,932	303,103	307,932	303,103
Revaluation Reserves		89,721	104,590	89,721	104,590
Revenue Reserves		1,355,588	1,360,660	1,355,588	1,360,660
Treasure Shares		(23,032)	(8,890)	(23,032)	(8,890)
Carrying Value Adjustments		416,823	412,141	416,823	412,141
Equity Attributable to Equity Holders of the Parent Company		**3,689,209**	**3,451,866**	**3,689,209**	**3,451,866**
Minority Interest				**3,601**	**662**
Total Liabilities and Stockholders' Equity		**6,072,831**	**5,456,925**	**6,814,150**	**6,170,867**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME

In thousands of reais

	Note	Parent Company 12/31/11	Parent Company 12/31/10	Consolidated (IFRS) 12/31/11	Consolidated (IFRS) 12/31/10
Net Sales Revenue	20	2,829,388	2,633,085	2,970,365	2,741,810
Domestic Market		2,727,936	2,559,197	2,835,969	2,629,069
Foreign Market		101,452	73,888	134,396	112,741
Variation in Fair Value of Biological Assets		-	-	154,009	183,765
Cost of Products Sold		(2,008,751)	(1,755,457)	(2,112,443)	(1,808,115)
Gross Profit		820,637	877,628	1,011,931	1,117,460
Selling Expenses		(334,751)	(289,426)	(343,955)	(308,354)
General and Administrative Expenses		(95,424)	(98,977)	(106,763)	(109,330)
Management Expenses		(13,103)	(9,469)	(13,581)	(10,115)
Other Operating Income (Expenses), Net	23	14,935	28,544	28,734	25,894
Operating Profit Before Financial Result and Result on Investments		392,294	508,300	576,366	715,555
Financial Income	22	53,857	33,867	98,131	52,377
Financial Expenses	22	(167,255)	(128,922)	(220,037)	(150,257)
Equity in the Results of Investees		134,380	150,662	-	-
Profit Before Income Tax and Social Contribution		413,276	563,907	454,460	617,675
Income Tax and Social Contribution - Current	24	(24,661)	(59,339)	(59,421)	(98,930)
Income Tax and Social Contribution - Deferred	24	(14,403)	(37,673)	(20,179)	(51,498)
Net Income for the Year		374,212	466,895	374,860	467,247
Net Income Attributable to:					
Owners of the Company				374,212	466,895
Minority Interest				648	352

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

In thousands of reais

	Parent Company		Consolidated (IFRS)	
	12/31/11	12/31/10	12/31/11	12/31/10
Net Income for the Year	**374,212**	**466,895**	**374,860**	**467,247**
Other Components of Comprehensive Income				
Participation in Comprehensive Income of Subsidiaries	4,682	(2,537)	4,682	(2,537)
Comprehensive Income for the Year, Net of Tax	**378,894**	**464,358**	**379,542**	**464,710**
Attributable to:				
Owners of the Company	378,894	464,358	378,894	464,358
Minority Interest	-	-	648	352

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In thousands of reais

	Parent Company		Consolidated (IFRS)	
	12/31/11	12/31/10	12/31/11	12/31/10
Operating Activities:				
Net Income for the Year	**374,212**	**466,895**	**374,860**	**467,247**
Items not Affecting Cash:				
Depreciation/Amortization/Depletion	218,805	187,959	430,288	372,175
Variation in the Fair Value of Biological Assets	-	-	(154,009)	(183,765)
Interest, Foreign Exchange and Monetary Variations, Net	158,392	114,588	195,173	133,327
Equity in the Results of Investees	(134,380)	(150,662)	-	-
Provisions, Disposal of Assets	47,046	18,402	14,721	49,874
Investments in Working Capital:				
(Increase) Decrease in Assets				
Trade Accounts Receivable	(31,794)	(144,814)	(94,377)	(142,913)
Inventories	(52,957)	(81,690)	(32,992)	(103,884)
Other Assets	19,232	98,160	(146)	83,256
Increase (Decrease) in Liabilities				
Suppliers	(9,476)	58,060	31,737	19,441
Personnel Liabilities	17,627	10,001	22,437	11,164
Accounts Payable	(1,264)	(2,703)	36	102,466
Taxes and Contributions	(4,665)	18,978	(7,454)	34,981
Other Liabilities	(12,139)	(45,512)	(1,691)	(36,894)
Cash Provided by Operating Activities	**588,639**	**547,662**	**778,583**	**806,475**
Investing Activities:				
Investment in Biological, Fixed and Intangible Assets	(500,621)	(151,394)	(635,846)	(459,564)
Advance for Future Capital Increase in Subsidiaries		(162,300)	-	-
Net Cash Received on the Merger of DRI - Resinas and Deca Nordeste	1,720	-	-	-
Net Cash Received on the Merger of Cerâmica Monte Carlo S.A. and Deca Ind. e Comércio Mat. Sanitários	-	228,471	-	-
Cash Used in Investing Activities	**(498,901)**	**(85,223)**	**(635,846)**	**(459,564)**
Financing Activities:				
Financing	532,752	444,383	675,068	637,356
Amortization of Financing	(397,411)	(527,304)	(538,598)	(559,517)
Loans in Subsidiaries	578	21,481	-	-
Interest on Capital	(144,444)	(101,762)	(159,428)	(102,061)
Treasury Shares and Others	(14,142)	(6,335)	(11,508)	(6,335)
Cash Used in Financing Activities	**(22,667)**	**(169,537)**	**(34,466)**	**(30,557)**
Exchange Variation on Cash and Cash Equivalents	**-**	**-**	**1,339**	**(729)**
Increase (Decrease) in Cash for the Year	**67,071**	**292,902**	**109,610**	**315,625**
Opening Balance	**309,000**	**16,098**	**616,549**	**300,924**
Closing Balance	**376,071**	**309,000**	**726,159**	**616,549**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF VALUED ADDED

In thousands of reais

	Parent Company		Consolidated (IFRS)	
	12/31/11	12/31/10	12/31/11	12/31/10
Revenue	**3,694,968**	**3,481,714**	**3,872,471**	**3,622,441**
Gross Sales Revenue	3,664,522	3,413,282	3,828,277	3,544,055
Other revenue	32,495	69,177	46,676	79,406
Allowance for Doubtful Accounts	(2,049)	(745)	(2,482)	(1,020)
Inputs Acquired from Third Parties	**(2,117,707)**	**(2,014,455)**	**(1,845,558)**	**(1,731,407)**
Cost of sales	(1,846,642)	(1,736,986)	(1,557,114)	(1,417,246)
Materials, Energy, Outsourced Services and Others	(271,065)	(277,469)	(288,444)	(314,161)
Gross Value Added	**1,577,261**	**1,467,259**	**2,026,913**	**1,891,034**
Depreciation/Amortization/Depletion	(218,805)	(187,959)	(430,288)	(372,175)
Net Value Added	**1,358,456**	**1,279,300**	**1,596,625**	**1,518,859**
Value Added Received Through Transfer	**188,237**	**184,529**	**98,131**	**52,377**
Financial Income	53,857	33,867	98,131	52,377
Equity in the Results of Investees	134,380	150,662	-	-
Value Added to be Distributed	**1,546,693**	**1,463,829**	**1,694,756**	**1,571,236**
Distribution of Value Added				
Personnel Compensation	**483,684**	**383,042**	**536,658**	**430,734**
Direct Compensation	407,342	320,433	445,569	355,489
Benefits	47,124	38,537	59,318	48,707
Severance Indemnity Fund (FGTS)	26,884	22,474	29,416	24,887
Others	2,334	1,598	2,355	1,651
Government Compensation (taxes)	**524,480**	**484,970**	**566,449**	**522,998**
Federal	367,347	313,634	407,518	352,502
State	153,288	169,697	155,077	167,350
Municipal	3,845	1,639	3,854	3,146
Financing Remuneration (interest)	**164,317**	**128,922**	**216,789**	**150,257**
Stockholders' Remuneration	**374,212**	**466,895**	**374,860**	**467,247**
Interest on Capital/Dividends	128,200	154,687	128,200	154,687
Retained Earnings	246,012	312,208	246,012	312,208
Minority Interest	-	-	648	352
Total Value Added Distributed	**1,546,693**	**1,463,829**	**1,694,756**	**1,571,236**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In thousands of reais

	Note	Capital	Costs on Issue of Shares	Capital Reserves	Revaluation Reserves	Revenue Reserves	Carrying Value Adjustments	Treasury Shares	Retained Earnings	Total	Minority Interest	Total Stockholders' Equity
Balances at 12/31/09		**1,288,085**	**(7,823)**	**295,753**	**112,919**	**1,039,747**	**414,679**	**(2,177)**	**-**	**3,141,183**	**717**	**3,141,900**
Comprehensive Income for the Year												
Net Income for the Year		-	-	-	-	-	-	-	466,895	**466,895**	352	467,247
Participation in the Comprehensive Income of Subsidiaries		-	-	-	-	-	(2,537)	-	-	**(2,537)**	-	(2,537)
Total Comprehensive Income for the Year		-	-	-	-	-	(2,537)	-	466,895	**464,358**	352	464,710
Share Options Granted	25	-	-	7,350	-	-	-	-	-	**7,350**	-	7,350
Acquisition of Treasury Shares		-	-	-	-	-	-	(19,847)	-	**(19,847)**	-	(19,847)
Decrease by Sale of Treasury Shares		-	-	-	-	-	-	13,134	375	**13,509**	-	13,509
Realization of Revaluation Reserve		-	-	-	(8,329)	-	-	-	8,329	**-**	-	-
Appropriation of Net Income:												
Allocated to the Legal Reserve		-	-	-	-	23,231	-	-	(23,231)	**-**	-	-
Interest on Capital - 1st Half-year	18	-	-	-	-	-	-	-	(65,624)	**(65,624)**	-	(65,624)
Interest on Capital - 2nd Half-year	18	-	-	-	-	-	-	-	(66,185)	**(66,185)**	-	(66,185)
Dividends - 2nd Half-year	18	-	-	-	-	-	-	-	(22,878)	**(22,878)**	-	(22,878)
Appropriation to Tax Incentives		-	-	-	-	2,272	-	-	(2,272)	**-**		
Appropriation to Reserves		-	-	-	-	295,409	-	-	(295,409)	**-**	(407)	(407)
Balances at 12/31/10		**1,288,085**	**(7,823)**	**303,103**	**104,590**	**1,360,660**	**412,141**	**(8,890)**		**3,451,866**	**662**	**3,452,528**

The accompanying notes are an integral part of these financial statements.

In thousands of reais

	Note	Capital	Costs on Issue of Shares	Capital Reserves	Revaluation Reserves	Revenue Reserves	Carrying Value Adjustments	Treasury Shares	Retained Earnings	Total	Minority Interest	Total Stockholders' Equity
Comprehensive Income for the Year												
Net Income for the Year		-	-	-	-	-	-	-	374,212	**374,212**	648	374,860
Participation in the Comprehensive Income of Subsidiaries		-	-	-	-	-	4,682	-	-	**4,682**	-	4,682
Total Comprehensive Income for the Year		**-**	**-**	**-**	**-**	**-**	**4,682**	**-**	**374,212**	**378,894**	**648**	**379,542**
Share Options Granted		-	-	4,829	-	-	-	-	-	**4,829**	-	4,829
Acquisition of Treasury Shares		-	-	-	-	-	-	(14,142)	-	**(14,142)**	-	(14,142)
Capital Increase by Revenue Reserves		261,915	-	-	-	(261,915)	-	-	-	**-**	2,634	2,634
Interest on Capital - 2010 Complement		-	-	-	-	(4,038)	-	-	-	**(4,038)**	-	(4,038)
Realization of Revaluation Reserve		-	-	-	(14,869)	-	-	-	14,869	**-**	-	-
Appropriation of Net Income:												
Allocated to the Legal Reserve		-	-	-	-	18,437	-	-	(18,437)	-	-	-
Interest on capital - 1st Half-year	18	-	-	-	-	-	-	-	(59,655)	(59,655)	-	(59,655)
Interest on capital - 2nd Half-year	18	-	-	-	-	-	-	-	(64,680)	(64,680)	-	(64,680)
Dividends - 2nd Half-year	18	-	-	-	-	-	-	-	(3,865)	(3,865)	-	(3,865)
Appropriation to Tax Incentives						5,478			(5,478)	-		-
Appropriation to Reserves		-	-	-	-	236,966	-	-	(236,966)	-	(343)	(343)
Balances at 12/31/11		**1,550,000**	**(7,823)**	**307,932**	**89,721**	**1,355,588**	**416,823**	**(23,032)**	**-**	**3,689,209**	**3,601**	**3,692,810**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Brazilian reais, unless otherwise indicated)

NOTE 1 – OPERATING CONTEXT

(a) General information

Duratex S.A. is a publicly held corporation headquartered in the city of São Paulo – SP, Brazil. Its controlling shareholders are Itaúsa - Investimentos Itaú S.A., with significant operations in the financial, chemical and information technology sectors, and Companhia Ligna de Investimentos, which has important operations in the retail market and in the distribution of civil construction and woodworking inputs and also operates in property construction and rental.

The main activities of Duratex and its subsidiaries (collectively, "the Group") comprise the manufacture of wood panels (Wood Division), vitreous chinaware and sanitary ceramic and metal products (Deca Division). Duratex presently has fourteen industrial plants in Brazil and one in Argentina, maintains branches in the main Brazilian cities and commercial subsidiaries in the United States and Europe.

The Wood Division operates five industrial plants in Brazil, responsible for the production of hardboard, medium density particle panels (MDP), medium, high and super density fiberboard panels (MDF, HDF, SDF), Durafloor laminate flooring and components for the furniture industry, and also operates an industrial resin production plant.

The Deca Division operates eight industrial plants in Brazil and one in Argentina, responsible for the production of sanitary ceramic and metal products under the trademarks Deca, Hydra, Belize, Elizabeth and Deca Piazza (in Argentina).

(b) Approval of financial statements

On February 16, 2012, the Supervisory Board approved the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are as set out below. These policies were consistently applied in the periods presented.

2.1 – BASIS OF PREPARATION

The financial statements were prepared taking into consideration the historical cost as the measurement basis and financial assets maintained for trading and financial liabilities (including derivative instruments), measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates and the use of judgment by the Company's management in the process of applying the Group's accounting policies. The areas requiring the highest level of judgment and having the highest complexity, as well as the areas where assumptions and estimates are significant for the consolidated financial statements, are disclosed in Note 3.

(a) Consolidated financial statements

The consolidated financial statements were prepared and are being presented according to the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPCs), as well as by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

(b) Individual financial statements

The individual financial statements of the Parent Company were prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPC) and are being presented together with the consolidated financial statements.

(c) Changes in accounting policies and disclosures

The Company did not adopt in advance any of the new accounting standards, pronouncements and interpretations issued by the IASB but which are not effective for 2011. Although early adoption of these accounting standards is encouraged, they have not been approved by the CPC. However, the Company has been analyzing the effects that may result from the adoption of these standards, from the date of its approval by the CPC.

2.2 – CONSOLIDATION

2.2.1 – Consolidated financial statements

The following accounting policies are applied in the preparation of financial statements.

(a) Subsidiaries

Subsidiaries are all entities (including specific-purpose entities) whose financial and operating policies can be conducted by the Company and in which the Company has a shareholding exceeding half the voting rights.

The consolidated financial information includes the companies: Duratex S.A. and its direct subsidiaries: Duraflora S.A., Estrela do Sul Participações Ltda., Duratex Empreendimentos Ltda. and Duratex Comercial Exportadora S.A.; and its indirect subsidiaries: Duratex North America Inc., Duratex Europe N.V., TCI Trading S.A., Jacarandá Mimoso Participações Ltda. and Deca Piazza S.A.

Intercompany transactions, as well as the balances and unrealized gains and losses in respect of those transactions, were eliminated. The subsidiaries' accounting policies were adjusted to ensure consistency with the accounting policies of the Company.

(b) Business combination

The acquired identifiable assets and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair on the acquisition date.

The excess portion of the acquisition cost, which is the amount that exceeds the fair value of the Company's interest in the acquired identifiable net assets, is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of income.

(c) Transactions and participation of non-controlling entities

These are recorded in a manner identical to transactions with the Group's shareholders. For acquisitions of non-controlling ownership interests, the difference between any consideration paid and the acquired portion of the controlling shareholder's net assets is recorded in stockholders' equity, as well as the gains or losses on sales to non-controlling shareholders.

2.2.2 – Individual financial statements

Subsidiaries are accounted for under the equity method. The same adjustments are made both in the individual and consolidated financial information, in order to arrive at the same net income and stockholders' equity attributable to the Parent Company's shareholders. In the Company's case, the Brazilian accounting practices applied in the individual financial information differ from the IFRS applicable to separate financial statements only in respect of the valuation of investments in subsidiaries under the equity method of accounting. IFRS requires the valuation at cost or fair value.

2.3 – PRESENTATION OF SEGMENT INFORMATION

The segment information is presented consistently with the decision-making process of the main operating decision maker. The main operating decision maker, responsible for allocating funds and evaluating the performance of operating segments, is the Company's Board of Directors, in charge of the Group's strategic decision-making, with the support of the Supervisory Board.

2.4 – FOREIGN CURRENCY TRANSLATION

(a) Functional currency and presentation currency

The items included in the financial statements of each of the companies are measured using the main currency of the economic environment where the respective company operates (the "functional currency"). The individual and consolidated financial statements are being presented in Brazilian reais, which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are converted into the functional currency by using exchange rates prevailing on the transaction or valuation dates, when the items are measured. Exchange gains and losses resulting from the settlement of those transactions and from the conversion at period-end exchange rates of monetary assets and liabilities in foreign currencies are recognized in the statement of income as financial income or expense, except when they are recorded in stockholders' equity when considered to be a hedge of net investments.

(c) Companies of the Group

The net income and financial position of the subsidiaries located abroad (none of which have a currency of a hyperinflationary economy), whose functional currency differs from the presentation currency (Brazilian reais), are converted into the presentation currency as follows:

- assets and liabilities, translated at the exchange rate on the balance sheet date;
- income and expenses, translated at the average exchange rate of the month that they are recorded;
- all resulting exchange-related differences are recognized in stockholders' equity, in the caption "Accumulated conversion adjustments" and are recognized in the statement of income when the investments in the subsidiaries are realized.

2.5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits, other short-term highly liquid investments, with original maturities of three months or less and subject to an insignificant risk of change in value, and overdraft accounts that are presented in the balance sheet as "Loans" in current liabilities.

2.6 – FINANCIAL ASSETS

2.6.1 – Classification

The classification of financial assets is determined by management when they are initially recognized, and depends on the purpose for which they were acquired. There are two categories under which the financial assets are classified:

(a) Financial assets measured at fair value through profit or loss

These are financial assets maintained for trading, acquired mostly for short-term sale, including derivatives not designated as hedge instruments, which are classified as current assets.

(b) Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for those maturing at least 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade accounts receivable, other accounts receivable and cash and cash equivalents, except for short-term investments.

2.6.2 – Recognition and measurement

The normal purchases and sales of financial assets are recognized on the trading date, which is the date when the Company and its subsidiaries commit to buy or sell the asset. Investments are initially recognized at fair value, plus transaction costs for all financial assets not classified at fair value through the results. Financial assets classified at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to the results. Financial assets are written-off when the rights to receive cash flows from the investments have been realized or transferred, and, in the latter case as long as the Company and its subsidiaries have transferred virtually all ownership risks and benefits. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value. Loans and receivables are recorded at the amortized cost using the effective interest rate method.

Gains or losses resulting from fluctuations in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of income in "Other net gains (losses)" in the period in which they occur.

The fair values of publicly quoted assets and liabilities are based on current purchase prices. If the market for a financial asset (and for securities not listed in a stock exchange) is not active, the Company establishes fair value by using valuation techniques. These techniques include the use of transactions with third parties, reference to other substantially similar instruments, analysis of discounted cash flow models and option pricing models making maximum use of information generated by the market and the least possible use of information generated by the management of the Company.

2.6.3 – Offsetting of financial instruments

Financial assets and liabilities can be reported at their net amounts in the balance sheet only when there is a legal right to offset the amounts recognized and there is intent to settle them on a net basis, or realize the asset and settle the liability simultaneously.

2.6.4 – Impairment of financial assets

At the end of each reporting period, the Company evaluates whether there is objective evidence that a financial asset or group of financial assets has been impaired. An asset or group of financial assets has been impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the assets (a "loss event") and such loss event(s) will have an impact on the estimated future cash flows of the financial asset or group of financial assets which can be reliably estimated.

The criteria used by the Company to determine whether there is objective evidence of an impairment loss include:

- issuer's or debtor's relevant financial difficulties;
- a breach of contract, such as a default or delay in the payment of interest or principal;
- the disappearance of an active market for that financial asset due to financial difficulties;
- observable data indicating a measurable reduction in the estimated future cash flows from a financial asset portfolio since the initial recognition of those assets, even if the decrease cannot yet be identified in respect of the individual financial assets in the portfolio, including:

a) adverse changes in the payment situation of the portfolio's borrowers;
b) national or local economic conditions correlating with adverse changes in the payment situation of the portfolio's borrowers;
c) national or local economic conditions correlating with defaults on the portfolio's assets.

The Company and its subsidiaries first evaluate whether there is an objective evidence of impairment.

The loss amount is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future credit losses not yet incurred) discounted based on the existing interest rate originally contracted for the financial assets. The book value of the assets is reduced and the amount of the loss is recognized in the consolidated statement of income. If a loan or investment maintained through maturity has a variable interest rate, the discount rate utilized to measure the impairment loss is the current effective interest rate determined in accordance with the contract. For practical purposes, the Company and its subsidiaries can measure the impairment based on the fair value of an instrument obtained by utilizing an observable market price.

If, in a subsequent period, the value of the impairment loss decreases and the decrease can objectively be related to an event occurring after the impairment has been recognized, such as an improvement in the debtor's credit classification, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income.

2.7 – DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date the derivative agreement is entered into, and are subsequently remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the Company's policy is not to enter into leveraged derivative transactions.

Although the Company does not have a hedge accounting policy, it has designated certain debts at fair value through profit or loss, because of the existence of derivative financial assets directly related to loans, as a manner of eliminating the recognition of gains and losses in different periods.

The hedge of net investment operations in foreign operations are recorded as a cash flow hedge. Any gain or loss on the hedge instrument is recognized in stockholders' equity, in the caption "Accumulated conversion adjustments", the gain or loss related to the non-effective portion is reported in the statement of income immediately in "Other operating income (loss), net".

Gains and losses accumulated in equity are included in the statement of income when the foreign operation is partially or totally transferred or sold.

2.8 – TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded and maintained at the nominal value of the amounts obtained on sales of products, plus exchange variations, where applicable. Trade accounts receivable substantially refer to short-term operations and are, therefore, not discounted to present value as, no significant adjustment would arise therefrom. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is constituted based on the analysis of risks of realization of the credits receivable, in an amount considered sufficient by management to cover potential losses in the realization of these assets.

Recoveries of written-off items are credited to "Other operating income (loss), net", in the statement of income.

2.9 – INVENTORIES

Inventories are stated at average purchase or production costs, not exceeding replacement costs or realizable amounts, lesser of the two. Imports in transit are stated at the cost of each import.

2.10 – INTANGIBLE ASSETS

Intangible assets comprise goodwill, customer portfolio, trademarks, patents and rights of use of software. They are stated at acquisition cost less amortization over the period, calculated on the straight-line method, in accordance with the established useful life.

Goodwill

Goodwill is the positive difference between the paid or payable amount for the acquisition of a business and the net fair value of assets and liabilities of the acquired subsidiary or business combination. Goodwill is not amortized, but it is tested annually to identify the need to record impairment losses.

Trademarks and patents

Separately acquired trademarks and licenses are initially stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value on the acquisition date. Since they have a defined useful life, trademarks and licenses are subsequently recorded at cost less accumulated amortization.

Contractual relationships with customers – customer portfolio

Only customer relationships acquired in a business combination are recognized at fair value on the acquisition date. Customer relationships have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected useful life of the customer relationship.

Software

Acquired software licenses are recorded as capital expenditures at the costs incurred to acquire the software and prepare it for use. The cost is amortized over the estimated useful life of the software.

2.11 – PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at the cost of acquisition, formation or construction, including financing costs related to acquisition of qualified assets, less accumulated depreciation calculated on the straight-line method, taking into consideration the estimated economic useful lives of the assets, which are reviewed at the end of each year.

Subsequently incurred costs are added to an asset's book value or are recognized as a separate asset, as applicable, and only when it is likely that the future economic benefits associated with the asset will be realized and the cost of the asset can be reliably measured. The book value of replaced items and parts is written-off. All other maintenance and repair costs are recorded in the results of the year in which the costs are incurred.

The book value of property, plant and equipment is reduced to recoverable value if the book value exceeds the estimated recoverable value.

Gains and losses on disposals are determined by comparing the results with the book value and are recognized in "Other operating income (loss), net".

2.12 — IMPAIRMENT OF NON-FINANCIAL ASSETS

The assets which have an undetermined useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. The assets subject to depreciation or amortization are tested whenever there is objective evidence that the book value may not be recoverable. For this purpose, the companies take into consideration the effects arising from obsolescence, demand, competition and other economic factors. For impairment test purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units).

2.13 — BIOLOGICAL ASSETS

Forest reserves are recognized at fair value, less the estimated selling costs at harvest time, as described in Note 13. For immature plantations (up to one year old), the cost is considered to approximate fair value. Gains or losses on the recognition of a biological asset at fair value, less selling costs, are recognized in the results. The depletion appropriated to the result is composed of the formation cost portion and the fair value adjustment portion.

The formation costs of these assets are recognized in the results as incurred. The effect of the variation in the fair value of a biological asset is presented in a separate account in the statement of income.

2.14 — LOANS AND FINANCING

Borrowings are initially recognized at fair value when funds are received, net of transaction costs, and are subsequently stated at amortized cost, that is, with the addition of charges and interest proportional to the period elapsed (calculated on a pro rata *temporis* basis), using the effective interest rate method, except for borrowings hedged by derivative instruments, which are stated at fair value.

2.15 — ACCOUNTS PAYABLE TO SUPPLIERS AND PROVISIONS

Suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were purchased in the ordinary course of business and are classified as current liabilities if the payment is due in a period of up to one year. Otherwise, the accounts payable are presented as non-current liabilities. Accounts payable are initially recognized at nominal value which is equivalent to fair value and subsequently measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when there is a present legal or constructive obligation resulting from past events, and when there is the likelihood that a disbursement of funds will be required to settle the obligation, and its amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation, that reflect the specific risk obligation.

2.16 — CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

The income tax and social contribution are calculated based on the net income for the year before taxation, adjusted for inclusions and exclusions in accordance with tax legislation. Deferred income tax and social contribution are recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. In practice, the tax adjustments to the accounting net income, such as the inclusion of expenses and exclusion of revenues, are temporary differences and generate the recognition of deferred tax assets or liabilities.

These taxes are recognized in the statement of income, except for the proportion related to items directly recognized in equity. In this case, the tax is also recorded in equity.

Deferred taxes and contributions are recognized only if their offset against future taxable income is probable.

2.17 — EMPLOYEE BENEFITS

(a) Pension plans

The Company and its subsidiaries offer to all employees a defined contribution plan managed by Fundação Itaúsa Industrial. The regulation of the plan establishes that the sponsoring companies will make a contribution ranging from 50% to 100% of the amount contributed by the employees. The Company had previously offered a defined benefit plan to its employees, but this plan is being extinguished, with enrollment not permitted for new participants.

Regarding the defined contribution plan, the Company and its subsidiaries have no further payment obligations after the contribution is made. The contributions are recognized as employee benefit expenses when due. Contributions made in advance are recognized as an asset to the extent that these contributions lead to an effective reduction in future payments.

(b) Share-based compensation

The Company offers to its executives a compensation plan based on stock options, and receives the employees' services as consideration for the stock options granted. The fair value of the employees' services, received in exchange for the stock options granted, is recognized as an expense, with a corresponding entry to stockholders' equity during the period when the executives render the services and acquire the right to exercise the stock options.

The fair value of options granted is calculated at the date of the granting of the options, and, at each financial statement date, the Company revises its estimates of the quantity of shares it expects to issue based on the vesting conditions.

(c) Profit sharing

The Company and its subsidiaries compensate their employees with profit sharing if established performance targets are met. This remuneration is recognized as a liability and an expense in operating results (cost of goods sold, selling expenses and administrative expenses) when the employee attains the established performance conditions.

2.18 — CAPITAL

The common shares are classified in equity. Incremental costs directly attributable to the issuance of new shares or options are presented in equity as a deduction from the funds obtained, net of taxes.

The amount paid for the acquisition of treasury shares, including any directly attributable costs, is deducted from equity attributable to the shareholders until the shares are cancelled, sold or utilized in the stock option plan.

2.19 — REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of products in the normal course of the activities of the Company and its subsidiaries. The revenue is stated net of taxes, returns, discounts or rebates granted, as well as the elimination of intercompany sales, and is recognized when its amount can be reliably measured, and when it is probable that future economic benefits will be obtained by the Company and when specific criteria for each of the activities have been met.

(a) Sales of goods

The sales revenues are recognized on the delivery of the products, as well as upon the transfer of the risks and benefits to the buyer.

(b) Financial income

Financial income is recognized in accordance with the elapsed period, using the effective interest rate method. When an impairment loss is identified in respect of a financial instrument, the Company and its subsidiaries reduce the book value to its recoverable value, which corresponds to the estimated future cash flow, discounted at the original effective contractual interest rate of the instrument.

2.20 — LEASES

The Company has lease contracts for land utilized for forestation. In these contracts, the risks and rights of ownership are retained by the lessor and the leases are, therefore, classified as operating leases. The costs incurred in operating lease agreements are recorded as part of the cost of formation of biological assets, on the straight-line method, over the contractual period. The Group does not have financial leases.

2.21 — DISTRIBUTION OF DIVIDENDS AND INTEREST ON CAPITAL

The distribution of dividends to Company shareholders is recognized as a liability in the financial statements at the end of each year or at interim dates, as determined by the Supervisory Board. The balance is calculated based on the minimum dividend established in the Company's bylaws, net of the amounts approved and paid during the year.

As provided in the bylaws, the Company may pay interest on capital, attributing the amounts as dividends. The tax benefit of interest on capital is recognized in the statement of income.

NOTE 3 — CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the preparation of the financial information, accounting judgments, estimates and assumptions are utilized to record certain assets and liabilities and other transactions. The definition of the estimates and accounting judgments adopted by management was based on the information available at the time of the preparation of the financial statements date, involving the experience from past events and the forecast of future events. The financial statements include several estimates, such as: the useful lives of property, plant and equipment items, realization of deferred tax credits, allowance for doubtful accounts, inventory losses, evaluation of the fair value of biological assets, provision for contingencies and impairment losses.

The main estimates and assumptions that may present risk, with the likelihood of requiring adjustments to asset and liability book values, are as follows:

(a) Risk of variation in the fair value of biological assets

The Company adopted several estimates to evaluate its forestry reserves in accordance with the methodology established by CPC 29/IAS 41. These estimates were based on market references, which are subject to scenario changes impacting the Company's financial statements. In this context, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets of about R$28,994, net of tax effects. If the discount rate presented a 0.5% increase, it would result in a reduction in the fair value of biological assets of about R$7,573, net of tax effects.

(b) Estimated loss (impairment) of goodwill

Annually the Company and its subsidiaries test the possible impairment of goodwill in compliance with the accounting policy presented in Notes 2.10 and 2.12. The balance could be impacted by changes in the economic or market scenarios, without, however, creating an important effect in relation to stockholders' equity.

(c) Pension plan benefits

The current value of assets related to pension plans depends on a number of factors that are determined based on actuarial calculations, which use a series of assumptions. Among the assumptions used in determining these values are the discount rate and current market conditions. Any changes in these assumptions will affect the corresponding book values.

NOTE 4 — FINANCIAL RISK MANAGEMENT

4.1 — FINANCIAL RISK FACTORS

The Company and its subsidiaries are exposed to market risks related to fluctuations in interest rates, exchange rates and credits.

Consequently, risk management follows the policies approved by the Supervisory Board and is monitored by the Audit and Risk Committee. The Company and its subsidiaries have procedures to manage those situations and can use hedge instruments to reduce the impacts of those risks. These procedures include the monitoring of levels of exposure to each market risk, in addition to establishing decision-making levels. All hedges effected by the Group are intended to protect its debts and investments, and it does not utilize leveraged financial derivatives.

(a) Market risk

(i) Exchange rate risk: the exchange rate risk corresponds to a reduction in the values of the Group's assets or an increase in its liabilities due to an alteration in the exchange rate. The Group has an exchange rate risk policy establishing the maximum amount in foreign currency to which it can be exposed to exchange rate variations.

In view of the risk management procedures, the objective of which is to minimize the foreign exchange exposure of the Company and its subsidiaries', hedge mechanisms are maintained in order to protect the majority of the foreign exchange exposure.

(ii) Derivatives: in the derivative instruments, no verifications, monthly settlements or margin calls are made, and the contracts are settled on maturity, and recorded at fair value, considering market conditions for terms and interest rates.

The outstanding contracts at December 31, 2011 were as follows:

a) US$ vs. Interbank Deposit Certificate (CDI) swap agreements

The Company had four agreements of this nature, with an aggregate notional amount of US$23,747,000, with varying maturities up to April 10, 2014, and an asset (purchase) position in U.S. dollars and a liability (sale) position in CDI.

The Company contracted the transactions for the purpose of converting its debts denominated in U.S. dollars into debts indexed to the CDI.

b) Fixed rate vs. Interbank Deposit Certificate (CDI) swap agreements

The Company had nine agreements with an aggregate amount of R$438,898, maturing through April 28, 2015, with an asset position in fixed rate and a liability position in a percentage of CDI.

The subsidiary Duraflora S.A. had two agreements with an aggregate amount of R$190,000, maturing on September 30, 2013 with an asset position in fixed rate and a liability position in a percentage of CDI.

The Company contracted these transactions with the objective of converting its total fixed interest rate debts into CDI indexed debts.

c) Non-Deliverable Forward (NDF) agreement

The Company had one agreement of this type, the total contractual amount of which was US$18,000,000, maturing on January 31, 2012, which represented a long (purchase) position in U.S. dollars.

The Company contracted this transaction for the purpose of converting its U.S. dollar liabilities into Brazilian reais. In this transaction, the agreement is settled on the maturity date, considering the difference between the forward exchange rate (NDF) and the end-of-period exchange rate (Ptax).

The Company contracted this operation in order to transform liabilities denominated in U.S. Dollars to Reais. In this operation the contract is net - in their respective maturity, considering the difference between the exchange rate forward (NDF) and the exchange rate at the end of the period.

d) Calculation of the fair value of positions

The fair value of the financial instruments was calculated by utilizing pricing effected based on the present value estimated for both the liability and asset positions, where the difference between the two represents the market value of the swap.

Statement of Consolidated Position of Derivative Financial Instruments

	Reference Value (notional)		Fair Value		Accumulated Effect (current period)	
	12/31/11	12/31/10	12/31/11	12/31/10	Amount Receivable/Received	Amount Payable/Paid
I. Swap Contracts						
Asset Position						
Foreign Currency (USD)	41,587	14,139	43,732	10,189	538	-
Fixed Rate	628,898	660,000	718,184	699,451	15,561	-
Liability Position						
CDI	(670,485)	(674,139)	745,817	(711,165)	-	-
II. Future Contracts (NDF)						
Commitment to Purchase						
Foreign Currency (USD)	33,541	36,269	(131)	(1,012)	-	(131)

The gains or losses on the transactions listed above were offset by the liability and asset positions of interest rate and foreign currency, the effects of which were already recognized in the financial statements.

e) Sensitivity analysis

Presented below is a statement of the sensitivity analysis of financial instruments, including derivatives, describing the risks which could generate material losses for the Group, with a Probable Scenario (Base Scenario) plus two other scenarios, under the terms determined by CVM No. 475/08, representing a 25% and 50% deterioration in the risk variable.

For the rates of risk variables used in the probable scenario, BM&FBOVESPA (São Paulo Stock, Futures and Commodities Exchange)/ Bloomberg quotations for the respective maturity dates were used.

Sensitivity Analysis Table

Amounts in thousands of R$ Risk	Instrument/Operation	Description	Probable Scenario	Possible Scenario	Remote Scenario
	Swap - Fixed/CDI	Increase CDI	15,550	(5,650)	(27,281)
Interest Rate Risk	Subject to hedge: fixed rate loans.		(15,550)	5,650	27,281
	Net Effect		-	-	-
	Swap - US$/CDI (Res. No. 2770 e Res. No. 4131)	Decrease US$	1,464	(11,540)	(24,544)
Foreign Exchange	Subject to hedge: foreign currency debt(US$)	(Increase US$)	(1,464)	11,540	24,544
	Net Effect		-	-	-
	NDF (US$)	Decrease US$	-	(8,460)	(16,920)
Foreign Exchange	Subject to hedge: foreign currency debt(US$)	(Increase US$)	-	8,460	16,920
	Net Effect		-	-	-
		Total	-	-	-

(iii) Cash flow or fair value risk associated with the interest rate:

The interest rate risk is the risk of suffering economic loss due to adverse changes in interest rates. This risk is continually monitored to evaluate a possible need to contract derivative transactions to hedge against the rate volatility.

(b) Credit risk

The Group's sales policy is directly associated with the level of credit risk it is willing to accept in the course of its business. The diversification of its portfolio of receivables, the selection of its customers, and the monitoring of sales financing terms and individual position limits are procedures adopted to minimize defaults or realization losses in accounts receivable.

For temporary cash investments and all other investments, the Company follows the policy of working with blue-chip institutions and not concentrating its investments in only one economic group.

(c) Liquidity risk

The Company and its subsidiaries have a debt policy with the objective of defining the limits and parameters of debt and the minimum funds which should be maintained, the latter being the higher of the following: amount equivalent to 60 days of net revenue or the amount of the debt service plus dividends and/or interest on capital forecast for the following six months.

The management of the liquidity position occurs daily through the monitoring of cash flows.

Listed below are the maturities of financial liabilities contracted by the Company and its subsidiaries as presented in the financial statements:

	Parent Company				Consolidated			
	Less than One year	2013 and 2014	From 2015 to 2019	Over 2020	Less than One year	2013 and 2014	From 2015 to 2019	Over 2020
12/31/11								
Loans	527,664	728,871	347,758	19,427	687,902	834,740	369,900	22,948
Suppliers and Other Liabilities	162,580	-	-	-	159,262	-	-	-
Total	690,244	728,871	347,758	19,427	847,164	834,740	369,900	22,948

The budget projection for the next fiscal year, approved by the Board of Directors, shows the Company's cash-generating capacity to meet the obligations, if the budget is attained.

4.2 – CAPITAL MANAGEMENT

The Company and its subsidiaries manage their capital with the objective of ensuring the continuity of their operations, as well as providing shareholders with a return on their investment, also by capital cost optimization and the control of the level of indebtedness by monitoring the financial leveraging index. This index corresponds to the ratio between net debt and total capital.

	Parent Company		Consolidated	
	12/31/11	12/31/10	12/31/11	12/31/10
A - Loans and Financing	1,623,720	1,292,767	1,915,490	1,593,962
Short-term	527,664	303,255	687,902	431,608
Long-term	1,096,056	989,512	1,227,588	1,162,354
B - (-) Cash and Cash Equivalents	376,071	309,000	726,159	616,549
C=(A-B) Net Debt	1,247,649	983,767	1,189,331	977,413
D- Stockholders' Equity	3,689,209	3,451,866	3,692,810	3,452,528
C/D = Financial Leverage Index	34%	28%	32%	28%

The increasing financial leverage occurred through the raising of funds for investments.

4.3 – FAIR VALUE ESTIMATE

It is assumed that the balances of accounts receivable from customers and payable to suppliers at book values, less the provision for loss (impairment), are close to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate which is available to the Company and its subsidiaries for similar financial instruments.

The Company and its subsidiaries apply CPC 40/IFRS 7 for financial instruments measured at fair value, which require disclosure of the measurement criteria. As the Company has only Level 2 derivatives, it uses the following evaluation techniques:

- The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows based on yield curves adopted by the market;
- The fair value of future foreign exchange contracts is determined based on future exchange rates at balance sheet dates, with the resulting amount discounted to present value.

The financial instruments by category/level are presented below:

	Loans and Receivables		Derivative Financial Instruments		Other Financial Assets and Liabilities		Financial Liabilities Designated at Fair Value		Total	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Assets										
Cash and Cash Equivalents	726,159	616,549	-	-	-	-	-	-	726,159	616,549
Trade Accounts Receivable	657,589	564,810	-	-	-	-	-	-	657,589	564,810
Linked Deposits	21,067	12,908	-	-	-	-	-	-	21,067	12,908
Total	1,404,815	1,194,267	-	-	-	-	-	-	1,404,815	1,194,267
Liabilities										
Loans and Financing	-	-	-	-	1,175,572	893,346	739,918	700,616	1,915,490	1,593,962
Suppliers	-	-	-	-	159,262	126,238	-	-	159,262	126,238
Dividends/Interest on Capital	-	-	-	-	68,288	97,856	-	-	68,288	97,856
Derivative Financial Intruments*	-	-	(9,131)	2,537	-	-	-	-	(9,131)	2,537
Total	-	-	(9,131)	2,537	1,403,122	1,117,440	739,918	700,616	2,133,909	1,820,593

* The derivative financial instruments are presented at the net value, asset or liability, and are all Level 2 financial instruments.

NOTE 5 – CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Cash and Banks	11,996	13,193	21,266	26,713
Fixed Income Securities	138	92	138	1,229
Bank Deposit Certificates	363,937	295,715	704,755	588,607
Total	376,071	309,000	726,159	616,549

The balance of financial investments includes bank deposit certificates, remunerated by reference to the variation of the interbank deposit certificate (CDI) rate and foreign securities in U.S. dollars, remunerated by an interest rate. Although they have long-term maturities, bank deposit certificates can be redeemed at any time without loss of remuneration.

NOTE 6 – TRADE ACCOUNTS RECEIVABLE

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Domestic Customers	631,415	583,072	653,677	567,768
Foreign Customers	36,075	28,390	32,418	30,397
Allowance for Doubtful Accounts	(27,928)	(32,801)	(28,506)	(33,355)
Total	639,562	578,661	657,589	564,810

The balances of accounts receivable by maturity are as follows:

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Falling Due	627,629	558,765	645,544	544,929
Due Up to 30 Days	6,699	8,679	6,852	8,947
From 31 to 60 Days	582	5,822	595	5,828
From 61 to 90 Days	1,131	409	1,204	409
From 91 to 180 Days	3,172	3,272	3,424	3,281
More than 180 Days	28,277	34,515	28,476	34,771
Total	667,490	611,462	686,095	598,165

The Company and its subsidiaries have a Credit Policy, the objective of which is to establish the procedures to be followed in granting credit in business operations, sales of products and services, domestically and abroad.

The determination of the limit occurs through credit analysis, considering the history of a company, its capacity as a borrower of credit and market information.

The credit limit could be defined based on a percentage of net revenues, stockholders' equity, or a combination of these, also considering the average volume of monthly purchases, but always supported by the evaluation of the economic and financial situation, documents and conduct of the Company.

Customers are classified as A, B, C and D based on the length of relationship and payment history.

Classification	Length of Relationship		% of Customer Portfolio	
		Payment history	Dec/11	Dec/10
A	Over Five Years	Punctual	61%	53%
B	Over Three Years	Up to One Day Late, on Average	8%	11%
C	Below Three Years	Over One Day Late, on Average	27%	30%
D		Defaulted	4%	6%

The maximum credit risk exposure on the report presentation date is the book value of each class of trade accounts receivable listed above. The Company and its subsidiaries have no securities as a guarantee.

NOTE 7 – INVENTORIES

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Finished Goods	100,868	86,343	114,122	103,684
Raw Materials	143,238	119,589	150,764	120,191
Work in Progress	61,958	60,988	69,730	70,477
General Warehouse	65,854	50,239	64,774	51,505
Advances to Suppliers	8,623	5,332	12,037	16,436
Total	380,541	322,491	411,427	362,293

NOTE 8 – RECOVERABLE TAXES AND CONTRIBUTIONS

The Company has recoverable federal and state tax credits, the compositions of which are as follows:

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Current				
Income Tax (IRPJ) and Social Contribution (CSLL) to Be Offset	28,470	15,479	36,787	19,237
ICMS, PIS and COFINS on the Acquisition of Property, Plant and Equipment*	44,300	48,639	46,889	57,781
PIS and COFINS to Be Offset	442	550	8,749	11,001
ICMS and IPI Recoverable	3,502	8,633	6,059	8,696
Total	76,714	73,301	98,484	96,715
Non-current				
ICMS, PIS and COFINS on the Acquisition of Property, Plant and Equipment*	27,536	28,506	29,763	35,605
Total	27,536	28,506	29,763	35,605

* State Value-Added Tax (ICMS), Social Integration Program (PIS) and Social Contribution on Revenues (COFINS) recoverable were mainly generated on the acquisition of property, plant and equipment items for the industrial plants. Under current legislation, offsets of PIS/COFINS will be effected in 12, 24 and 48 months, and offsets of ICMS will be in 48 months.

NOTE 9 — DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on income tax and social contribution losses, temporary differences between the calculation bases of tax on assets and liabilities, and adjustments to comply with the CPCs/IFRS. The tax rates currently defined to determine the deferred taxes are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to be offset by temporary differences, considering projections of future income prepared and based on internal assumptions and on future economic scenarios, which could, therefore, be subject to change.

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Deferred Tax Asset - Short-term	21,830	25,853	27,088	30,561
Tax Losses and Social Contribution Losses		-	57	-
Temporarily Non-deductible Provisions:				
Provision for Sundry Labor Charges and Costs	11,275	8,845	12,314	9,470
Provisions for Losses on Inventory	3,042	3,264	3,106	3,337
Provision for Adjustment of Assets to Market Value	1,647	6,996	1,669	7,019
Provision for Commissions Payable	1,514	1,254	1,514	1,254
Sundry Provisions	4,352	3,658	8,428	7,645
Result of Swap (Cash vs. Accrual Basis)		1,836		1,836
Deferred Tax Asset - Long-term	24,145	27,104	35,400	39,305
Provision for Sundry Labor Charges	8,653	6,380	9,506	7,396
Tax Provisions	9,379	8,925	20,107	19,330
Allowance for Doubtful Accounts	1,399	789	1,455	847
Provision for Loss on Investments	469	492	469	492
Sundry Provisions	895	566	895	566
Effect of Business Combination - CPCs/IFRS	3,350	9,952	2,968	10,674
Total Deferred Tax Assets	45,975	52,957	62,488	69,866
Non-current Liabilities				
Income Tax and Social Contribution on Revaluation Reserve	(35,317)	(42,030)	(65,237)	(73,633)
Income Tax and Social Contribution on Present Value Adjustment of Loans	(11,835)	(13,916)	(11,835)	(13,916)
Income Tax and Social Contribution on Swap Result (Cash vs. Accrual Basis)	(2,167)	-	(2,325)	(657)
Income tax and social contribution on depreciation (25% credit of social contribution)	(4,185)	(4,565)	(13,826)	(13,568)
Income Tax and Social Contribution on Unsettled Exchange Rate Variations - Cash Basis	-	(3,494)	-	(3,494)
Income Tax and Social Contribution on Goodwill Based on Future Profitability	(4,302)	(753)	(4,302)	(753)
Income Tax and Social Contribution on Sale of Real Estate	(9,029)	-	(11,762)	-
Income Tax of Subsidiary Company Located Abroad (Deca Piazza)		-	(471)	(525)
Income Tax and Social Contribution on Other Fiscal Obligations	(49,235)	-	(51,454)	-
Income Tax and Social Contribution on CPC/IFRS Adjustments	(143,166)	(142,434)	(339,509)	(336,525)
Total Deferred Tax Liabilities	(259,236)	(207,192)	(500,721)	(443,071)

NOTE 10 — RELATED PARTIES

(a) Transactions with subsidiaries

Description	Duratex Coml. Exportadora		Duraflora		Controlled Companies Duratex Empreend.	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Assets						
Trade Accounts Receivable	-	17	48	16	-	-
Dividends Receivable	-	1,175	31,914	22,167	-	-
Accounts Receivable	-	-	65	-	-	-
Subsidiaries	12	-	-	261	-	183
Liabilities						
Suppliers	2	-	16,457	27,163	-	-
Accounts Payable	-	17	95	-	-	-

	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Results						
Sales	-	21,743	12	-	-	-
Purchases	-	-	236,680	255,838	-	-
Financial	1	(158)	(80)	778	8	12
Others	-	-	43	-	-	-

Description	TCI Trading		Duratex N. America		Duratex Europe		Indirect Subsidiaries Deca Piazza	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Assets								
Clients	-	-	8,751	8,108	46	6,100	5,873	1,627
Accounts Receivable	1	-	-	-	-	-	-	-
Liabilities								
Suppliers	6,151	2,424	-	-	-	-	1	-
Accounts Payable	-	-	-	-	-	-	-	-

	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Results								
Sales	-	-	20,482	11,689	7,814	8,268	3,670	1,683
Purchases	111,953	74,268	-	-	-	-	-	-
Financial	-	(88)	683	(77)	217	98	586	(25)

(b) Other related parties

Description	Leo Madeiras Máqs. & Fer. Ltda.		Leroy Merlin Cia. Bras. Bricolagem		Ligna Florestal Ltda.		Elekeiroz S.A.	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Assets								
Clients	16,551	10,846	24,176	16,441	-	-	-	-
Liabilities								
Suppliers	1	-	-	-	-	-	564	467
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Results								
Sales	83,875	86,191	76,888	58,590	-	-	394	31
Purchases	72	84	-	-	-	-	22,103	15,010
Lease Costs*	-	-	-	-	13,308	13,640	-	-

Description	Itautec S.A.		Itaúsa Empreendimentos S.A.		Itaúsa Investimentos S.A.		Banco Itaú S.A.		Itaú Seguros	
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Assets										
Financial Investments	-	-	-	-	-	-	251,825	179,225	-	-
Trade Accounts Receivable	64	70	-	-	-	-	-	-	-	-
Liabilities										
Suppliers	29	89	-	-	-	-	-	-	-	-
	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10	12/31/11	12/31/10
Results										
Sales	66	2	-	-	-	-	-	-	-	-
Purchases	4,284	1,058	-	-	-	-	-	-	-	-
Rent Expenses	-	-	-	-	1,174	-	186	344	937	1,765
Insurance Espenses	-	-	-	-	-	-	-	-	3,187	3,194
Remuneration on Financial Investments	-	-	-	-	-	-	15,511	20,534	-	-
Financial Expenses	-	-	-	-	-	-	511	124	-	-
Other Operating Income (Expenses), Net	4	6	(2,399)	(1,216)	-	-	-	-	-	-

* Refers to costs of the rural leasing agreement entered into by the subsidiary Duraflora S.A. with Ligna Florestal Ltda. (controlled by Ligna de Investimentos) in connection with property used for reforestation. The monthly charges for this lease are R$1,109. This agreement will expire in July 2036 and may be renewed automatically for a further 15 years, and will be readjusted annually based on the average price practiced by the Company for the sale of MDP panels.

The transactions with related parties are trade purchases and sales, in the normal course of business of the Company, realized under market conditions.

Financial investments in Banco Itaú S.A. are conducted under normal conditions of the financial market within the limits set by the Company's management. The amounts presented as financial income are related to earnings on investments, and financial expenses refer to fees for collection of receivables.

(c) Management remuneration

The remuneration paid or payable to the executives of the Company and its subsidiaries at December 31, 2011 was R$13,581 in fees (R$10,115 – December 31, 2010), R$10,397 as profit sharing (R$15,400 – December 31, 2010), and R$3,184 as long-term remuneration based on Stock Options (R$4,593 – December 31, 2010).

NOTE 11 – INVESTMENTS IN SUBSIDIARIES

										Direct					Indirect
	Duratex Coml. Exp.	Duraflora	Estrela do Sul	Duratex Empreend.	Deca Ind. Comércio	Cerâmica Monte Carlo	DRI – Res. Industriais	Deca Nordeste	Duratex Europe	Total	Deca Piazza	North America	Duratex Europe	TCI Trading	Jacarandá Mimoso
Number of Shares/ Quotas Held (thousand)															
Common	1	182	-	-	-	-	-	-	-	-	16,446	500	3	6,069	-
Preferred	2	52	-	-	-	-	-	-	-	-	-	-	-	6,069	-
Quotas	-	-	12	2,874	-	-	-	-	-	-	-	-	-	-	88,700
Interest %	100.00	100.00	99.99	100.00	-	-	-	-	0.01	-	100.00	100.00	99.99	82.00	100.00
Capital	25,000	700,000	12	2,874	-	-	-	-	19,904	-	8,384	886	19,904	17,634	88,700
Equity	37,642	1,330,255	5,267	6,078	-	-	-	-	17,482	-	6,133	5,799	17,482	20,009	94,828
Net Income/(Loss) for the Period	(3,408)	131,008	(557)	650	-	-	-	-	(1,862)	-	(1,617)	188	(1,862)	3,603	99
Movement of Investments															
At 12/31/09	91,944	977,826	5,395	5,099	126,757	116,322	71,339	-	-	1,394,682	5,452	7,208	22,945	3,021	84,840
Equity in Results of Subsidiaries	6,382	86,751	429	329	7,470	13,326	3,581	-	-	118,268	17	589	1,278	1,856	3,039
Equity in Results of Subsidiaries - CPCs/IFRS	60	33,498	-	-	-	-	-	-	-	33,558	-	-	-	-	-
Reflex of Equity	(46)	-	-	-	-	-	-	-	-	(46)	-	-	-	-	-
Amortization of Goodwill	-	(69)	-	-	-	(243)	-	-	-	(312)	-	-	-	-	-
Advances for Capital Increases	-	158,500	-	-	-	-	3,800	-	-	162,300	-	-	-	-	2,350
Exchange variation on equity	(2,537)	-	-	-	-	-	-	-	-	(2,537)	(455)	(346)	(2,064)	-	-
Dividends	(1,189)	(30,123)	-	-	-	-	-	-		(31,312)	-	-	-	(1,775)	-
Capital Decrease with Quotas of Deca Ind. E Comércio	(59,703)	-	-	-	59,703	-	-	-	-	-	-	-	-	-	-
Merger of subsidiary on 06/30/10	-	-	-	-	(179,326)	(91,548)	-	-	-	(270,874)	-	-	-	-	-
Goodwill Distributed in Originating Accounts	-	-	-	-	(14,604)	(15,703)	-	-		(30,307)	-	-	-	-	-

										Direct					Indirect
	Duratex Coml. Exp.	Duraflora	Estrela do Sul	Duratex Empreend.	Deca Ind. Comércio	Cerâmica Monte Carlo	DRI – Res. Industriais	Deca Nordeste	Duratex Europe	Total	Deca Piazza	North America	Duratex Europe	TCI Trading	Jacarandá Mimoso
Goodwill Due to Expectation of Duture Profitability Transferred to Intangible Assets	-	-	-	-	-	(22,154)	-	-	-	(22,154)	-	-	-	-	-
Elimination of Unrealized Revenue	(1,163)	-	-	-	-	-	-	-	-	(1,163)	-	-	-	-	-
At 12/31/10	33,748	1,226,383	5,824	5,428	-	-	78,720	-	-	1,350,103	5,014	7,451	22,159	3,102	90,229
Acquisition of 500 Shares of DRI Resinas	-	-	-	-	-	-	205	-	-	205	-	-	-	-	-
Acquisition of Deca Nordeste	-	-	-	-	-	-	-	80,000	-	80,000	-	-	-	-	-
Acquisition of One share of Duratex Europe	-	-	-	-	-	-	-	-	9	9	-	-	(9)	-	-
Amortization of Goodwill	-	(65)	-	-	-	-	-	(1,290)	-	(1,355)	-	-	-	-	-
Equity in Results of Subsidiaries	(3,068)	131,161	(557)	650	-	-	1,199	4,995	-	134,380	(1,617)	188	(1,682)	3,137	99
Capital Increase	-	-	-	-	-	-	-	-	-	-	2,461	-	-	12,000	4,500
Exchange Variation on Equity	4,682	-	-	-	-	-	-	-	-	4,682	275	800	2,990	-	-
Dividends	-	(31,914)	-	-	-	-	-	-	(2)	(31,916)	-	(2,640)	(5,983)	(1,832)	-
Merger of Subsidiary on 04/30/11	-	-	-	-	-	-	(80,124)	-	-	(80,124)	-	-	-	-	-
Merger of subsidiary on 07/29/11	-	-	-	-	-	-	-	(29,511)	-	(29,511)	-	-	-	-	-
Reclassification of Goodwill to Intangible Assets	-	-	-	-	-	-	-	(54,194)	-	(54,194)	-	-	-	-	-
Elimination of Unrealized Revenue	1,460	-	-	-	-	-	-	-	-	1,460	-	-	-	-	-
At 12/31/11	36,822	1,325,565	5,267	6,078	-	-	-	-	7	1,373,739	6,133	5,799	17,475	16,407	94,828

Acquisition of subsidiary

On February 4, 2011, the Company acquired all the corporate shares of Elizabeth Louças Sanitárias Ltda., according to details in Note 29.

Merger of subsidiary

1- DRI – Resinas Industriais S.A.

On April 30, 2011, the Extraordinary General Meeting approved the merger by Duratex S.A. of its subsidiary DRI – Resinas Industriais S.A., at book values, aiming to optimize production processes. The main assets and liabilities of the merged subsidiary are as follows:

Mergered Balance Sheet at April 30, 2011
DRI – Resinas Industriais S.A.

Assets	
Current Assets	**33,738**
Cash and Cash Equivalents	918
Trade Accounts Receivable	20,227
Inventories	4,182
Other Credits	8,411
Non-current Assets	**84,374**
Other Credits	3,961
Property, Plant and Equipment	**80,413**
Total Assets	**118,112**

Liabilities and Stockholders' Equity	
Current Liabilities	**8,388**
Loans and Linancing	5,748
Suppliers	671
Personnel	501
Others	1,468
Non-current Liabilities	**29,600**
Loans and Financing	29,600
Stockholders' Equity	**80,124**
Total Liabilities and Equity	**118,112**

2- Deca Nordeste Louças Sanitárias Ltda.

On July 29, 2011, the Extraordinary General Meeting approved the merger by Duratex S.A. of its subsidiary Deca Nordeste Louças Sanitárias Ltda. (previously known as Elizabeth Louças Sanitárias Ltda.), at book values, aiming to optimize and rationalize the number of subsidiaries, as well as the reduction of administrative activities and annual accessory obligations. The main assets and liabilities of the merged subsidiary are as follows:

Mergered Balance Sheet at July 29, 2011
Deca Nordeste Louças Sanitárias Ltda.

Assets	
Current Assets	**14,114**
Cash and Cash Equivalents	802
Trade Accounts Receivable	10,928
Inventories	2,124
Taxes Recoverable	117
Other Credits	143
Non-current Assets	**29,947**
Other Credits	39
Property, Plant and Equipment	**29,908**
Total Assets	**44,061**

Liabilities and Stockholders' Equity	
Current Liabilities	**5,602**
Suppliers	2,276
Personnel	1,646
Taxes and Contributions	1,090
Others	590
Non-current Liabilities	**8,948**
Provisions	28
Deferred Income Tax and Social Contribution	7,511
Related Parties	1,409
Stockholders' Equity	**29,511**
Total Liabilities and Equity	**44,061**

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

Parent Company	Land	Structures and Improvements	Machinery, Equipment and Facilities	Assets in Progress	Furniture and Fixtures	Vehicles	Other Assets	Total
Opening Balance at 01/01/10								
Cost	72,355	530,695	2,204,049	77,535	21,380	19,962	76,851	3,002,827
Accumulated Depreciation	-	(183,623)	(727,525)	-	(15,558)	(12,393)	(53,821)	(992,920)
Net Book Value	72,355	347,072	1,476,524	77,535	5,822	7,569	23,030	2,009,907
At 03/31/10								
Opening Balance	72,355	347,072	1,476,524	77,535	5,822	7,569	23,030	2,009,907
Acquisitions	8	1,174	42,340	102,352	730	1,396	2,633	150,633
Write-offs	-	(64)	-	-	(640)	(3,130)	(7,234)	(11,068)
Depreciation	-	(20,224)	(138,029)	-	(1,135)	(1,837)	(2,459)	(163,684)
Transfers	16,361	11,058	30,275	(39,288)	539	42	(6,700)	12,287
Merger of CMC and Deca Ideal	-	20,005	15,817	-	654	111	5,272	41,859
Net Book Value	88,724	359,021	1,426,927	140,599	5,970	4,151	14,542	2,039,934
Opening Balance at 12/31/10								
Cost	88,724	562,868	2,292,481	140,599	22,663	18,381	70,822	3,196,538
Accumulated Depreciation	-	(203,847)	(865,554)	-	(16,693)	(14,230)	(56,280)	(1,156,604)
Net Book Value	88,724	359,021	1,426,927	140,599	5,970	4,151	14,542	2,039,934
At 12/31/11								
Opening Balance	88,724	359,021	1,426,927	140,599	5,970	4,151	14,542	2,039,934
Acquisitions	1,800	1,233	66,263	334,703	1,578	6,018	4,642	416,237
Write-offs	(7,456)	(6,554)	(1,120)	(12,659)	(67)	(110)	15,581	(12,385)
Depreciation	-	(21,505)	(154,466)	-	(1,287)	(2,460)	(6,978)	(186,696)
Transfers	(448)	18,788	156,097	(176,769)	2,110	(191)	413	-
Acquisitions of Deca Nordeste and DRI Resinas	4,010	27,691	69,541	9,371	197	438	1,422	112,670
Net Book Value	86,630	378,674	1,563,242	295,245	8,501	7,846	29,622	2,369,760
Balance at 12/31/11								
Cost	86,630	604,026	2,583,262	295,245	26,481	24,536	92,880	3,713,060
Accumulated Depreciation	-	(225,352)	(1,020,020)	-	(17,980)	(16,690)	(63,258)	(1,343,300)
Net Book Value	86,630	378,674	1,563,242	295,245	8,501	7,846	29,622	2,369,760

Consolidated	Land	Structures and Improvements	Machinery, Equipment and Facilities	Assets in Progress	Furniture and Fixtures	Vehicles	Other Assets	Total
Opening Balance at 01/01/10								
Cost	507,322	567,610	2,154,932	161,668	29,682	34,378	82,557	3,538,149
Accumulated Depreciation	-	(194,710)	(653,247)	-	(22,230)	(19,508)	(56,247)	(945,942)
Net Book Value	507,322	372,900	1,501,685	161,668	7,452	14,870	26,310	2,592,207
At 03/31/10								
Opening Balance	507,322	372,900	1,501,685	161,668	7,452	14,870	26,310	2,592,207
Acquisitions	94,817	1,347	61,118	136,330	790	10,484	3,792	308,678
Write-offs	(80)	(64)	(139)	-	-	(3,545)	(7,640)	(11,468)
Depreciation	-	(21,697)	(149,207)	-	(1,343)	(5,464)	(2,521)	(180,232)
Transfers	157	25,785	98,676	(129,510)	925	1,104	(7,539)	(10,402)
Merger of CMC and Deca Ideal	-	-	167	(2,746)	-	-	2,579	-
Net Book Value	602,216	378,271	1,512,300	165,742	7,824	17,449	14,981	2,698,783
Opening Balance at 12/31/10								
Cost	602,216	594,678	2,314,754	165,742	31,397	42,421	73,749	3,824,957
Accumulated Depreciation	-	(216,407)	(802,454)	-	(23,573)	(24,972)	(58,768)	(1,126,174)
Net Book Value	602,216	378,271	1,512,300	165,742	7,824	17,449	14,981	2,698,783
At 12/31/11								
Opening Balance	602,216	378,271	1,512,300	165,742	7,824	17,449	14,981	2,698,783
Acquisitions	8,234	1,867	76,800	341,656	2,020	9,327	5,422	445,326
Write-offs	(10,515)	(6,626)	(1,168)	(12,659)	(70)	(993)	15,616	(16,415)
Depreciation	-	(22,684)	(165,265)	-	(1,462)	(7,190)	(7,135)	(203,736)
Transfers								
Acquisitions of Deca Nordeste and DRI Resinas	452	20,938	160,237	(199,200)	1,002	96	2,637	(13,838)
	3,959	17,380	8,114	4	47	133	78	29,715
Net Book Value								
Balance at 12/31/11	604,346	389,146	1,591,018	295,543	9,361	18,822	31,599	2,939,835
Cost								
Accumulated Depreciation	604,346	628,237	2,558,737	295,543	34,396	50,984	97,502	4,269,745
Net Book Value	-	(239,091)	(967,719)	-	(25,035)	(32,162)	(65,903)	(1,329,910)
Net book value	604,346	389,146	1,591,018	295,543	9,361	18,822	31,599	2,939,835

Assets in progress substantially refer mostly to buildings, machinery, and equipment being installed.

The Company and its subsidiaries have formalized contracts for the acquisition of equipment and services totaling approximately R$184.1 million in obligations assumed until December 31, 2011.

As provided for in Technical Interpretation ICPC 10 of the Brazilian Accounting Pronouncements Committee, approved by CVM Resolution No. 619/09, in 2011, the Company reviewed the estimated useful lives of its key assets to calculate the depreciation.

Annual Depreciation Rates	
Structures and Improvements	4.00%
Machinery, Equipment and Facilities	6.70%
Furniture and Fixtures	10.00%
Vehicles	10% to 20%
Other Assets	10% to 20%

NOTE 13 – BIOLOGICAL ASSETS (FOREST RESERVES)

Through its wholly owned subsidiary Duraflora S.A., the Company is the owner of eucalyptus and pine forestry reserves, which are principally utilized as raw materials to produce wood panels, floors and components, and also for sale to third parties.

These reserves function as a guarantee of supplies for the factories, as well as a protection against risks of future wood price increases. This is a sustainable operation integrated with the manufacturing facilities, which, together with a supply network, provides a high degree of self-sufficiency in wood supplies.

At December 31, 2011 the Group had roughly 138 thousand hectares of planted areas (December 31, 2010: 136.2 thousand hectares), maintained in the States of São Paulo, Minas Gerais and Rio Grande do Sul.

(a) Fair value estimate

Fair value is determined based on the estimate of the volume of wood ready for harvesting, at current prices for standing wood, except for (i) forests up to two years old, which are stated at cost, because of the decision that such values approximate fair values; and (ii) forests in formation, for which the discounted cash flow method is employed.

Biological assets are measured at fair value, less selling cost at the time of harvesting.

Fair value was determined by valuing the estimated ready-to-harvest volumes at current market prices, based on volume estimates. The assumptions utilized were:

(i) Discounted cash flow: estimated volume of ready-to-harvest wood considering current market prices, net of planting costs to be realized and the capital cost of land utilized for planting (brought to present value).

(ii) Prices: cubic meter prices in R$ are obtained by market surveys, which are disclosed by specialized firms in regions and for products similar to those of the Company, in addition to prices practiced in third party transactions, also in active markets.

(iii) Differentiation: the volumes harvested were segregated and valued according to: (a) species – pine and eucalyptus, (b) region, (c) destination – sawmill and processing.

(iv) Volumes: estimate of volumes ready for harvesting (6th year for eucalyptus and 12th year for pine), based on projected average productivity for each region and species. Average productivity may vary based on age, rotation, climatic conditions, quality of seedlings, fires, and other natural risks. In the case of mature forests, the actual volumes of wood are utilized. Rotating physical inventories are realized as of the second year of a forest's life, and the effects are incorporated in the financial statements.

(v) Regularity: expectations with regard to future wood prices and volumes are reviewed at least every quarter, or as rotational physical inventories are concluded.

(b) Composition of balances

The balance of the biological assets is composed of the cost of forest formation and the adjustment to fair value, as shown below:

	12/31/11	12/31/10
Cost of Formation of Biological Assets	518,927	471,536
Difference Between Cost and Fair Value	575,293	559,181
Fair Value of the Biological Assets	1,094,220	1,030,717

The forests are unencumbered from any third party liens or warranties, including those of financial institutions. In addition, there are no forests with restricted legal title.

(c) Changes in balances

The following are the changes in the balances from the beginning to the end of the period:

	12/31/11	12/31/10
Opening Balance	1,030,717	870,446
Variation in Fair Value		
Volume Price	154,009	183,765
Depletion	(137,898)	(132,173)
Variation in Book Value		
Formation	97,455	86,334
Depletion	(57,197)	(36,110)
Acquisitions	7,134	58,455
Closing Balance	1,094,220	1,030,717
Gross Effect of the Variation in Fair Value of Biological Assets in the Statement of Income		
Variation in Fair Value	154,009	183,765
Depletion in Fair Value	(137,898)	(132,173)

The increased balance results from an increase in planted areas to support the expansion of the Company's operations.

The positive adjustment in the value results from higher prices at present value of standing wood and greater productivity.

NOTE 14 – INTANGIBLE ASSETS

Parent Company	Software	Trademarks and Patents	Goodwill due to Future Profitability	Customer Portfolio	Total
Opening Balance at 01/01/10					
Cost	29,056	2,178	187,573	329,000	547,807
Accumulated Amortization	(10,453)	-	-	(7,311)	(17,764)
Net Book Value	18,603	2,178	187,573	321,689	530,043
At 12/31/10					
Opening Balance	18,603	2,178	187,573	321,689	530,043
Additions	11,691	278	-		11,969
Write-offs	-	-	-		-
Amortization	(2,341)	-	-	(21,933)	(24,274)
Merger of Cerâmica Monte Carlo	27	-	22,154		22,181
Net Book Value	27,980	2,456	209,727	299,756	539,919
Opening Balance at 12/31/10					
Cost	40,774	2,456	209,727	329,000	581,957
Accumulated Amortization	(12,794)	-	-	(29,244)	(42,038)
Net Book Value	27,980	2,456	209,727	299,756	539,919
At 12/31/11					
Opening Balance	27,980	2,456	209,727	299,756	539,919
Additions	2,952	197	-	-	3,149
Write-offs	(156)	-	-	-	(156)
Amortization	(6,747)	-	-	(24,672)	(31,419)
Merger of Deca Nordeste	2	-	17,092	55,000	72,094
Income Tax and Social Contribution on Customer Portfolio - Deca Nord.	-	-	-	(18,700)	(18,700)
Income Tax and Social Contribution on Transf. to Liabilities on Merger of Deca Nord.	-	-	-	18,078	18,078
Net Book Value	24,031	2,653	226,819	329,462	582,965
Balance at 12/31/11					
Average Amortization Rate	20%	0%	0%	6.67%	

Consolidated	Software	Trademarks and Patents	Goodwill due to Future Profitability	Customer Portfolio	Total
Opening Balance at 01/01/10					
Cost	29,338	2,181	209,727	329,000	570,246
Accumulated Amortization	(10,623)	-	-	(7,311)	(17,934)
Net Book Value	18,715	2,181	209,727	321,689	552,312
At 12/31/10					
Opening Balance	18,715	2,181	209,727	321,689	552,312
Additions	11,706	278	-		11,984
Write-offs	(2,371)	-	-	(21,933)	(24,304)
Amortization					
Merger of Cerâmica Monte Carlo	28,050	2,459	209,727	299,756	539,992
Net Book Value					
Opening Balance at 12/31/10					
Cost	41,044	2,459	209,727	329,000	582,230
Accumulated Amortization	(12,994)	-	-	(29,244)	(42,238)
Net Book Value	28,050	2,459	209,727	299,756	539,992
At 12/31/11					
Opening Balance	28,050	2,459	209,727	299,756	539,992
Additions	3,097	202	-	-	3,299
Write-offs	(160)	-	-	-	(160)
Amortization	(6,775)	-	-	(24,672)	(31,447)
Acquisition of Louças Elisabeth	-	-	17,092	55,000	72,092
Income Tax and Social Contribution on Customer Portfolio - Deca Nord.	-	-	-	(18,700)	(18,700)
Income Tax and Social Contribution on Transf. to Liabilities on Merger of Deca Nord.	-	-	-	18,078	18,078
Net Book Value	24,212	2,661	226,819	329,462	583,154
Balance at 12/31/11					
Average Amortization Rate	20%	0%	0%	6.67%	

The impairment test was made by the Company's management, taking into consideration the cash-generating intangible asset. In this test were considered long-term discounted cash flow projections, and the nominal discount rate used was set at a rate of 14.2%, with no need for impairment, since the amounts are recoverable.

NOTE 15 — LOANS AND FINANCING

Type	Charges	Amortization	Guarantees	12/31/11		12/31/10	
				Current	Non-Current	Current	Non-Current
BNDES	TJLP + 2.7 p.a.	Monthly and Quarterly	Guarantee - Ligna	57,320	263,579	43,772	281,368
BNDES	TJLP + 2.8 p.a.	Monthly and Quarterly	Surety - 70% Itaúsa and 30% Natural Person	29,765	86,106	28,484	115,275
BNDES	TJLP + 2.8 p.a.	Monthly and Quarterly		557	5,018	521	4,980
BNDES Revitaliza	9% p.a.	june 2013	Guarantee - Duratex Coml. Exp. S.A.	1,206	5,425		
FINAME	TJLP + 2.1% p.a./Fixed 5.3% p.a.	Monthly and Quarterly	Chattel Mortgage and PN	180	50,000		
Industrial Credit with Swap	12.1% p.a.	Up to April 2015	Surety - Duratex Coml. Exp. S.A.	565	5,788	562	1,031
Industrial Credit	98.5% of CDI	Up to June 2014	Surety - Duratex Coml. Exp. S.A.	343,711	150,378	145,405	345,337
Industrial Credit	SELIC + 2% p.a.	Up to December 2011	Surety - Ligna		158,508		
Bank Credit	105% of CDI	Up to September 2012				11,682	778
Floating Rate Note	109.3% of CDI	Up to December 2014		5,644		7,974	5,537
FUNDIEST	30% IGP-M per month	Up to November 2020	Guarantee - Ligna	9,119	135,000		
FUNDOPEM	IPCA + 3% p.a.	Up to November 2024	Surety - 70% Itaúsa and 30% Natural Person	13,919	125,912	4,757	126,511
PROIM/PROINVEST/PRO FLORESTA	IGP-M + 4.0%p.a/IPCA + 6% p.a.	up to January 2018	Surety - Ligna and Mortgage of A ssets		4,023		1,300
Discounted Rural Promissory Note	6.75% p.a.	Up to April 2012	Guarantee - Duratex Coml. Exp. S.A.	21,047	24,476	11,818	43,089
Financial Leasing	CDI + 1.6% p.a.	Up to September 2011	Promissory Note	15,219		16,000	
	Local Currency			498,252	1,014,213	271,134	925,206
BNDES	Basket of currencies + 2.2% p.a.	Monthly and Quarterly	Surety - Itaúsa	5,470	25,915	4,789	27,623
BNDES	Basket of currencies + 2.4% p.a.	Monthly and Quarterly	Guarantee - Ligna	3,761	10,889	2,837	13,456
BNDES	US$ + 1.6% p.a.	Monthly and Quarterly	Surety - Itaúsa	955	4,320		
BNDES	US$ + 2% p.a.	Monthly and Quarterly		181	820		
Resolution No. 2770	US$ + 6.6% p.a.	Up to September 2012		15,320		13,862	13,329
Resolution No. 2770/Swap	Libor + 1.75% p.a.	Up to March 2014	Surety - Ligna - Mortgage and Trust	2,700	5,577	8,188	9,198
Resolution No. 4131/Swap	US$ + 1.99% p.a.	Up to March 2013	Surety - Duraflora S.A.	234	34,322		
Import financing	Libor + 0.5% p.a.	Up to March 2012	Natural Person	689		1,132	90
Import financing	Libor + 0.9% p.a.	Up to February 2012	Surety - Ligna and Notes	102		1,313	610
	Foreign Currency			29,412	81,843	32,121	64,306
Total Parent Company				527,664	1,096,056	303,255	989,512
Rural Credit Note with SWAP	11.5% p.a.	Up to September 2013	Surety -Duratex	100,484	102,512	120,516	89,972
Export Credit Note	104.5% of CDI	Up to September 2012	Surety -Duratex	57,912		1,640	50,000
BNDES	TJLP + 2.8 p.a.	Monthly and Quarterly	Surety - 70% Itaúsa and 30% Natural Person	992	27,632		
BNDES	TJLP + 2.3 p.a.	Monthly and Quarterly	Surety - Itaúsa			4,697	26,337
FINAME	Fixed 7.4% p.a.	Monthly	Chattel Mortgage and PN	264	1,388	162	972
FUNDAP	1% p.a.	Monthly	Surety - Duratex Coml. Exp.S.A.	586		325	
	Local Currency			160,238	131,532	127,340	167,281
BNDES	US$ + 1.7% p.a.	Monthly and Quarterly	Surety - Itaúsa			1,013	5,561
	Foreign Currency			-	-	1,013	5,561
Total Subsidiaries				160,238	131,532	128,353	172,842
						-	
Total Consolidated				687,902	1,227,588	431,608	1,162,354

Sureties and letters of guarantee securing loans and financing to Duratex S.A. were granted by Itaúsa S.A., totaling R$364,278 (R$362,113 at December 31, 2010), Companhia Ligna de Investimentos, in the amount of R$324,254 (R$377,996 at December 31, 2010), Duratex Comercial Exportadora S.A., totaling R$717,996 (R$506,742 at December 31, 2010) and Duraflora S.A., totaling R$34,556. In the case of loans and financing obtained by the subsidiaries, the sureties were granted by Itaúsa S.A., totaling R$20,036 (R$37,608 at December 31, 2010), Ligna de Investimentos, totaling R$8,588, Duratex S.A., totaling R$260,908 (R$262,128 at December 31, 2010) and Duratex Comercial Exportadora S.A., totaling R$586 (R$325 at December 31, 2010).

Restrictive clauses

Loans and financing from the National Bank for Economic and Social Development (BNDES) are subject to restrictive covenants in accordance with usual market practices, which in addition to certain common obligations specify the following:

a) MDP plant in Taquari and MDF plant in Uberaba – present operating licenses, adopt measures and actions intended to avoid or remedy damage to the environment, and measures with regard to occupational health and safety. In the loan agreement for the Taquari MDP plant, the covenants are based on the consolidated balance sheet of Companhia Ligna de Investimentos, which should maintain: current liabilities below 60% of total liabilities and EBITDA margin above 13%. In the financing agreement for the Uberaba MDF plant, the covenants are based on the balance sheet of Duratex S.A., which should keep a debt coverage limit by means of a ratio of net bank debt vs. EBITDA* of not over 3.5 times, and a ratio of gross debt/gross debt plus stockholders equity of not more than 0.75.

b) HDF plant in Botucatu, MDFII plant in Agudos, industrial resins in Agudos, ceramics in Jundiaí, Deca sanitary metals in São Paulo and Jundiaí, and forestry area – during the contractual period, maintain the following ratios in the Duratex S.A. annual audited balance sheet: (i) EBITDA*/net financial Expenses: above or equal to 3.0; (ii) EBITDA*/net operating revenues equal to or above 0.20; and (iii) stockholders' equity/total assets equal to or above 0.45.

If these contractual obligations are not met, Duratex S.A. should provide additional guarantees.

Based on the available information the contractual obligations related to 2011 were met.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization
TJLP – Long-term Interest Rate
IPCA – Amplified Consumer Price Index
IGP-M – General Price index Market)

Loans and financing designated at fair value

Certain loans and financing (which can be identified in the table above as swap) were designated at fair value through profit or loss, as described in Note 2.7.

Debt with Financial Institutions – Maturities

	12/31/11					
			Parent company			Consolidated
Year	Local Currency	Foreign Currency	Total	Local Currency	Foreign Currency	Total
2013	357,446	47,130	404,576	461,637	47,130	508,767
2014	311,166	13,129	324,295	312,844	13,129	325,973
2015	171,409	12,389	183,798	173,088	12,389	185,477
2016	85,186	7,999	93,185	86,864	7,999	94,863
2017	28,294	1,196	29,490	29,381	1,196	30,577
2018	23,803	-	23,803	30,939	-	30,939
2019	17,482	-	17,482	28,044	-	28,044
2020	17,722	-	17,722	21,243	-	21,243
Other	1,705	-	1,705	1,705	-	1,705
Total	1,014,213	81,843	1,096,056	1,145,745	81,843	1,227,588

	12/31/10					
			Parent Company			Consolidated
Year	Local Currency	Foreign Currency	Total	Local Currency	Foreign Currency	Total
2012	407,336	24,500	431,836	552,184	25,496	577,680
2013	101,065	10,472	111,537	105,942	11,468	117,410
2014	110,547	12,667	123,214	115,424	13,663	129,087
2015	154,263	10,094	164,357	159,140	11,090	170,230
2016	77,439	6,093	83,532	82,316	7,089	89,405
2017	22,437	480	22,917	25,349	1,061	26,410
2018	20,940	-	20,940	20,953	-	20,953
2019	15,210	-	15,210	15,210	-	15,210
Other	15,969	-	15,969	15,969	-	15,969
Total	925,206	64,306	989,512	1,092,487	69,867	1,162,354

NOTE 16 – CONTINGENCIES

The Company and its subsidiaries are parties to judicial and administrative processes of a labor, civil, and tax nature arising from the normal course of business.

The respective provision for contingencies was constituted considering the evaluation of the likelihood of loss by the Company's legal advisors.

Based on the opinion of its legal advisors, the Company's management believes that the recorded provision for contingencies, presented below, is sufficient to cover any potential losses in these processes:

Parent Company	Tax	Labor	Civil	Total
Balance at 01/01/11	**68,586**	**13,827**	**4,936**	**87,349**
Monetary Variance and Interest	3,426	2,406	2,324	8,156
Constitution	4,427	6,577	-	11,004
Reversal	(10,158)	(32)	(210)	(10,400)
Payments	-	(4,378)	-	(4,378)
Closing Balance at 12/31/11	**66,281**	**18,400**	**7,050**	**91,731**
Judicial Deposits	(1,805)	(1,897)	(4,746)	(8,448)
Balance at 12/31/11 After Offsetting of Judicial Deposits	**64,476**	**16,503**	**2,304**	**83,283**

Consolidated	Tax	Labor	Civil	Total
Balance at 01/01/11	**129,013**	**17,114**	**4,936**	**151,063**
Monetary Variance and Interest	6,460	2,792	2,324	11,576
Constitution	4,789	7,244	-	12,033
Reversal	(10,539)	(37)	(210)	(10,786)
Payments	(2,416)	(5,906)	-	(8,322)
Closing Balance at 12/31/11	**127,307**	**21,207**	**7,050**	**155,564**
Judicial Deposits	(13,211)	(2,170)	(4,746)	(20,127)
Balance at 12/31/11 After Offsetting of Judicial Deposits	**114,096**	**19,037**	**2,304**	**135,437**

Parent company	Tax	Labor	Civil	Total
Balance at 01/01/10	**112,558**	**7,329**	**5,557**	**125,444**
Monetary Variance and Interest	4,370	1,965	656	6,991
Constitution	3,080	8,986	183	12,249
Reversal	(51,422)	-	(179)	(51,601)
Payments	-	(4,453)	(1,281)	(5,734)
Closing Balance at 12/31/10	**68,586**	**13,827**	**4,936**	**87,349**
Judicial Deposits	(4,650)	(1,063)	(193)	(5,906)
Balance at 12/31/10 After Offsetting of Judicial Deposits	**63,936**	**12,764**	**4,743**	**81,443**

Consolidated	Tax	Labor	Civil	Total
Balance at 01/01/10	**171,032**	**9,827**	**5,557**	**186,416**
Monetary Variance and Interest	8,418	2,556	656	11,630
Constitution	3,317	10,793	183	14,293
Reversal	(53,660)	-	(179)	(53,839)
Payments	(94)	(6,062)	(1,281)	(7,437)
Closing Balance at 12/31/10	**129,013**	**17,114**	**4,936**	**151,063**
Judicial Deposits	(7,163)	(1,284)	(193)	(8,640)
Balance at 12/31/10 After Offsetting of Judicial Deposits	**121,850**	**15,830**	**4,743**	**142,423**

Tax contingencies principally involve legal discussions on the Summere Plan (summer 1989 anti-inflationary measures) and the PIS six-monthly credits.

(a) Summer Plan

Refers to the lawsuit demanding the right to update for inflation the 1989 fiscal year balance sheet by utilizing the full IPC inflation index (gross rate) of 70.28%, thereby avoiding distortions that the non-recognition of the actual inflation rate would cause to the Company's balance sheet and also the taxation on income. A sentence was obtained acknowledging the right to adjust the balance sheet in accordance with the rate of 42.72%, which was effected in the fiscal years of 1994 to 1996. Though the Regional Federal Court (TRF) was opposed to the sentence, the Company obtained, by means of a writ of prevention, the suspension of the appeals in the Superior Court of Justice (STF), and the sentence was maintained. At December 31, 2011 there was a provision of R$50,340 (R$48,794 at December 31, 2010) relating to the offsetting of income tax and social contribution on net income.

(b) PIS – six-monthly payments

Refers to the appeal intended to acknowledge the right of paying PIS pursuant to Complementary Law No. 7/70. A final favorable and unappealable sentence was obtained in the lawsuit in 1997, which led the Company and its subsidiaries to offset the amounts in connection with the credits computed in accordance with the legal procedure. However, the discussions with the authorities are in progress in respect of the expiry of these credits and the abandonment of execution of the lawsuit. The credits are also subject to approval by the tax authorities. Because of these discussions, the amounts compensated against IRPJ, CSLL, IPI and COFINS have been provisioned and totaled R$20,392 (R$19,380 at December 31, 2010).

(c) Contingencies not provisioned

The Company and its subsidiaries are involved in other tax lawsuits totaling R$61,060, which, in the opinion of the legal advisors, present a possible chance of loss. No provision has, therefore, been constituted.

(d) Contingent assets

The Company and its subsidiaries are discussing in court the refund of taxes and contributions, the likelihood of success of which is considered to be probable according to legal counsel. Because the amounts, presented below, represent contingent assets, they have not been recognized in the financial statements:

	12/31/11	12/31/10
IPI Credit Premium from 1960 to 1985	96,365	88,238
Monetary Restatement of Federal Power Company (Eletrobás) Credits	58,160	52,533
Refund of Withholding Tax on Net Income (ILL) Paid on Dividend Distributions from 1989 to 1992	9,973	7,800
INSS (Social Security) - Accident Insurance (SAT), Alteration of Rural Tax Rate, Transport Benefits (Fares and Passes) and Health Insurance Plan	8,044	5,135
COFINS Judicial Deposit	3,229	3,023
PIS - Calculation Basis	2,401	1,191
PIS and COFINS - Manaus Free Trade Zone	1,928	1,508
PIS and COFINS - Remittance of Commissions on Overseas Sales	2,253	1,681
Other	1,306	1,352
Total	183,659	162,461

NOTE 17 – RURAL LEASE

The rural lease refers to an agreement entered into by the subsidiary Duraflora S.A. with Ligna Florestal Ltda. (controlled by Companhia Ligna de Investimentos), in connection with property in the State fo Minas Gerais and Rio Grande do Sul, where the forests are located. The monthly charges for this lease are R$1,109. This agreement will expire in July 2036 and may be renewed automatically for a further 15 years, and will be readjusted annually by the average price practiced by the Company for the sale of MDP panels.

The minimum future payments are as follows:

linearization	
2012	13,308
2013 to 2017	66,540
2017 Onwards	247,307
Total	327,155

Furthermore, in compliance with CPC 06 – "Leases", the subsidiary Duraflora S.A. records the costs of the rural lease agreements on the straight-line method.

NOTE 18 – STOCKHOLDERS' EQUITY

(a) Capital

The authorized capital of Duratex S.A. is 920,000,000 (nine hundred and twenty million) shares and the fully subscribed and paid-up capital is R$1,550,000, represented by 550,035,331 registered common shares with no par value.

As provided in the Ordinary and Extraordinary General Meeting held on April 29, 2011, the capital was increased from R$1,288,085 to R$1,550,000, through capitalization of revenue reserves and, at the same time, a stock dividend, allocating to shareholders two new shares for each lot of 10 (ten) shares which they owned at the end of the date, April 29, 2011.

(b) Treasury shares

	Nº of Shares	Amount
Balance at 12/31/10	524,572	8,890
Acquisitions	1,190,000	14,142
Stock Dividend at the End of the Date - 04/29/11	174,914	
Balance at 12/31/11	1,889,486	23,032

Prices

Minimum	Maximum	Weighted Average	Lastest Quotation
2.86	15.65	12.17	8.92

Based on the most recent market quotation on December 31, 2011, the value of treasury shares is R$16,854 (R$9,363 at December 31, 2010).

(c) Equity reserves

	Parent Company 12/31/11	Consolidated 12/31/10
Capital Reserves	**307,932**	**303,103**
Premium on the Subscription of Shares	218,720	218,720
Tax Incentives	13,705	13,705
Prior to Law No. 6404	18,426	18,426
Options Granted	69,857	60,596
Options Granted to Be Appropriated	(12,776)	(8,344)
Revaluation Reserves	89,721	104,590
Revenue Reserves	**1,355,588**	**1,360,660**
Legal	96,053	77,616
Statutory	1,251,785	1,280,772
Tax Incentives	7,750	2,272
Treasury Shares	(23,032)	(8,890)
Carrying Value Adjustments	**416,823**	**412,141**

The amount presented in capital reserves as premium on the subscription of shares refers to the additional amount paid by shareholders in relation to the nominal value per share at the time of the subscription for the shares.

The amounts for options granted in capital reserves refer to the recognition of the award of the options on the grant date.

As provided in the bylaws, the balance appropriated to the statutory reserve will be utilized for: (i) Reserve for Dividend Equalization; (ii) Reserve for Working Capital Increase; and (iii) Reserve for Capital Increase in Associated Companies.

(d) Dividends

Under the bylaws, the stockholders are assured a minimum mandatory dividend corresponding to 30% of net income. The are presented as follows dividend calculation, the amounts paid/ credited and the balance payable:

Dividends at December 31, 2011 were calculated as follows:

Net Income for the Year	**374,212**
(-) Tax Incentives	(5,478)
(-) Legal Reserve	(18,437)
(-) Realization of Revaluation Reserve	14,868
Adjusted net Income	**365,165**
Minimum Compulsory Dividend (30%)	**109,550**

Dividends Declared in the Year	Gross Amount	Withholding Tax (IRRF)	Net Amount
The Board of Director at a meeting held on July 29, 2011 resolved to credit interest on capital, on account of the compulsory dividend for 2011, the amount of R$0.108694714 per share, totaling R$59,656; the payment was made by August 15, 2011.	59,655	(8,948)	50,707
The Board of Director at a meeting held on December 9, 2011, *ad referendum* of the General Meeting, decided to pay interest on own capital in December 29, 2011 according to the compulsory dividend of 2011 an amount of R$0.1180 per share, totaling R$64,680; the payment will be made by April 30, 2012.	64,680	(9,702)	54,978
Dividends Provisioned at 12/31/11	3,865		3,865
Remuneration	128,200	(18,650)	109,550

NOTE 19 – INSURANCE COVERAGE

At December 31, 2011, the Company and its subsidiaries had insurance coverage against fire and various risks of property, plant and equipment, inventories and civil liability totaling R$3,440 million. The Company does not have a forest insurance coverage. For minimizing the risk it maintains an internal fire brigade, fire trucks and motorized guards. The Company has not suffered relevant losses with forest fires.

NOTE 20 – NET SALES REVENUE

The reconciliation of gross and net sales revenues is as follows:

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Gross Sales Revenue	3,664,522	3,413,282	3,828,277	3,544,055
Domestic Market	3,563,070	3,339,394	3,693,306	3,431,314
Foreign Market	101,452	73,888	134,971	112,741
Taxes and Contributions on Sales	(835,134)	(780,197)	(857,912)	(802,245)
Net Sales Revenue	2,829,388	2,633,085	2,970,365	2,741,810
Total	380,541	322,491	411,427	362,293

NOTE 21 — EXPENSES BY NATURE

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Variation in Fair Value of Biological Assets	-	-	(154,009)	(183,765)
Variations in the Inventories of Finished Products and Work in Process	(373,428)	(127,468)	(349,680)	(175,214)
Raw MNaterials and Consumption Materials	1,647,963	1,275,622	1,515,983	1,135,505
Remuneration, Charges and Benefits to Employees	529,246	446,695	581,348	498,611
Depreciation Charges, Amortization and Impairment	191,479	163,450	402,519	398,623
Transport Expenses	173,396	154,119	177,634	166,667
Advertising Expenses	53,435	46,189	53,724	46,530
Other Expenses	216,835	185,253	181,633	155,077
Total	**2,438,926**	**2,143,860**	**2,409,152**	**2,042,034**

NOTE 22 — FINANCIAL INCOME AND EXPENSES

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Financial Income				
Remuneration on Financial Investments	35,915	21,830	70,172	43,889
Foreign Exchange Variances	7,015	(688)	8,365	(3,388)
Indexation Adjustment	6,396	2,443	7,942	3,482
Interest and Discounts Obtained	4,497	4,878	5,053	5,014
Operations with Subsidiaries	68	1,094	-	-
Fair Value	(44)	5,128	(45)	(651)
Fundap Discount	-	-	6,634	4,353
Others	10	(818)	10	(322)
Total	**53,857**	**33,867**	**98,131**	**52,377**
Financial Expenses				
Charges on Financing - Local Currency	(140,548)	(95,927)	(171,042)	(109,682)
Charges on Financing - Foreign Currency	(18,361)	(8,350)	(19,381)	(8,813)
Foreign Exchange Variances	(3,764)	(8,510)	(4,853)	(6,717)
Indexation Adjustment	(2,547)	(2,463)	(5,887)	(5,253)
Derivatives	7,585	(2,981)	7,916	(1,300)
Bank Charges	(4,874)	(4,152)	(5,647)	(4,782)
Tax on Financial Operations	(2,939)	(1,624)	(3,248)	(2,196)
Others	(1,807)	(4,915)	(17,895)	(11,514)
Total	**(167,255)**	**(128,922)**	**(220,037)**	**(150,257)**
Total Financial Result	**(113,398)**	**(95,055)**	**(121,906)**	**(97,880)**

NOTE 23 – OTHER OPERATING INCOME (EXPENSES), NET

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Tax Recovery on the Lawsuit on PIS Six-monthly Payments, Complementary Law No. 7/70		36,444	36,444	
Gains from Enrollment in Tax Amnesty Law		3,530		3,947
Profit Sharing and Stock Option	(15,226)	(22,750)	(15,226)	(22,750)
Gain (Loss) on Disposal of Assets and Other Operating Income and Expenses	30,161	11,320	43,960	8,253
Total	**14,935**	**28,544**	**28,734**	**25,894**

[1] Sale of the wood panels plant in Jundiaí for a total of R$28,929 million and the sale of the farm Boa Esperança from our wholly owned subsidiary Duraflora S.A. in the amount of R$13,442.

NOTE 24 – INCOME TAX AND SOCIAL CONTRIBUTION

Reconciliation of income tax and social contribution expenses

Statement of reconciliation between income and social contribution tax expenses, at the nominal and effective rates:

	Parent Company		Consolidated – According to IFRS	
	12/31/11	12/31/10	12/31/11	12/31/10
Profit before Income Tax and Social Contribution	**413,276**	**563,907**	**454,460**	**617,675**
Income Tax and Social Contribution at the Rates of 25% and 9%, Respectively	(140,514)	(191,728)	(154,516)	(210,008)
Income Tax and Social Contribution on Additions and Deductions from the Result	**101,450**	**94,716**	**74,916**	**59,580**
Income from Foreign Investments	-	-	(788)	1,219
Interest on Capital	51,426	45,177	51,426	45,177
Equity in Results of Investees	45,690	40,211	-	-
Other Additions and Exclusions	4,334	9,328	24,278	13,184
Income Tax and Social Contribution on Profit for the Period	**(39,064)**	**(97,012)**	**(79,600)**	**(150,428)**
In the Results:				
Current Income Tax and Social Contribution	(24,661)	(59,339)	(59,421)	(98,930)
Deferred Income Tax and Social Contribution	(14,403)	(37,673)	(20,179)	(51,498)

NOTE 25 – STOCK OPTION PLAN

As provided in the bylaws, the Company has a stock option plan with the objective of integrating the executives into the Company's medium- and long-term development process, enabling them to participate in the appreciation that their work and dedication will bring to Duratex' s shares.

These options will grant their owners the right, pursuant to the Plan's conditions, to subscribe common shares of the authorized capital of Duratex.

The rules and operating procedures related to the Plan will be proposed by the Committee designated by the Board of Directors of the Company. Periodically, this Committee will submit to the Board of Directors proposals for the implementation of the Plan.

Options will only be granted for the fiscal years during which sufficient profits were earned to permit the mandatory minimum dividend distribution to shareholders. The total quantity of options to be granted during each fiscal year should not exceed 0.5% (one-half percent) of the total number of shares owned by the controlling and non-controlling shareholders at the end of that same fiscal year.

The exercise price payable to Duratex will be defined by the Committee when granting the option. In order to define the exercise price, the Committee will consider the average price of Duratex' s common shares in the BM&FBOVESPA trading sessions in a period of 5 to 90 days prior to the options' issue date, at the discretion of the Committee, which may also add or subtract an adjustment of up to 30%. The prices established will be readjusted until the month prior to the exercise of the options by the IGP-M index, or, in its absence, by an index specified by the Committee.

	2006	2007	2008	2009	2010	2011
Total Stock Options Granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322
Exercise Price on the Grant Date	11.16	11.82	15.34	9.86	16.33	13.02
Fair Value on the Grant Date	9.79	8.88	7.26	3.98	7.04	5.11
Deadline to Exercise	10 Years	10 Years	10 Years	8 Years	8 Years	8.5 Years
Vesting Period	1.5 Years	1.5 Years	1.5 Years	3 Years	3 Years	3.5 Years

The following economic assumptions were utilized to determine these amounts:

	2006	2007	2008	2009	2010	2011
Volatility of Share Price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%
Dividend Yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free Rate of Return[1]	8.90%	7.60%	7.20%	6.20%	7.10%	5.59%
Actual Exercise Rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

The Company settles this benefit plan by transferring shares, which are kept in treasury until the the actual exercise of the options by the executives.
[1] General Market Price Index (IGP-M)

Statement of value and appropriation of the options granted:

Grant Date	Qty. Granted	Maturity date	Term for the Year	Grant price	Balance to be Exercised dec/10	dec/11*	Option Price	Total Value	2007	2008	2009	2010	Allocation dez/11	Other Periods
03/30/06	2,659,180	From 07/01/07	To 12/31/16	11.16	40,714	48,856	11.42	586	586	-	-	-	-	-
01/31/07	2,787,050	From 07/01/08	To 12/31/17	11.82	2,112,699	2,535,227	10.36	24,758	16,020	8,738	-	-	-	-
02/13/08	2,678,901	From 07/01/09	To 12/31/18	15.34	2,443,506	2,932,193	8.47	19,456	-	12,160	7,296[3]	-	-	-
06/30/09	2,517,951	From 07/01/12	To 12/31/17	9.86	1,652,752	1,983,285	4.64	9,194	-	-	1,669[4]	5,288	1,490	747
04/14/10	1,333,914	From 01/01/14	To 12/31/18	16.33	1,220,697	1,464,818	8.21	8,716	-	-	-	2,319	2,132	4,265
06/29/11	1,875,322	From 12/31/14	To 12/31/19	13.02	-	1,875,322	5.11	9,583	-	-	-	-	1,374	8,209
Total	13,852,318				7,470,368	10,839,701		72,293	16,606	20,898	8,965	7,607	4,996	13,221
Effective Exercise Rate								96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%
Value Established								69,857	16,046[1]	20,193[2]	8,663	7,350[5]	4,829[6]	12,776[7]

1 amount recorded against retained earnings in the transition balance sheet.
2 amount recorded against income for 2008.
3 amount recorded against income for 2009 in the former Duratex S.A.
4 amount recorded against income for the second half-year of 2009.
5 amount recorded against income for 2010.
6 amount recorded against income for 2011.
7 amount to be recorded income until December 2019.
* Contemplated with stock dividend of 20% as provided in the Ordinary and Extraordinary General Meeting held on April 29, 2011.

At December 31, 2011, the Company had 1,889,486 treasury shares that could be utilized for the exercise of options.

NOTE 26 – PRIVATE PENSION PLAN

The Company and its subsidiaries are part of a group of sponsors of Fundação Itaúsa Industrial, a non-profit organization which has as its objective the administration of private plans for granting pension or supplementary income benefits, similar to those of the National Social Security. The Fundação Itaúsa manages a Defined Contribution Plan (DC Plan) and a Defined Benefit Plan (DB Plan).

Defined Contribution Plan – (DC Plan)

This plan is offered to every employee, and at December 31, 2011 had 5,856 participants (5,515 at December 31, 2011).

In the DC-PAI plan (Individual Retirement Plan) there is no actuarial risk, and the investment risk is borne by the participants. The regulations provide for sponsor contributions of 50% to 100% of the amount paid in by participants.

Pension Program Fund

The contributions by sponsors that remain in the Plan as a result of participants who opted to be paid out or who anticipated their retirement formed the Pension Program Fund, which, according to the Plan's regulations, is being utilized to compensate the contributions by sponsors.

The present value of normal future contributions, calculated by Towers Watson, according to the projected unit credit method, was recognized in the December 31, 2011 financial statements under "Pension Plan Credits" in the amount of R$78,108 (R$66,802 at December 31, 2010). The increase of R$11,306 was recognized in the statement of income under the "Other net operating income (expenses)". Presented below the conciliation of the recognized amounts in the financial statements:

Assets and Liabilities Relating to DB Plan	12/31/11	12/31/10
Present Value of the Actuarial Obligations	(629,390)	(587,782)
Fair Value of Assets	851,052	795,905
(Liabilities)/Assets Calculated Based on Item 54 of CPC 33/IAS 19	221,662	208,123
Restriction on Assets Due to Limit (item 58 of CPC 33/IAS 19)	(143,554)	(141,321)
Assets and Liabilities Relating to DB Plan	78,108	66,802

Defined Benefit Plan – (DB Plan)

The DB Plan has the basic purpose of granting benefits in the form of a lifetime monthly income to complement National Social Security payments, according to its regulations. This plan is being discontinued and access by new participants is not permitted.

The Plan covers the following benefits: a retirement supplement, based on the period of contribution, special conditions, age, disability, lifetime monthly income, retirement premium, and death benefit.

As required by CVM Resolution No. 600 of October 7, 2009, Towers Watson, an independent actuary, calculated for Fundação Itaúsa Industrial the amounts to be recognized in the financial statements. Because the recognition of the surplus depends on the occurrence or non-occurrence of one or more uncertain events (approval of the request for special reserve destination by the National Superintendence of Pension Funds (PREVIC) and maintenance of the contingency reserve amounts of the plan), the Company management opted not to recognize the asset.

Presented below the position on December 31, 2011:

Assets and Liabilities Relating to DB Plan	12/31/11	12/31/10
Present Value of the Actuarial Obligations	(66,269)	(64,462)
Fair Value of Assets	124,965	122,303
(Liabilities)/Assets Calculated Based on Item 54 of CPC 33/IAS 19	**58,696**	**57,841**
Restriction on Assets Due to Limit (Item 58 of CPC 33/IAS 19)	(58,696)	(57,841)
Assets and Liabilities Relating to DB Plan	**-**	**-**

Actuarial Assumptions

Economic Assumptions	12/31/11	12/31/10
Discount Rate	9.52%	9.20%
Estimated Rate of Return on Assets	10.37%	10.56%
Future Salary Increases	7.43%	7.12%
Growth of Benefits	4.30%	4.00%
Inflation	4.30%	4.00%
Capacity Factor		
Salaries	100%	100%
Benefits	100%	100%

Economic Assumptions	12/31/11	12/31/10
Mortality Table	AT - 2000	AT - 2000
Mortality Table for Desabled	RRB 1983	RRB 1983
Table of Entry into Disability	Modified RRB 1944	Modified RRB 1944
Turnover Table	Null	Null
Retirement Age	First Age Entitled to One of the Benefits	First Age Entitled to One of the Benefits
% of Participation of Married Active Participants onRetirement Date	95%	95%
Age Difference Between Participant and Spouse	Wives Are Four Years Younger than Husbands	Wives Are Four Years Younger than Husbands
Actuarial Method	Projected Unit Credit	Projected Unit Credit

NOTE 27 – EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the net income attributable to the Company's stockholders by the weighted average number of common shares outstanding during the period, excluding the common shares purchased by the Company as treasury shares.

	12/31/11	12/31/10
Earnings Attributable to the Company's Stockholders	374,212	466,895
Weighted Average Number of Common Shares Issued (in thousands)	550,035	458,362
Weighted Average of Treasury Shares (in thousands)	(1,377)	(481)
Weighted Average Number of Common Shares Outstanding (in thousands)	548,658	457,881
Basic Earnings per Share	0.6820	1.0197

(b) Diluted

The diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding, assuming the conversion of all dilutive potential common shares, resulting from the stock option program.

	12/31/11	12/31/10
Earnings Attributable to the Company's Stockholders	374,212	466,895
Weighted Average Number of Common Shares Issued (in thousands)	550,035	458,362
Call Options for Shares	10,840	7,963
Weighted Average of Treasury Shares (in thousands)	(1,377)	(481)
Weighted Average Number of Common Shares Outstanding (in thousands)	559,498	465,844
Diluted Earnings per Share	0.6688	1.0023

NOTE 28 – INFORMATION ON BUSINESS SEGMENTS

Management defined the operating segments based on reports utilized to make strategic decisions and reviewed by the Supervisory Board.

The Supervisory Board analyzes the business based on two main segments: the Wood Division and the Deca Division. The segments presented in the financial statements are strategic business units that provide distinct goods and services. There are no sales between the segments.

			12/31/11			12/31/10
	Wood	Deca	Consolidated	Wood	Deca	Consolidated
Net Sales Revenue	**1,875,979**	**1,094,386**	**2,970,365**	**1,830,285**	**911,525**	**2,741,810**
Domestic Market	1,780,982	1,054,987	2,835,969	1,755,189	873,880	2,629,069
Foreign Market	94,997	39,399	134,396	75,096	37,645	112,741
Variation in the Fair Value of the Biological Assets	154,009	-	154,009	183,765	-	183,765
Cost of Goods Sold	(1,085,975)	(629,900)	(1,715,875)	(985,595)	(475,799)	(1,461,394)
Depreciation/Amortization/Depletion	(212,454)	(46,216)	(258,670)	(175,563)	(38,985)	(214,548)
Depletion of Adjustment in the Biological Assets	(137,898)	-	(137,898)	(132,173)	-	(132,173)
Gross Profit	**593,661**	**418,270**	**1,011,931**	**720,719**	**396,741**	**1,117,460**
Selling Expenses	(188,387)	(155,568)	(343,955)	(183,736)	(124,618)	(308,354)
Administrative and General Expenses	(69,386)	(37,377)	(106,763)	(74,284)	(35,046)	(109,330)
Other Operating Income (Expenses)	17,686	(2,533)	15,153	(7,535)	23,314	15,779
Operating Income Before						
Financial Result	**353,574**	**222,792**	**576,366**	**455,164**	**260,391**	**715,555**

These operating segments have been defined based on the reports used for decision-making by the Supervisory Board. The accounting policies of each segment are the same as described in Note 2.

NOTE 29 – BUSINESS COMBINATIONS

On February 4, 2011, Duratex S.A. acquired all the corporate shares of Elizabeth Louças Sanitárias Ltda., for R$80 million. This transaction is covered by CPC 15 approved by CVM Resolution No. 580 of July 31, 2009. Therefore the recorded assets and liabilities were stated at their fair value.

Details of the book value and fair value of the net amounts acquired and goodwill are as follows:

	Fair value	Book value of the Acquired Entity
Assets	**95,416**	**37,240**
Cash and Cash Equivalents	236	236
Trade Accounts Receivable	6,114	6,193
Inventories	1,298	988
Taxes and Contribution Recoverable	45	45
Other Credits	90	63
Property, Plant and Equipment	32,633	29,715
Contractual Relation with the Customer (Included in Intangible Assets - Note 14)	55,000	-
Liabilities	**32,508**	**12,724**
Suppliers	1,842	1,862
Personnel	1,729	1,729
Accounts Payable	352	352
Taxes and Contributions	1,010	1,010
Provisions for Contingencies	10	10
Deferred Income Tax and Social Contribution	27,565	7,761
Total Net Assets	**62,908**	**24,516**
Goodwill (Note 14)	**17,092**	
Total Consideration for the Purchase	**80,000**	

NOTE 30 – SUBSEQUENT EVENT

Private Issuance of Debentures Convertible into Shares

In the material fact of April 18, 2011, Duratex S.A. ("Company") reported a strategic decision to expand its operations in the segment of MDF, through investments of its own and third party resources for:

(i) the implementation, at the Company's industrial unit located in Itapetininga –SP of: a new line of medium density fiberboards (MDF), with effective capacity of 520 thousand m³/year, a new low-pressure coating line, and an impregnator of laminated paper at law pressure; and

(ii) acquisition, by the Company, within the domestic market of machinery and equipment required for the project described in subsection (i).

In this context, the Company disclosed in compliance with CVM Instruction No. 358/02 that the Banco Nacional de Desenvolvimento Economico e Social (BNDES) approved:

- the provision of financial cooperation to the Company in the amount of R$178,722; and
- its participation, through BNDESPAR subsidiary, in the Company's private placement of debentures with the total issuance amount of R$99,999, being of a floating charge type, convertible into shares, and assuming the commitment to underwrite and pay debentures, at least, as assignee of the preemptive rights of the Controlling Shareholders.

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE ANNUAL SUSTAINABILITY REPORT FOR 2011

To the Board of Directors
Duratex S.A.

INTRODUCTION

We have been engaged to perform a limited assurance engagement on the accompanying annual Sustainability Report for 2011 of Duratex S.A. for the year ended December 31, 2011.

MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL SUSTAINABILITY REPORT FOR 2011

The management of Duratex S.A. is responsible for the preparation and presentation of the annual Sustainability Report for 2011, in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3). This responsibility includes designing, implementing and maintaining internal control over the proper preparation and presentation of the annual Sustainability Report for 2011.

RESPONSIBILITY OF THE PROFESSIONAL

Our responsibility is to provide a limited assurance report on the information disclosed in the annual Sustainability Report for 2011 of Duratex S.A. for the year ended December 31, 2011, based on the work performed.

PROCEDURES APPLIED

Our limited assurance engagement was performed in accordance with the Brazilian Accounting Standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the annual Sustainability Report for 2011 of Duratex S.A. does not comply, in all material respects, with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3.

The procedures selected depend on the independent auditor's judgment, including the evaluation of risks that the Sustainability Report does not significantly meet the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3). Within the scope of our work, the procedures conducted included the following, among others: (i) planning the work, taking into consideration the materiality and the volume of information presented in the annual Sustainability Report for 2011; (ii) obtaining an understanding of the internal controls; (iii) examining, on a test basis, evidence that supports the quantitative and qualitative data in the annual Sustainability Report for 2011; (iv) understanding of the procedures and calculation methodology for the consolidation of indicators; (v) comparing, on a sampling basis, the indicators disclosed in the annual Sustainability Report for 2011 with the quantitative and qualitative data; (vi) interviewing the members of management responsible for the information through visits to the Company's administrative unit; and (vii) comparing information of a financial nature with that in the accounting records.

The procedures to obtain evidence in a limited assurance engagement are more limited than in a reasonable assurance engagement; accordingly, the assurance level is substantially lower than that which would be obtained in a reasonable assurance engagement. Consequently, we were unable to express, and we do not express, a reasonable assurance opinion on the annual Sustainability Report which was the object of our work.

SCOPE AND LIMITATIONS

The objective of our work was to evaluate whether the data included in the annual Sustainability Report for 2011 of Duratex S.A., with respect to obtaining qualitative information and measuring and calculating quantitative information, are presented in accordance with the criteria and guidelines for sustainability reports of the Global Reporting Initiative (GRI-G3). Opinions, historical information, descriptive information and information resulting from subjective evaluations and evaluation of legal compliance of the information included in the annual Sustainability Report for 2011 were not included in the scope of the work performed. Additionally, we point out that the information relating to certain indicators with technical measures may present variations, since the accuracy depends on the nature of the indicator and is subject to the method used as reference.

CONCLUSION

Based on the procedures carried out and evidence obtained, nothing has come to our attention that causes us to believe that the annual Sustainability Report for 2011 of Duratex S.A., for the year ended December 31, 2011, does not comply, in all material respects, with the criteria described above (Scope and limitations).

São Paulo, April 26, 2012.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo
Contador CRC 1RJ039600/O-7 "S" SP

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Duratex S.A.** has presented its report "2011 Sustainability and Annual Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 May 2012

A+ GRI REPORT GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Duratex S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 2 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.*

GRI GLOBAL REPORTING INDEX

GRI 3.12

The Company organized the Annual and Sustainability Report 2011 based on items measured with greater relevance on the Panel of Stakeholders fulfilled last year. Those items are presented on "About this Report" and they are highlighted along the report. The other indicators were not reported because they were not considered materials on the evaluations of stakeholders and the Company.

Profile Indicators				
1. Strategy and Analysis		**Pages RAS**	**Pages DCs**	**Global Compact**
1.1	Declaration of the holder of the post with the greatest decision-making power in the organisation, with respect to the importance of sustainability for the organisation and its strategy.	14 to 21		
1.2	Description of the main impacts, risks and opportunities.	36 to 38	139 to 142	
2. Organisational Profile		**Pages RAS**	**Pages DCs**	**Global Compact**
2.1	Name of the organisation.	1	132	
2.2	Main brand names, products and/or services.	1	132	
2.3	Operational structure of the organisation, including the main divisions, operational units, subsidiaries and joint ventures.	1	132	
2.4	Location of the company's headquarters.	1		
2.5	Number of countries in which the organisation operates and the name of the countries in which its main operations are located or which are particularly significant with respect to sustainability questions covered by this report.	1	132	
2.6	Type and legal nature of ownership.	2	132	
2.7	Markets served (including geographical breakdown, sectors served and type of clients/beneficiaries).	1	132	
2.8	Size of the organisation.	1, 10 and 100 to 104	111 to 123	
2.9	Principal changes during the period covered by the report with respect to size, structure or shareholding.	8	111 to 123	
2.10	Awards received during the period covered by the report.	42 and 43		
3. Parameters for the report		**Pages RAS**	**Pages DCs**	**Global Compact**
3.1	Period covered by the report (such as financial year/calendar year) for the information presented.	8		
3.2	Date of the most recent previous report (if there is one).	8		
3.3	Report publication frequency (annually, every two years, etc.).	8		
3.4	Contact data for questions posed with respect to the report or its content.	9 and 180		
3.5	Process for the definition of report content, including: a) determination of materiality; b) prioritisation of themes in the report; c) identification of which stakeholders the organisation expects to use the report.	8 and 9		
3.6	Scope of the report (such as countries, divisions, subsidiaries, leased installations, joint ventures, suppliers).	8 and 9		
3.7	Declaration of any specific limits with regard to this scope or limit of the report.	There are no declarations		
3.8	Basis for the drawing up of the report, with respect to joint ventures, subsidiaries, leased installations, outsourced operations and other organisations which could significantly affect comparison between the periods and/or between organisations.	8 and 9		
3.9	Techniques for measuring data and calculation bases, including those that are hypothetical and technical, which form the basis of the estimates applied in the compilation of the indicators and other information in the report.	8 and 9		
3.10	Explanation of the consequences of any reformulation of information provided in previous reports, and the reasons for such reformulation (such as mergers or acquisitions, change in the accounting year, in the nature of the business, or in measurement methods).	8		
3.11	Significant changes in comparison to previous years, with respect to this scope, limit or measurement methods applied in the report.	8		
3.12	Table that identifies the location of the information in the report.	174 to 179		
3.13	Current policy and practice with respect to the external verification of the report.	8 and 9	109 and 110	

4. Governance, commitments and engagement		Pages RAS	Pages DCs	Global Compact
4.1	Governance structure of the organisation, including committees reporting to the highest body of corporate governance, responsible for specific tasks, such as the establishment of strategy or supervision of the organisation.	27 to 34		
4.2	Indication of whether the president of the highest corporate governance body is also the chief executive officer (and, if this be the case, his or her function within the management of the organisation, and the reasons for this structure).	27		
4.3	For organisations with a unit administration structure, declaration of the number of independent members or non-executive members in the highest corporate governance body.	27		
4.4	Mechanisms whereby shareholders and employees can make recommendations or provide guidance to the highest body of corporate governance.	27 and 53		
4.5	Relationship between the remuneration of members of the highest body of corporate governance, the executive board and other executives (including rescinded agreements) and the performance of the organisation (including social and environmental performance).	26	148, 165 to 167	
4.6	Processes in force within the highest governance body to ensure that conflicts of interest are avoided.	27		
4.7	Process for the determination of the qualifications and the knowledge of the members of the highest body of corporate governance, to define the strategy of the organisation on questions related to economic, environmental and social themes.	34		
4.8	Declaration of mission and values, codes of conduct and internal principles which are significant for economic, environmental and social performance, as well as the stage of implementation.	26 and 27		
4.9	Procedures of the highest body of corporate governance for the supervision and identification and management by the organisation of economic, environmental and social performance, including significant risks on opportunities, as well as adhesion or compliance to internationally agreed standards, codes of conduct and principles.	27		
4.10	Processes for performance self-evaluation of the highest governance body, especially with respect to economic, environmental and social performance.	27		
4.11	Explanation of how the organisation applies the principle of precaution.	36 to 38		
4.12	Letters, principles or other initiatives developed externally, of an economic, environmental or social nature, which the organisation subscribes to or endorses.	44 and 63		
4.13	Participation in associations (such as industry federations) and/or national/international defence organisations in which the organisation: a) holds a seat with groups responsible for corporate governance; b) forms part of projects or committees; c) to which it contributes an amount in addition to the basic rate of an associated organisation; d) considers its action as an associate to be strategic.	63		
4.14	Relationship of stakeholder groups engaged by the organisation.	44 to 73		
4.15	Basis for the identification of stakeholders with which the company engages.	44 to 73		
4.16	Approach for the engagement of stakeholders, including frequency of engagement by stakeholder type and group.	44 to 73		
4.17	Main themes and concerns raised as a result of engagement with stakeholders and the measures taken by the organisation to deal with them.	44 to 73		

Economic performance indicators					
ASPECT: ECONOMIC PERFORMANCE			Pages RAS	Pages DCs	Global Compact
ESSENTIAL	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	10, 79 and 100 to 104	130	
ESSENTIAL	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	38		7, 8 and 9
ESSENTIAL	EC3	Coverage of the organization's defined benefit plan obligations.	56	167 and 168	
ESSENTIAL	EC4	Significant financial assistance received from government.	85		
ASPECT: MARKET PRESENCE			Págs. RAS	Págs. DCs	Pacto Global
ADDITIONAL	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		Not material	
ESSENTIAL	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Not material	
ESSENTIAL	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.		Not material	

ASPECT: INDIRECT ECONOMIC IMPACTS			Pages RAS	Pages DCs	Global Compact
ESSENTIAL	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.		Not material	
ADDITIONAL	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Not material	
Environmental Performance Indicators					
ASPECT: MATERIALS			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN1	Materials used by weight or volume.		Not material	
ESSENTIAL	EN2	Percentage of materials used that are recycled input materials.		Not material	
ASPECT: ENERGY			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN3	Direct energy consumption by primary energy source.		Not material	
ESSENTIAL	EN4	Indirect energy consumption by primary source.		Not material	
ADDITIONAL	EN5	Energy saved due to conservation and efficiency improvements.		Not material	
ADDITIONAL	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		Not material	
ADDITIONAL	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Not material	
ASPECT: WATER			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN8	Total water withdrawal by source.	70 and 71		7, 8 and 9
ADDITIONAL	EN9	Water sources significantly affected by withdrawal of water.	70 and 71		7, 8 and 9
ADDITIONAL	EN10	Percentage and total volume of water recycled and reused.	70 and 71		7,8 and 9
ASPECT: BIODIVERSITY			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Not material	
ESSENTIAL	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		Not material	
ADDITIONAL	EN13	Habitats protected or restored.		Not material	
ADDITIONAL	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		Not material	
ADDITIONAL	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		Not material	
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN16	Total direct and indirect greenhouse gas emissions by weight.	72 and 73		7, 8 and 9
ESSENTIAL	EN17	Other relevant indirect greenhouse gas emissions by weight.	72 and 73		7,8 and 9
ADDITIONAL	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	72 and 73		7,8 and 9
ESSENTIAL	EN19	Emissions of ozone-depleting substances by weight.	72 and 73		7,8 and 9
ESSENTIAL	EN20	NO, SO, and other significant air emissions by type and weight.	72 and 73		7,8 and 9
ESSENTIAL	EN21	Total water discharge by quality and destination.	72		7, 8 and 9
ESSENTIAL	EN22	Total weight of waste by type and disposal method.	72		7, 8 and 9
ESSENTIAL	EN23	Total number and volume of significant spills.	72		7, 8 and 9
ADDITIONAL	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported wasteshipped internationally.	72		7, 8 and 9
ADDITIONAL	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	72		7, 8 and 9

ASPECT: PRODUCTS AND SERVICES			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	94		7, 8 and 9
ESSENTIAL	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	94		7, 8 and 9
ASPECT : COMPLIANCE			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		Not material	
ASPECT : TRANSPORT			**Pages RAS**	**Pages DCs**	**Global Compact**
ADICIONAL	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Not material	
ASPECT : OVERALL			**Pages RAS**	**Pages DCs**	**Global Compact**
ADICIONAL	EN30	Total environmental protection expenditures and investments by type.		Not material	
Labor Practices and Decent Work Performance Indicators					
ASPECT: EMPLOYMENT			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		Not material	
ESSENTIAL	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		Not material	
ADICIONAL	LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.		Not material	
ASPECT: LABOR/MANAGEMENT RELATIONS			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	LA4	Percentage of employees covered by collective bargaining agreements.		Not material	
ESSENTIAL	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.		Not material	
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			**Pages RAS**	**Pages DCs**	**Global Compact**
ADICIONAL	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		Not material	
ESSENTIAL	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.		Not material	
ESSENTIAL	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		Not material	
ADDITIONAL	LA9	Health and safety topics covered in formal agreements with trade unions.		Not material	
ASPECT: TRAINING AND EDUCATION			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	LA10	Average hours of training per year per employee by gender, and by employee category.		Not material	
ADDITIONAL	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Not material	
ADDITIONAL	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	56		
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		Not material	
ESSENTIAL	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		Not material	

Human Rights Performance Indicators					
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		Not material	
ESSENTIAL	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.		Not material	
ADDITIONAL	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Not material	
ASPECT: NON-DISCRIMINATION			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	HR4	Total number of incidents of discrimination and corrective actions taken.		Not material	
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		Not material	
ASPECT: CHILD LABOR			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.		Not material	
ASPECT: FORCED AND COMPULSORY LABOR			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.		Not material	
ASPECT: SECURITY PRACTICES			**Pages RAS**	**Pages DCs**	**Global Compact**
ADDITIONAL	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not material	
ASPECT: INDIGENOUS RIGHTS			**Pages RAS**	**Pages DCs**	**Global Compact**
ADDITIONAL	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		Not material	
Society Performance Indicators					
ASPECT: LOCAL COMMUNITIES			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	60 a 63		
ASPECT: CORRUPTION			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	SO2	Percentage and total number of business units analyzed for risks related to corruption.	58		10
ESSENTIAL	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	58		10
ESSENTIAL	SO4	Actions taken in response to incidents of corruption.	58		10
ASPECT : PUBLIC POLICY			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	SO5	Public policy positions and participation in public policy development and lobbying.		Not material	
ADDITIONAL	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Not material	
ASPECT: ANTI-COMPETITIVE BEHAVIOR			**Pages RAS**	**Pages DCs**	**Global Compact**
ADDITIONAL	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		Not material	
ASPECT: COMPLIANCE			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		Not material	

Product Responsibility Performance Indicators					
ASPECT: CUSTOMER HEALTH AND SAFETY			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	88 and 94		
ADDITIONAL	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	88 and 94		
ASPECT: PRODUCT AND SERVICE LABELING			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	88 and 94		
ADDITIONAL	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	88 and 94		
ADDITIONAL	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	50		
ASPECT: MARKETING COMMUNICATIONS			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, inclu-ding advertising, promotion, and sponsorship.		Not material	
ADDITIONAL	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		Not material	
ASPECT: CUSTOMER PRIVACY			**Pages RAS**	**Pages DCs**	**Global Compact**
ADDITIONAL	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		Not material	
ASPECT: COMPLIANCE			**Pages RAS**	**Pages DCs**	**Global Compact**
ESSENTIAL	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.		Not material	

CORPORATE INFORMATION

GRI 3.4

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