2012
annual and sustainability report

Duratex

AFTER SIX DECADES AS A SYMBOL OF QUALITY AND DESIGN, DURATEX'S LOGO OF THE TRADITIONAL RHINOCEROS HAS EVOLVED. THE COMPANY'S NEW LOGO REITERATES THE VALUES OF RELIABILITY, EXPERIENCE, AND INNOVATION IN ALL ITS SEGMENTS, AND TO THE DISCERNING EYE, REVEALS TRACES OF SOLID OPERATION AND EXPERIENCE.

THE REDESIGNING OF THE LOGO INTRODUCES A CONTEMPORARY LOOK, EVOKING CREDIBILITY CREATED OVER THE YEARS. THE COMBINATION OF LIGHT AND FLUID LINES GIVES THE IDEA OF A DROP OR LEAF, A CLEAR ASSOCIATION WITH DURATEX'S COMMITMENT TO SUSTAINABILITY. THE NEW DESIGN ALSO RESEMBLES THE LETTER "D", WHICH RECALLS THE TRADITION, SOLIDITY AND ETHICAL APPROACH WITH WHICH THE NAME OF DURATEX IS PERMANENTLY CONNECTED.

HOW TO READ THIS REPORT

GRI 2.9 | 3.7 | 3.8 | 3.9 | 3.10

For the sixth year running, Duratex is publishing its Annual and Sustainability Report following the directives of the Global Reporting Initiative (GRI), in its G3.1 version. This report highlights the main events and results of 2012, from the period from January 1 to December 31, for the main segments in which the Company operates: wood, vitreous chinaware and metal bathroom fittings. The report refers to the Brazilian operations unless otherwise indicated. No information on Tablemac, in which a significant stake of 37% was acquired by Duratex in 2012, has been included in the responses to the GRI indicators. **GRI 3.1 | 3.3 | 3.6**

The publication has the application level of A+ checked according to the GRI and its content has been given assurance for the second year running by PwC, which also audited the Financial Statements. As in the previous edition, published in 2012 referring to the year 2011, this document is only available in electronic format, and in the English and Portuguese languages. **GRI 3.2 | 3.13**

The accounting data comply with International Financial Reporting Standards (IFRS) and current Brazilian accounting standards. There has been no alteration in the scope, limit or method of measuring the indicators, neither has there been any need to re-formulate the information provided in previous years. Tablemac's participation in Duratex's financial statements for 2012 has been included using the equity income result method. **GRI 3.11**

The information in the report has been compiled by teams from Duratex's various departments, under the coordination of the Investor Relations Department. The quantitative environmental indicators are compiled monthly by the teams in the production plants and the forestry units using the SAP management system, monitored by the Sustainability Department, and consolidated at the end of the period both for the report and the monitoring of environmental performance targets.

For more information, please contact the Investor Relations Department on the following e-mail address: investidores@duratex.com.br. **GRI 3.4**

MATERIALITY MATRIX

GRI 3.5 | 4.15 | 4.17

Duratex's 2012 Annual and Sustainability Report has been conceived based on themes of significance identified by the materiality matrix in 2010 (see figure on page 5). The Company has been working on the management of these themes during the year in order to be able to report the progress achieved. This publication also covers subjects relating to the Criticality Matrix in the area of Sustainability, such as the supply chain, staff management, and the impact of the Company's products.

For more information on the materiality matrix that has been developed and improved over the last two years, readers should refer to the 2010 and 2011 Annual and Sustainability Reports: www.duratex.com.br/ri.

As part of a continuous process of engagement and improvement in management and reporting, in 2012 Duratex held the second stakeholders meeting, at which it consulted the public audiences concerned in order to update its long-term sustainability strategy. Besides senior management, two groups were heard that the Company believes to be essential to this strategy: employees and experts from various sectors such as sustainability, capital markets, communication, the third sector, environment, and governance.

As a consequence, five themes were identified as being of priority in Duratex's sustainability strategy: Governance and Strategy, Staff Management, Risk Management, Integration of Accounting and Sustainability, Natural Resources, and Raw Materials. These aspects are being incorporated into the operation of the Company's Sustainability Committee, while contributions from employees are being used by the Human Resources Executive Board to improve Duratex's staff management practices. The consequences of this work will be presented in Duratex's subsequent annual and sustainability reports.

MATERIAL THEMES FOR 2010

Strategy and management (number 6, in the table below)
Economic-financial performance (9)
Share performance (13)
Investments in the business (17)
Environmental policy (18)
Water resources and reuse (22)
Environmental impact from product use (27)
Definition of targets (38)
Combating corruption (52)
Code of conduct (55)
Customer health and safety in the use of products (61)
Product information (access and quality of information) (62)
Quality of products (66)
Customer service (pre and post sale) (69)

TABLE OF CONTENTS

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 1.1

THEMES 6 AND 17 OF THE MATERIALITY MATRIX: MANAGEMENT STRATEGY AND INVESTMENTS IN THE BUSINESS

The year 2012 saw a significant improvement in Duratex's performance. We overcame the adversities of the economic situation and strengthened our presence in the Brazilian market through investment in expansion and making acquisitions that have synergy with our core businesses (Mipel and Thermosystem) which will permit diversification in the industrial valve, electronic shower and solar heating system segments. We also went beyond this, diversifying our geographical presence through the acquisition of a stake of 37% in Tablemac, a leading company in Colombia's wood panel segment.

We continued with our mission of constant development, remaining faithful to the strategy of growing organically in our existing sectors, while also entering into new businesses and geographical areas

The figures shown in this report, therefore, reflect our high level of corporate governance, associated with our capacity to implement a substantial percentage of our strategic planning, as well as our operational excellence and the talent of our employees.

There were innumerable achievements in 2012. We gained market recognition, receiving 12 prizes, of which the most important were: Best Company in the Construction Materials and Decorations Segment (*Isto É Dinheiro* and *Valor Econômico*), Best Company in the Wood and Pulp Sector (*Exame* Magazine), Best Case of Value Creation (Abrasca), ECO Award (Brazil-USA American Chamber of Commerce), Outstanding in Good in Environmental Practices (*Época Negócios*), Ethical Business Award – Sustainability Category (Brazilian Institute for Business Ethics).

In addition to these awards, we also accomplished two other important milestones. The first was Duratex's inclusion in the Dow Jones Sustainability World Index (DJSI). Duratex is one of nine Brazilian companies included in the DJSWI, and the only Latin American company to be included in the construction materials sector part of this index. The second of these achievements was the listing of the Company's shares on another important corporate sustainability index, the BM&FBovespa ISE, for which the selection criteria include the adoption of differentiated socio-environmental sustainability practices.

We achieved a new record in terms of net sales and operational cash generation. Our growth is even more impressive, when we compare it to the difficult year experienced by the Brazilian economy, with GDP growth of just 0.9%, and a retraction in the Transformation Industry of 2.5%. This means that we have raised the bar and today we conduct our business to a much higher standard, with increasingly challenging goals.

We continued with our mission of constant development, remaining faithful to the strategy of growing organically in our existing sectors, while also entering into new businesses and geographical areas. Our investment in expanding operational capacity, with the introduction of a major new medium density fiber (MDF) production line in Itapetininga (SP) and the expansion to medium density particleboard (MDP) production capacity in Taquari (RS), will make a great contribution to growth in the Wood Division. By the same token, the new vitreous chinaware plant in Queimados (RJ) and the ongoing investments in the metal bathroom fittings plants in São Paulo and Jundiaí will ensure the continued expansion of the Deca Division.

We have a vocation for innovation, in how we plan our growth, but we are also perceived by the market as a company that is in tune with its consumers, and which achieves its growth respecting social and environmental values. To portray this notion and to strengthen the Duratex brand-name, in 2012 we developed a new logo, which now further emphasises these aspects. It is a modern and unifying symbol which demonstrates our positioning in the segments in which we operate.

Also in 2012 we hosted two important stakeholder engagement panels, promoting dialogue and permitting the identification of priority themes for our long-term strategy. The proposals arising from these meetings go beyond the inclusion of external viewpoints in our annual report; we are placing ourselves in a position to listen to what the market and our employees have to say. In this way, we are discovering how we can become an even better company.

Duratex has a team of excellent, dedicated and inspired people and we are strengthening our efforts to achieve a closer relationship with them, improving staff management practices and transparency in relationships.

In view of the fantastic advances of this year, is with great pleasure that I mention the process of choosing a successor to our current CEO, who has reached the retirement age established in the Company Bylaws. Two executives from the Company's workforce have been identified to participate in this process, which the Committee for Staff, Governance and Nomination has been working on for the last 18 months, with great seriousness and transparency. We are happy and proud to have been able to appoint a successor from within our ranks to fill the Company's highest management position.

In ending the year with a feeling of duty fulfilled, we would like to express our profound thanks and sincere homage to our retiring CEO, Henri Penchas. Under his management, we have acquired more confidence in our work, enabling us to dream of greater things, strive after more aggressive goals and discover new roads ahead.

In summary, in 2012 we managed to achieve exceptional results, honouring our mission "to meet the demands of our customers with excellence, through the development and offering of products and services that contribute to an improvement in people's quality of life, and generating wealth in a sustainable manner."

SALO SEIBEL

Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

GRI 1.1

THEMES 6 AND 17 OF THE MATERIALITY MATRIX: MANAGEMENT STRATEGY AND INVESTMENTS IN THE BUSINESS

Our Company's success in a scenario of Brazilian economic growth lower than initially expected is without doubt a reflection of our successful investments and strategic long-term planning. We have started to re-gain market share in the Wood Division with the upturn seen in the furniture industry. Deca and Hydra, despite being in a more challenging market, both achieved growth above the average for the construction materials industry. We reported net revenue of R$3,394.4 million, 14.3% higher than in the previous year. EBITDA amounted to R$1,021.4 million, with EBITDA margin of 30.1%, while net earnings came to R$459.7 million. We managed to achieve our targets despite the adverse economic scenario.

We have started to re-gain market share in the Wood Division, with the upturn seen in the furniture industry. Deca and Hydra, despite being in a more challenging market, both achieved growth above the average for the construction materials industry

During the year, R$832 million has been allocated to organic expansion and strategic acquisitions. In 2012 alone, we spent R$207.3 million on two acquisitions: Metalúrgica Ipê Mipel and Tablemac, this latter in Colombia – an important step in terms of internationalization. As part of our strategy, we are continuing our growth program both through mergers and acquisitions, and organically. We will be investing still more, and in 2013 we have an expenditure budget of R$660 million for acquisitions to generate value for our shareholders.

Over the four years during which I have been at the head of Duratex, we have worked to create a governance system based on synergy between the different areas of the Company. We have created commissions to seek out and apply best practice in innovation and human resources, among other areas. We have more than doubled our investment in staff. We have created processes that are better structured to measure the individual performance of our leaders in terms of socio-environmental criteria, including this aspect in the variable remuneration package for our executives. We have kept these and other initiatives in line with the principles of the Global Compact, which provides direction for management improvements and strengthens our commitment to sustainability.

In 2012 we created a new directorship to help us find new business opportunities. We will be following the strategy which led us to acquire Thermosystem at the beginning of 2013, which introduced a complete line of electronic showers into Duratex's portfolio, and provided an entry into markets related to those in which we already operate today. In this way, consolidating our leadership, we continue to examine and assess where we can develop still further. We are today at a level which enables us to generate profit for our investors without compromising our strategy for growth and value creation.

In April 2013, having reached retirement age, I will not be standing for re-election as part of the management body. A selection program has been ongoing over the last two years or so for the training and preparation of a replacement to be recruited from within the Company's existing management, in a clear demonstration of our belief in the talented team of professionals that is part of Duratex today. This team has been fundamental in achieving the results obtained. We are in a better position than we were four years ago, and on the right track to grow still further.

To build a company like ours a lot of entrepreneurial spirit is needed, as well as courage, daring, work and the ability to dream. Dreams such as those of Alfredo Egydio de Souza Aranha, Dr. Eudoro Villela, Dr. Olavo Setúbal, of Itaúsa, and those of Bernard Seibel, of the Ligna Group; work such as that developed by former CEOs of the companies that today make up the Duratex group, Salo Seibel and Paulo Setúbal Neto. These businessmen, with an ambitious vision, have expanded the frontiers of industry and commerce in Brazil. Over this long track record of more than 60 years, Duratex's growth has always been characterised by ethical behaviour and a profound sense of social and environmental responsibility. I would like to take the opportunity in this message to gratefully acknowledge the support received from the Company's excellent team of professional staff, and that of the shareholders, without whom none of this would have been possible. I am certain that the Company, without succumbing to the temptations of easy gains, will continue on its path of expansion and value creation for all its stakeholders, employees, government and shareholders. I wish the new CEO, Antonio Joaquim de Oliveira, who has up to now occupied the post of Executive Director of the Panel Division, and the Company, every success, in the knowledge that they will continue on the path of growth and continual improvement.

HENRI PENCHAS
Chief Executive Officer

01

THE COMPANY

Duratex is a company of Brazilian origin with more than 60 years, that operates in the construction and furniture sector with the brand names Deca, Hydra, Durafloor and Duratex

PROFILE

GRI 2.5 | 2.7 | 2.8

Duratex is a Brazilian company that for more than six decades has served the building and furniture markets. Through the brand names Deca, Hydra, Durafloor and Duratex, the Company produces metal bathroom fittings and vitreous chinaware, laminated flooring, MDP, high density fiber (HDF) panels and MDF, as well as fibreboard sheets. GRI 2.1 | 2.2

Although Duratex concentrates its operations in Brazil, the Company also exports its products to more than 30 countries, and has a portfolio of more than 30,000 clients. The Company is among the world's ten largest in its operational sector, and the leader in the production of wooden panels, vitreous chinaware and bathroom fittings, not just in the Brazilian market, but in the southern hemisphere as a whole.

18.2 MILLION

of itens its a capacity of metal bathroom fitting, in addition to 9.8 million vitreous chinaware pieces, 4 million cubic meters of wood panels and 12 million square meters of laminated flooring

Duratex has 10,600 employees distributed over 16 industrial units located in the states of São Paulo, Rio Grande do Sul, Minas Gerais, Pernambuco, Paraíba, Rio de Janeiro and Santa Catarina, as well as its headquarters based in the city of São Paulo. Outside Brazil, Duratex has a plant in Argentina, and recently acquired a 37% stake in Tablemac, the leader in the Colombian wood panel market. The Company also has subsidiaries in the United States (Duratex North America) and in Europe (Duratex Europe). **GRI 2.3 | 2.4 | 2.5**

With this structure, Duratex has an annual production capacity of approximately 4 million cubic meters of wood panels, 12 million square meters of laminated flooring, 18.2 million metal bathroom fitting pieces and 9.8 million vitreous chinaware pieces.

The land that the Company owns and leases totals 230,000 hectares, of which 140,000 hectares consist of planted forest, spread across seven forestry units in the states of São Paulo, Minas Gerais and Rio Grande do Sul. Of these, five units carry forestry management certification (Agudos, Botucatu, Itapetininga, Lençóis Paulista and Uberlândia). In addition to this, forestry management at Botucatu carries ISO 14001 certification, as do the metal bathroom fitting plants in São Paulo and Jundiaí, Louças Sul, Agudos and Uberaba. All the industrial units of the Wood Division carry ISO 9001 certification.

The shares of Duratex S.A. are traded on the *Novo Mercado* section of the BM&FBovespa under the ticker code DTEX3. The Company is controlled by Itaúsa – Investimentos Itaú S.A. and Companhia Ligna de Investimentos, which together with the respective controlling shareholders, hold 40% and 20% of the share capital. Looking at the Company's principal results in 2012, the noteworthy aspects were net sales of R$3.4 billion, recurring EBITDA of R$1,005.0 million (equivalent to a recurring EBITDA margin of 29.6%) and recurring net earnings of R$437.4 million. Duratex ended the year with a market capitalization of R$8.2 billion. **GRI 2.6**

OUR HISTORY

1951

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

1954 to 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 fibreboard. In 1961, a second production line was brought into service at the plant at Jundiaí.

1972

Deca, which at that time was the leader in Brazil`s metal bathroom fitting segment, was incorporated into Duratex, making the Company stronger.

1981 to 1995

During this period Duratex acquired Louças Sul (1981), the Itapetininga unit of the Peixoto de Castro group (1984), the Agudos unit of the Freudenberg group (1988) and the Argentinian metal bathroom fittings company Piazza Hermanos (1995).

1997

The Company started up its first MDF plant in Brazil, in Agudos (SP), as well as the first unit for the production of Durafloor laminated flooring.

2002

A new MDF/HDF/SDF plant was built in Botucatu (SP), with leading-edge technology and an annual production capacity of 400,000 cubic meters, allowing the expansion of the product mix and strengthening the Duratex brand name in the wood sector.

2005

Duratex strengthened its commitment to transparency and equity in the disclosure of information by joining Level 1 of Bovespa Corporate Governance. Its corporate governance structure was further strengthened by the creation of new internal committees.

2008

This year saw 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 vitreous chinaware production, and became one of the world's top ten companies in this field.

2009

Duratex became the largest wood panel company in the Southern Hemisphere as a result of its merger with Satipel, which at that time ranked in second place in this segment. This Company, founded in 1970, 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 its production capacity in Taquari (RS).

2010

The acquisition of around 9,000 hectares of planted forest in São Paulo was done to provide support for future expansion in the region. In the same year a new resin plant began operations to supply the panel production units in the state of São Paulo.

2011

To commemorate its 60th anniversary Duratex sponsored a series of concerts conducted by João Carlos Martins with the Bachiana Philharmonic Orchestra, promoting the Rhino Mania project. In that same year the Company also acquired Elizabeth Louças Sanitárias, as well as announcing investments in two new MDF plants with effective production capacities of 520,000 m^3 and 680,000 m^3 a year, to be inaugurated, respectively, in 2013 and 2015.

2012

Duratex became part of the Dow Jones Sustainability Index, being the first construction materials company in Latin America with this distinction. During the year, the Company also expanded its operations with the acquisition of Metalúrgica Ipê Mipel from Thermosystem and a stake in Tablemac (subscription to 37% of the shares), while also expanding its operational capacity at the MDF plant in Itapetininga (SP), the MDP plant in Taquari (RS), vitreous chinaware production in Queimados (RJ) and the production of metal bathroom fittings in Jundiaí (SP).

CORPORATE DIRECTIVES

GRI 4.8

Mission

To meet customer demands in an excellent manner, through the development and offering of products and services that contribute to improving people's quality of life, and generating wealth in a sustainable manner.

Vision

To be a company that is a benchmark for the quality of our products, services and relationships, recognized as the best option for clients, employees, the community, suppliers and investors.

Values

Integrity
Commitment
Appreciation of human worth
Excelling in results
Continuous improvement
Innovation
Sustainability

MAIN INDICATORS

PRINCIPAIS INDICADORES (R$ MIL, EXCETO ONDE INDICADO)	2012	2011	2010
SHIPMENTS (M^3)			
Wood (m^3)	2,635,084	2,268,822	2,312,177
Deca (thousands of pieces)	25,772	25,505	21,639
RESULTS			
Net revenue	3,394,399	2,970,365	2,741,810
Domestic market	3,245,573	2,835,969	2,629,069
Export market	148,826	134,396	112,741
Recurring EBITDA	1,005,019	839,349	893,002
Recurring net earnings	437,410	374,860	467,247
Recurring earnings per share* (R$)	0.83	0.68	0.85
Value added	1,841,928	1,694,756	1,571,236
PROFITABILITY			
Gross margin (%)	34.9	34.1	40.8
Recurring EBITDA margin (%)	29.6	28.3	32.6
Recurring net margin (%)	12.9	12.6	17.0
Return on net equity (ROE) (%)	11.9	10.5	14.1
INVESTMENTS			
Programs for education, training and development	1,826.40	956	1,378
Environment	27,679	26,680	17,574
Research and development	19,118	19,322	23,341
Plan for the application of funds	832,214	635,846	459,564
No. of employees	10,601	10,668	9,690

* Basic earnings per share is 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.

02

STRATEGY FOR GROWTH AND NEW BUSINESS

THEMES 6 AND 17 OF THE MATERIALITY MATRIX: MANAGEMENT STRATEGY AND INVESTMENTS IN THE BUSINESS

The year 2012 was characterised by growth, particularly through acquisitions, in line with Duratex's expansion strategy. The purchase of the bronze valve unit from Indústria Metalúrgica Jacareí Ltda. (Mipel), up to that time a subsidiary of Lupatech S.A., with investment of R$46.3 million, enabled the Deca division to expand the range of products that it offers, as well as adding an annual production capacity equivalent to 780,000 pieces.

A second acquisition during the year represented an important step in Duratex's internationalization process, with the purchase of 25% of Tablemac, Colombia's leading panel company. The total value of this investment amounted to R$161 million, including the increase in Duratex's stake in this company to 37% in November 2012, through participation in a public share offering.

R$ 660 MILLIONS

WILL BE INVESTED IN DURATEX IN 2013

Finally, at the end of the year a proposal was signed for the acquisition of Thermosystem Indústria Eletro Eletrônica Ltda., acquired on January 2, 2013, for R$58 million, which expanded Duratex's portfolio in the electronic shower and solar heating system segment. Thermosystem shares Duratex's innovative profile in the development of products with a higher added value, generating a substantial degree of synergy through this deal. The acquisition was also a way of expanding Deca's range of products. At the time of the acquisition, Thermosystem had a market share of 7% in this segment.

All these moves are in line with Duratex's strategy to expand its activities in its traditional segments of operation, as well as in new segments, bringing it still closer to consumer markets. In 2012 the Company invested R$19.1 million in research and development.

In addition to acquisitions, Duratex has an extensive ongoing organic growth plan. At the Deca Division, the Company is making improvements to the plant at Jundiaí (SP) to expand production capacity of metal bathroom fittings by 1.2 million pieces a year. A new unit in the vitreous chinaware segment is to be inaugurated at the beginning of the quarter in Queimados (RJ), adding 2.4 million additional pieces to the Company's annual production capacity. With this, the Deca Division will reach an annual vitreous chinaware and metal bathroom fittings production capacity of 32.3 million pieces, which represents an increase of approximately 20% compared to the previous year.

Investment is also being carried out in the Wood Division. In 2013, a new MDF plant will be inaugurated in Itapetininga (SP), with an annual panel capacity of 520,000 cubic meters. In Taquari (RS), an improvement in the production process will increase MDP production capacity by 230,000 cubic meters to 670,000 cubic meters.

In order to provide this strategy with additional strength, capturing and taking advantage of opportunities, in 2012 the Company created the New Business Directorship. Part of this team's main project for 2013 is investment of approximately R$660 million, with priority being given to the payment for the acquisition of Thermosystem, the implementation of the new MDF unit in Itapetininga (SP), improvements to be made at the MDP unit at Taquari (RS), expansion of vitreous chinaware and metal bathroom fittings capacity at Queimados (RJ) and Jundiaí (SP), in addition to ongoing maintenance.

CORPORATE GOVERNANCE

GRI 4.5

Sustainability is being increasingly incorporated into Duratex's corporate governance strategy. In keeping with the trends in the market, this move aims to improve the Company's corporate governance model and structure, already currently based on the principles of transparency, equity, rendering of accounts and corporate responsibility recommended by the Brazilian Corporate Governance Institute (IBGC).

This year the Company was included in the DJSI, one of the most prestigious and selective sustainability indices in the market. This is the first global index to monitor both economic and socio-environmental performance, selecting companies that are outstanding in their respective operational sectors, based on rigorous analysis. Duratex is the only Latin American company in the construction materials sector that is part of this index. In addition to this, the Company was once again selected, for the fifth year running, to be part of the BM&FBoverspa ISE.

Another distinction which emphasizes the maturity of Duratex's corporate governance was the Company's incorporation as part of the Company Pro-Ethics Registry, an initiative by the General Control Department of the Union and the Ethos Institute. This registry currently includes 14 companies that have voluntarily engaged in the building of an environment of integrity and reliability in their commercial relationships.

The Remuneration Policy, drawn up by the Board of Directors and the Executive Board, is defined and updated based on market research. This periodic updating has the aim of guaranteeing competitiveness in relation to the best companies in the market. One of the most significant aspects of this area in 2012 was the start of a process to include targets linked to socio-environmental variables in the evaluation of the Executive Board's performance. The fixed and variable remuneration model for executives is in the process of being reviewed, and should be finalised in 2013. This work is being carried out by the new Human Resources Directorship under the direct supervision of the Board of Directors. **GRI 4.5**

Human resources management at the level of top management also saw the start of another important process in 2012: the choosing of a successor for the Company's CEO. For the first time at Duratex, this succession process was carried out with candidates from within the Company, reinforcing a spirit of meritocracy. Pursued in a transparent manner, both with the candidates themselves and other employees, this selection process has been monitored closely by the Company's principal leaders. In this way, in addition to choosing a new CEO for Duratex, this initiative also sets an example for all employees, showing that any person may have the opportunity of one day occupying the Company's highest management position.

CODE OF ETHICS AND CONDUCT

GRI 4.6

THEME 55 OF THE MATERIALITY MATRIX: CODE OF CONDUCT

Duratex's Code of Ethics and Conduct is based on general principles – ethics, legality, respect for human beings, repudiation of any form of discrimination, encouragement for personal and professional development, social, environmental and cultural responsibility – in addition to establishing directives for employee conduct, and the Company's positioning with respect to its public audiences.

The Code of Ethics and Conduct can be accessed through the following website link: www.duratex.com.br/ri.

Human Rights

The Company's efforts in the defence of human rights and the combating of corruption are formalised in a transparent and public manner, based on respect for the legislation and the adoption of practice, principles and sustainability initiatives recognised by all employees. **GRI 4.12**

Duratex adopts a social policy which reaffirms the Company's commitment to a socially responsible stance, while establishing conduct guidelines and principles:

- To adopt policies and practices that are aimed at preventing, combating and eradicating degrading work, discrimination in all its forms, moral and sexual harassment, and the exploitation of children and adolescents.
- To value diversity.
- To fulfil the ten principles of the United Nations Global Compact, the United Nations Principles for the Protection and Defence of Human Rights and the fundamental conventions of the International Labour Organisation, ratified by Brazilian legislation.
- To ensure that employees have integrated ethical and transparent management, respecting freedom of union association and the right to collective bargaining.
- To ensure an ethical and transparent relationship with all interested parties.
- To participate in discussions on the drawing-up of public social policies relating to Duratex's operational sectors and regions.

Combating Corruption

GRI SO2 | SO3 | SO4

THEME 52 OF THE MATERIALITY MATRIX: COMBATING CORRUPTION

Duratex's directives for the combating of corruption are contained in in three corporate documents: its Code of Ethics and Conduct, in its Corporate Policy for the Prevention and Combating of Illicit Acts and in its policy for Receiving and Dealing with Denouncements, besides the Standard for Internal Application of Disciplinary Measures.

In addition to these, guidelines relating to the theme are to be found in other documents, such as the Purchasing Policy, which applied to the management of suppliers, in compliance with the conventions of the International Labour Organisation and the ten principles of the Global Compact. All these documents are available on the Company's website (www.duratex.com.br).

The Code of Ethics and Conduct applies to all persons working in Duratex and is signed at the time of recruitment. In May 2012, an Ombudsman was created with the goal of creating additional dialogue between the Company and its stakeholders (employees, former employees and suppliers), through the receipt of suggestions, queries, criticisms and compliments. On May 25, 2012, the Ombudsman conducted a training session for the entire staff of the Supply Chain, in which the themes were: Ombudsman (Employees and Suppliers) and compliance with the Code of Ethics and Guidelines for Duratex Practice Guidelines for the Purchasing Professional. On the occasion, 52 employees participated and all signed the annex to the Purchasing Policy that determines the guidelines on the professional area, as well as conflicts of interest.

Other corporate controls that contribute to combating corruption include Internal Audit, which reports to Audit and Risk Management, which assesses internal controls and risk management. There is still an External Audit, responsible for reviewing and evaluating the Financial Statements.

Continuing the work started in 2011, Duratex is updating the assessment of the main risks of the Company. This review covers all business units and business processes through the participation of directors and managers responsible for them . The evaluation questionnaire provides an analysis of the potential risk of fraud and unethical conduct, currently rated as average, because the mechanisms of internal controls, corporate governance and risk management. All operating units are subject to Duratex audit with respect to issues of corruption. Duratex received no communication, either internal or external, relating to cases of corruption during the year.

In partnership with Fundação Getulio Vargas in Rio de Janeiro, Duratex included, in 2012, aspects of ethical conduct in business and personal relationships in the crate training your average high and Managements, as the "Program Lead", which registered 255 holdings. For employees, the theme was touched on in the *Somos Assim* ("how we are") program (to learn more about this, see the chapter on Socio-Environmental Responsibility) through the presentation of the edicts of continuous improvement, innovation and responsibility. Specific meetings were also held for the presentation of all these values to new employees.

Ombudsman Service

In 2012 the Company created the Duratex Ombudsman Service. Communications can be made anonymously, and all contacts are treated in a confidential manner. The ombudsman service reports directly to the CEO's office, and reports on work carried out by the Executive Board and the Committee for Staff, Governance and Nominations. It also renders accounts of its operations to the Committee for Auditing and Risk Management, and whenever asked, to the Board of Directors.

TOTAL NUMBER OF COMMUNICATIONS RECEIVED BY THE OMBUDSMAN SERVICE (BY PUBLIC AUDIENCE)

Employees	569
Suppliers	8
Total*	577

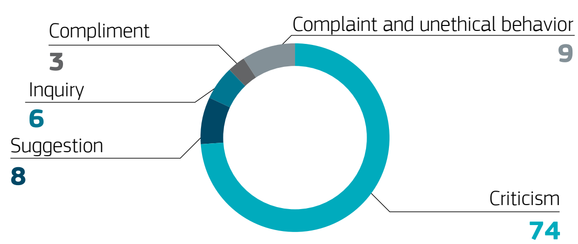
* Figures refer to the period from January to December 2012. The Ombudsman service was formally opened on May 23, 2012. Before its opening, denouncements received were handled and dealt with by the Internal Audit department.

Metal Tube with Soap Dish – Cuba LC.1272

During the year, of the 569 communications received from employees, 434 were sent to the relevant management areas for assessment and solution. The rest were not dealt with due to a lack of detail and clear information making it impossible to proceed further.

The themes touched on relate, in the main, to standards and policies, processes, procedures and infrastructure (63%). The other reports (37%) referred to questions relating to behaviour and relationships.

NATURE OF COMPLAINTS RECEIVED BY THE OMBUDSMAN (%)



Of the eight complaints received from suppliers, three did not contain sufficient information, and five were dealt with by the Ombudsman service. More than anything, these referred to criticisms of behaviour by employees or partners. 90 contacts were also received from companies requesting registration as Duratex suppliers.

Additionally, the Ombudsman service received 233 declarations from other public audiences as yet not served by this channel. These reports were directed to the formal channels already established, or rerouted internally to the areas responsible.

In 2013, Duratex will be clarifying the role of its Ombudsman service by reinforcing communication with regard to criteria and scope of operation.

Ombudsman Service contact channels
E-mail: ouvidoria@duratex.com.br
Internet: Please complete the electronic form on the website link www.duratex.com.br, Duratex Ombudsman Service
Electronic response (voicemail): 0800 55 75 77
By Post: Av. Paulista, 1938 – 6th floor – A/C Ouvidoria Duratex – São Paulo – SP – CEP 01310-942

For employees, the following contact channels are also available:
Intranet: completion of the electronic form on the Duratex Ombudsman Service website link
Suggestion boxes provided in all the Company's units. Personal meetings can be requested, with appointments being made with prior notice.

GOVERNANCE STRUCTURE

GRI 4.1

General Shareholders Meetings

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 at Duratex of a shareholding nature, such as call options, the Company's participation in capital markets, and future mergers and acquisitions.

Should a shareholder have a conflict of interest on any theme to be deliberated on at the General Shareholders Meeting, he should abstain from voting. If this premise, pursuant to Brazilian Corporation Law, is not complied with, and a vote is taken under these 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

Supervision of the top management, as well as business decisions involving sustainable development, are the responsibility of the Board of Directors, which meets on a routine basis every two months and on an extraordinary basis whenever necessary. All the information needed for decision-making by this body is contained in the Portal of the Board, an on-line platform with access restricted to members of this body, providing important information about Duratex, the market and other themes. **GRI 4.9**

The Board of Directors consists of a minimum of five and a maximum of ten full-time members, with the possibility of there being alternative members, of a number determined at the General Shareholders Meeting. In 2012, the Company had nine full-time board members, one of whom is a woman. Of these, three are independent, of whom one is nominated by minority shareholders, in addition to three alternative members. Pursuant to the Company Bylaws, the Chairman of this body does not exercise an executive function within the Company. **GRI 4.2 | 4.3**

MEMBERS OF THE BOARD OF DIRECTORS IN 2012

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	Independent Board Member
Álvaro Antonio Cardoso de Souza	Independent Board Member
Fabio Schvartsman	Independent Board Member
Andrea Laserna Seibel	Board Member
Paulo Setubal Neto	Board Member
Rodolfo Villela Marino	Board Member
Helio Seibel	Alternative Member
Olavo Egydio Setubal Júnior	Alternative Member
Ricardo Villela Marino	Alternative Member

Rovere Camerino – Essencial Wood Line Panel

Aspects inherent to sustainability are incorporated in the evaluation process of the Board Members, which includes peer evaluation on a 360° model. The recommendations, criticism or inquiries of shareholders can be addressed to the Board of Directors via the following e-mail: governanca.corporativa@duratex.com.br **GRI 4.4 | 4.10**

To provide advice to the Board of Directors in its deliberations on strategic matters, Duratex has five committees, made up of members of the Board itself and external specialists, with a mandate of one year and the right to re-election. Within these forums is carried out detailed evaluation of themes relevant to the Company, such as sustainability, staff, risks, disclosure of information and transactions with related parties.

Committee for Staff, Governance and Nominations

Responsibilities: 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.

Principal events during the year: the Committee for Staff, Governance and Nominations met 11 times during the year. It acted together with the Company's Executive Board in the formulation and approval of Human Resources Strategy, a program which defined the operation of the Human Resources Department for the next few years. In addition to this, it introduced the Balanced Scorecard as a tool for the dissemination of strategy and target monitoring, discussed the plan for reducing staff turnover, carried out climate research for the executive group and the coordinator/leaders of the area, and reviewed the Company's medical assistance plans. An external specialist was also appointed to the committee.

MEMBERS OF THE COMMITTEE FOR STAFF, GOVERNANCE AND NOMINATIONS

Alvaro Antonio Cardoso de Souza*	President
Alfredo Egydio Arruda Villela Filho	Member
Andrea Laserna Seibel	Member
Helio Seibel	Member
Ricardo Egydio Setubal	Member
Rodolfo Villela Marino	Member
Betania Tanure de Barros	Specialist

* Independent member

Committee for Sustainability

Responsibilities: encourages and develops mechanisms to integrate sustainability into Duratex's management processes. This Committee includes the CEO and the Chairman of the Board on a permanently invited basis, involving other executives whenever necessary.

Principal events during the year: the Committee for Sustainability had its structure altered in 2012, with the nomination of Alvaro Antônio Cardoso de Souza, an independent member of the Board of Directors, as its president, with the inclusion of an external specialist, as approved in the Company Bylaws. During the year, it also began to be monitored by the Executive Directors of the business units and the Wood Panel and Deca divisions, which met five times, while consulting with the Committee for Sustainability to analyse the current stage of the Company with respect to aspects of sustainability (environmental, economic and social), establishing a positioning to be reached by 2016, and defining priority themes for the next three years. It also monitored the work on the definition of policies in the social area and the results of the second Stakeholders Meeting (to learn more about this, see the chapter How to Read This Report).

MEMBERS OF THE COMMITTEE FOR SUSTAINABILITY

Álvaro Antonio Cardoso de Souza*	President
Fabio Schvartsman*	Member
Andrea Laserna Seibel	Member
Olavo Egydio Setubal Junior	Member
Rodolfo Villela Marino	Member
Tarcila Reis Ursini*	Specialist

* Independent members

Committee for Auditing and Risk Management

Responsibilities: supervises internal control processes and the management of risks inherent in the Company's activities, and the work carried out by the Internal and External Auditors. It also evaluates the quality and integrity of the Financial Statements.

Principal events during the year: at 11 meetings during the year, the Committee for Auditing and Risk Management evaluated the Financial Statements, supervised the work of the Internal and External Auditors and directed its efforts to the evaluation of risks, with greater emphasis on financial and environmental risks, and controls for their respective mitigation. During the year an external specialist was appointed to the committee.

MEMBERS OF THE COMMITTEE FOR AUDITING AND RISK MANAGEMENT

Alcides Lopes Tápias*	President
Tereza Cristina Grossi Togni*	Specialist
Andrea Laserna Seibel	Member
Ricardo Egydio Setúbal	Member
Rodolfo Villela Marino	Member

* Independent members

Committee for Disclosures and Trading

Responsibilities: analyses and discusses documents that will be published in the market, monitors the trading of shares, and ensures compliance with the Policy for Trading and Disclosure.

Principal events during the year: at four meetings during the year, the committee acquainted itself with shareholding movements by the main shareholders, as well as assessing and deliberating on material for the publication of the Company's results.

MEMBERS OF THE COMMITTEE FOR DISCLOSURE AND TRADING

Flavio Marassi Donatelli	President
Antonio Massinelli	Member
Henri Penchas	Member
Raul Penteado de Oliveira Neto	Member
Ricardo Egydio Setubal	Member
Salo Davi Seibel	Member

Committee for the Evaluation of Transactions with Related Parties

Responsibilities: ensures that transactions carried out between related parties take into consideration the interests of the Company 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.

Principal events during the year: at four meetings during 2012, the Committee for the Evaluation of Transactions with Related Parties dedicated itself to drawing up the Policy for the Evaluation of Transactions with Related Parties, and analysed the transactions carried out during the period.

MEMBERS OF THE COMMITTEE FOR THE EVALUATION OF TRANSACTIONS WITH RELATED PARTIES

Alcides Lopes Tápias*	President
Álvaro Antonio Cardoso de Souza*	Member
Fábio Schvartsman*	Member

* Independent members

Executive Board

The Executive Board, which consists of 14 statutory directors, is the body responsible for the execution of the business action plan based on strategy defined by the Board of Directors, ensuring that the Company is in alignment with the plan. The Executive Board also allocates funding and evaluates the performance of the segments in which the Company operates, as well as being responsible for new investment programs for Duratex's expansion and modernisation. To this end, it meets once a week or more frequently whenever necessary. All the members of the Executive Board are submitted annually to a performance evaluation by the Board of Directors, their peers and direct subordinates.

MEMBERS OF THE EXECUTIVE BOARD IN 2012

Henri Penchas	Chief Executive Officer
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	Elective Director for Finance and Investor Relations
João Jacó Hazarabedian	Executive Director for the Supply Chain, Investments and IT
Mônica Ramos Pinto	Executive Director of 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 New Business
Flávio Dias Soares	Director for Development and Marketing at Deca
Francisco de Assis Guimarães	Director for Innovation and Technology Outsourcing
Roney Rotenberg	Sales Director for Deca
Marco Antonio Milleo	Industrial Director for Deca

Commissions

In 2011 Duratex created a series of commissions to assist in the decision-making process of the Executive Board, helping to perfect management and strengthen synergy between the businesses. These bodies strengthen integration within the Company, bringing together specialists from different areas, allowing discussion on significant themes, and their influence on the operational segments, from a systemic perspective and integrating these into the goals of the business. It also ensures analysis of themes debated by the committees from a company operational standpoint.

Executive Commission

Responsibilities: analyses and discusses all Duratex's strategic and operational aspects, defining general directives.

Principal events during the year: in the weekly meetings, it deals with the alignment and execution of the strategic plan defined at Board level.

Investment Commission

Responsibilities: analyses the competition and competitiveness of Duratex, in addition to monitoring and approving investments by the Company in fixed assets. The commission consists of one coordinator and ten members.

Noce Mare – “Essencial” Line Panel

Principal Events during the Year: In 2012, the commission held 11 monthly meetings, which contributed to the supervision and control of Duratex's Investment Plan, covering hundreds of projects, the most important of which are the expansion to the MDP unit at Taquari (RS), a new MDF plant at Itapetininga and the new vitreous chinaware plant at Queimados (RJ). It also supervised Duratex's investment plan for 2013, approved by the Board of Directors.

Commission for Personnel

Responsibilities: proposes and monitors the implementation of staff management policies and practices, focused on attracting, developing and retaining the talent which has led Duratex to be recognised as one of the best companies to work for. It consists of one coordinator and seven members.
Principal events during the year: it provided support for the work of the Committee for Personnel in the drawing up and approval of the Human Resources Strategy, Balanced Scorecard, the company medical assistance plan, the definition and buying of a new human resources management system (SAP) and the carrying out of climate research for the executive group and coordinators/leaders of the area. In addition to this, it provided support for the work of the Ombudsman service.

Commission for New Business

Responsibilities: proposes the development of new businesses which indicate competitive advantages and increased value generation for Duratex. It consists of one coordinator and seven members.
Principal events during the year: it evaluated 21 studies in the most diverse segments of the construction sector, of which three were actually realized: Tablemac, Mipel and Thermosystem. The commission also has a portfolio of 45 other studies in different stages of development.

Commission for Social Investment

Responsibilities: 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 12 members.
Principal events during the year: during the year, this Commission met 15 times, with the objective of making a start on drawing up a Policy for Social Investment and the

standardization of the Company's sponsorship of educational initiatives. Duratex is also looking at the possibility of social action on projects focused on sport and culture. The commission approved the Standard for Donations and Sponsorship (criteria and procedures), plus Duratex's Social Policy and Social Investment Policy. It also nominated 25 local representatives to offer support for the Company's relationship with the communities, and has analysed more than 450 proposals for the support of cultural, sporting and social projects.

Commission for Sustainability

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

Principal events during the year: it has formalised the standards and programs relating to the environment, supply chain, employees and governance. It has also discussed Duratex's sustainability strategy for the next few years, bringing the Sustainability Committee more in touch, and involving itself in the second Stakeholders Meeting.

Commission for Innovation

Responsibilities: aims to ensure the Company's differentiated growth, competitiveness and profitability. It consists of one coordinator and 14 members from different business areas.

Principal events during the year: it set up the Imagine Program, which encourages the creation of multidisciplinary relationships and multiple skills (internal and external) among employees, for the suggestion of innovations. The program offers financial rewards, and through its internal communication channels received 459 ideas during the year.

Commission for Shareholding and Tax Matters

Responsibilities: consists of one coordinator and five members, and develops solutions which contribute to the improvement of the Company's shareholding and tax structure.

Principal events during the year: the commission met 11 times, and its principal activity was deliberation on the introduction of procedures as a consequence of alterations to the tax and shareholding legislation, and the monitoring of federal, state and municipal tax inspections, as well as legislation of interest to the Company.

Commission for marketing

Responsibilities: proposes policies for the strengthening of Duratex's corporate brand name through attributes such as quality, ethical behaviour, reliability, design, innovation and sustainability, generating satisfaction for consumers and value for shareholders. It consists of one coordinator and six members.

Principal events during the year: it participated in the revitalisation of the Duratex brand name and the Company's websites, as well as discussing the drawing up of the Communication Policy.

Commission for Risks

Responsibilities: consists of one coordinator and six members, evaluates the risks involved in the Company's operations and recommends appropriate policies to management.

Principal events during the year: nine meetings were held, the main results of which were the publication of the Risk Management Policy for the whole company, the drawing up and monitoring of action plans with the objective of eliminating/mitigating the principal risks identified in the mapping exercise carried out in 2011, reporting on progress to the introduction of these plans to the Committee for Auditing and Risk Management and the Board of Directors and the introduction of the process for updating the risk map (2012 period) through self-assessment, involving all Duratex's business units and the persons responsible for their operation, directors and managers.

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

RISK MANAGEMENT

GRI 1.2 | 4.11

Duratex has a rigid risk management policy that identifies, assesses, prioritises and deals with possible risks to the business. This control process aims to guarantee sustainability and the creation of value for the shareholders. Based on the mapping of risks carried out in 2011, risk management has been provided with more structure, with the definition of actions for risk mitigation and Risk Norms, published at the end of 2011. In its risk management, Duratex integrates technology, processes and staff, as well as observing the best corporate governance practices possible.

Each risk is continuously evaluated with respect to its likelihood of occurrence and financial impact on the businesses in order to permit its prioritisation. As necessary, the Company communicates the results of the various stages of the risk management process in a clear and objective manner, to all the interested parties, contributing to the understanding of the current situation and the efficiency of the action plans.

The risk management structure consists of the Board of Directors, the Committee for Auditing and Risk Management and the Risk Commission of the Executive Board. Analyses of the potential risks are carried out by representatives from various areas of the Company, and follow the Principle of Precaution, established at the United Nations Conference on the Environment and Development.

Exchange Rate Risk

Volatility in foreign exchange flows can influence asset and liability balances in foreign currency. Duratex seeks to ensure that the currency fluctuations 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 forms of mitigating exchange-rate risks, while no derivatives of an "exotic" nature are permitted. As a consequence, the loans in foreign currency are swapped into Reais and the contracting of Non-Deliverable Forwards (NDFs) is used to cover possible exposure.

Risk to Cash Flow or Fair Value Associated with Interest Rates

The risk of the Company suffering economic losses due to adverse in the exchange rate is continuously monitored with the aim of evaluating the necessity of contracting derivative operations to provide protection against volatility, while the Company's indebtedness policy defines those risks which are acceptable. Under this policy, the ratio of Net Debt to EBITDA must be less than three, while the ratio of net short-term debt to EBITDA must be lower than 0.5.

Credit risk

The Company has adopted a sales policy associated with the level of credit risks to which it is exposed, according to 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 applications, and other investments, Duratex has an Investment Policy which defines the institutions with which it may have a business relationship, and directives with respect to level of concentration. Duratex, through its Indebtedness Policy, defines limits and parameters so as to guarantee its solvency. Control of its liquidity position takes place daily through the monitoring of its cash flows. The balance of payments past-due for more than 31 days, at the end of 2012 was R$34.3 million, or 1% of net sales for the year.

Duratex´s Eucalyptus forest

Risks and Opportunities with Respect to Climate Changes

GRI EC2

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

However, as the leading company in the segments in which it operates, Duratex has the capacity to adapt itself to more challenging scenarios and lead movement for change, with the possible capturing of additional market share.

To learn more about the complete risk matrix, readers should access the Reference Form on the website www.cvm.gov.br or on the Company's website www.duratex.com.br/ri.

INTANGIBLE ASSETS

The adoption of a long-term strategy and the allocation of its investments guarantee Duratex an important competitive advantage, principally with respect to the raw material that comes from its forests. This advantage adds value to the Company and for its shareholders, increasing the productivity of its operations and consolidating its relationship with the public audiences concerned, as well as improving its environmental performance with the efficient use of funds.

Geographical Diversification

Duratex has a presence in various locations in Brazil, which allows it to offer better quality of customer service and reduce its logistics costs. The Company increased its international presence in 2012, with the acquisition of a 37% stake in Tablemac, in Colombia, as well as investing in the expansion of its production capacity, giving priority to the South and Southeast of the country.

Brand Names

Duratex's principal brand names include the name Duratex itself, Deca and Hydra in the metal bathroom fittings segment, and Durafloor in the panel segment. In 2012 it introduced a refreshing new logo, strengthening the union between its operational segments and portraying qualities such as innovation, design, quality and sophistication.

Innovation

Innovation is an important characteristic of Duratex and is a determining factor in ensuring the Company's longevity. To this end, it invests continually in products and solutions which provide it with a greater competitive edge in its operational markets. In 2012, Duratex invested R$19.1 million in research and development. During this period the Company launched 27 new bathroom fitting lines, 32 vitreous chinaware lines, 32 new wood panel patterns and six new Durafloor floor types.

Quality

Duratex's quality standard is a benchmark reference in the market and is widely recognised by customers and consumers alike. In addition to the training of its workforce, and the national coverage of its technical assistance, the Company guarantees the credibility of its brand names and transmits a sense of confidence and reliability to its users through its Customer Service Centre (SAC). The SAC contact details are provided on product packaging, and on the following websites: www.deca.com.br, www.duratex-madeira.com.br and www.durafloor.com.br.

Eco-efficiency

In working with important natural resources, Duratex understands its significant role in preserving biomes and invests in eco-efficient processes which include the consumption of clean energy, the reuse of materials, and the saving of water and electricity. In its metal bathroom fittings plants, 100% of the metallic residue is reused. Reduction in energy consumption is obtained through the thermal installation of equipment, the use of natural illumination, the installation of solar heaters, and the use of more efficient lamps.

In the Wood Division, all the production of boards and panels uses wood that comes from reforestation activities. Some of the plantations also carry Forest Stewardship Council (FSC) and ISO 14001 certification. In addition to this, the construction of new buildings takes into account aspects such as rainwater storage and the use of water from showers and basins from the changing rooms which is used to water the gardens, solar water heating, natural illumination of the administration areas, and the installation of metal bathroom fittings and vitreous chinaware that are designed for low water consumption.

Personnel

Duratex understands that its employees play a central role in the success of its businesses. For this reason, it encourages the development of human capital and promotes activities that help to maintain a healthy working environment. An important move carried out in 2012 was the restructuring of the Human Resources Directorship, which will be focusing its activities on the retention of talent, organizational culture, internal climate, training and meritocracy, among other aspects.

Information Technology (IT)

In order to guarantee the security of its database, Duratex has a Business Continuity Plan. This system replicates the database every 30 minutes and stores it in a safe environment, outside the Company's installations. The Company's IT infrastructure uses leading-edge technology based on an SAP platform. The production processes use advanced resources, including robotised processes, in addition to undergoing regular maintenance.

Metal Deca Wish Gold – Cuba L.87 Black Matte

The area is run by the Directorship for Information Technology, Standards and Investment Management, created two years ago with the objective of improving the Company's IT systems. This is fundamental in improving risk management, planning, and the monitoring of investments, and increases the Company's exposure on the internet, with various websites targeted at specific public audiences.

Gains in Scale

Duratex's production scale, thanks to its extensive size and constant investment, results in cost savings. The Company has a market share of about 40 % in its two Divisions (Duratex's estimate) in Brazil. In 2012, it acquired two companies in Brazil and a 37 % stake in Tablemac, a producer of wood panels in Colombia. Investments were also made in organic growth in the Deca and Wood divisions. These, in addition to adding extra revenue for the Company, will contribute to gains in scale when operating at full capacity, diluting the portion of fixed costs linked to industrial activity and enriching the mix of products offered, with increased potential for the creation of differentiated products, when compared to its competitors.

Over 140,000 hectares of planted forests in an area of 230,000 hectares to ensure Duratex self-sustainability in the supply of plants

Product Mix Diversity

Duratex's product mix is principally based on the needs of the sectors in which it operates. With the acquisition of Thermosystem and Mipel, the Company has entered into markets that have synergy with its existing business, diversifying the range of solutions that it offers in terms of industrial valves, electronic showers, and solar heating systems. The products are conceived based on principles of sustainability and the aim is to achieve eco-efficiency not only in terms of their production, but also in their use. The eco-efficiency program, specifically focused on the development of products with low water consumption, today has a range of more than 300 items.

Integration of Operations

The forestry reserves guarantee supplies to the plants, mitigating the risk of future wood price increases. This is a self-sustaining operation, with 140,000 hectares of planted forest in an area of approximately 230,000 hectares, integrated with the industrial complexes through a supply network, providing a high degree of self-sufficiency in terms of wood supply. The Company continues to look at businesses that have synergy with its current operations.

Cost Management

The scale of operation, the integrated wood supply system and the verticalization of its production, are all important factors in keeping operational costs low. In addition to this, the Company also reuses inputs and uses biomass for the heating of its boilers.

AWARDS AND RECOGNITIONS DURING THE YEAR

GRI 2.10

Awards

Valor 1000: champion of the Construction Materials and Decoration sector (for the second time) as well as listed as outstanding in the categories of Sustainable Growth, Net Revenue, Value Generation and Business Margin.

Top of Mind Award from *Casa & Mercado* magazine: the brand names Deca and Durafloor were the most remembered by the public in their operational segments.

Top Móbile Award: ranked in first place in the categories of MDP panels and MDF panels, in the Suppliers to Industry segment.

Abrasca Award for Value Creation: winner in the category Outstanding in the Sector in 2012 – Paper and Pulp as the best case of value creation in 2011.

Época Negócios 360º Yearbook: best company in the Construction Materials and Decoration segment.

Best in Money Terms for 2012: best company in the Construction Materials and Decoration segment. In addition to ranking in first place in the sector, Duratex was also listed as outstanding in the categories of Best Company in Corporate Governance Management, Best Company in Environmental Management, Best Company in Human Resources Management and Best Company in the Management of Social Responsibility.

Biggest and Best 2012/Exame: in the Forestry area Duratex was elected as the best company in the wood and pulp sector.

Greenbest Award 2012: finalist with the Decalux Save tap, launched by Deca, in the category of Products for Construction and Refurbishment.

Época Green Company Award 2012: outstanding in Good Environmental Practices.

Eco Award: winner in the category of Sustainability in Products, with the Hydra Duo valve.

Ética in Business Award: the Piatan Environmental Living Area (AVAP), situated at the Agudos Forestry Unit (SP), and the Buriti Centre for Socio-Environmental Education (CESA), located at the forestry unit in Estrela do Sul (MG), both won the Sustainability category.

Abrasca Annual Report Award: the Duratex 2011 Annual Report received an honourable mention in the Risk Management category.

Recognitions

Duratex won recognition in terms of two important Carbon Information Reports under the Carbon Disclosure Project (CPD).

The shares of the Company were chosen for the first time to be part of the Dow Jones Sustainability World Index. Launched in 1999, this was the first global index that monitored companies with a focus on the creation of long-term value. For the 2012/2013 period, only 340 companies were selected to form part of the index, of which only nine were from Brazil. Thirty four criteria were evaluated from environmental, economic and social perspectives. In the evaluation process the Company obtained an absolute score of 79, which places it in the top 10, with an average of 93% and the best score in terms of 5 criteria, the most important of which were Crisis and Risk Management, Engagement with Stakeholders and International Production Standards. Duratex was the first Latin American company in the construction materials sector to be included in this index.

For the fifth year running, Duratex's shares were included in the BM&FBovespa Corporate Sustainability Index (ISE).

Duratex was listed as outstanding in the Brazilian ranking for renewable energy, classified in eighth position. This ranking was compiled for the first time by Bloomberg Energy Finance (Bnef) in its Corporate Renewable Index research, an index which provides information on the renewable energy used by companies.

03

SOCIO-ENVIRONMENTAL RESPONSIBILITY

GRI 4.12

THEME 18 OF THE MATERIALITY MATRIX: ENVIRONMENTAL POLICY

Work on the building of the Materiality Matrix and the definition of priority themes began in 2010, and in 2012 Duratex held its 2nd Stakeholders Meeting in order to determine the most significant themes to be developed and included as part of the Company's strategy and long-term management. The consultation process involved 25 market specialists, 47 employees, and members of top management.

The themes prioritized, based on the cross-referencing of evaluations by specialists and top management, are being incorporated into the Company's sustainability strategy by the Committee for Sustainability, while the contributions of the panel of employees will contribute to improving staff management policies and practices of the Human Resources Directorship.

Initiatives to improve Duratex's environmental management use market references, such as the following indicators: Ethos, GRI, CDP, ISE and the DJWSI.

Duratex is one of the companies that has been invited to complete responses for the BM&FBovespa Carbon Efficiency Index (ICO2), after having contributed to discussions on the creation of this index. In addition to this, it is a signatory of the Global Compact, and one of the founding members of the Brazilian Green Building Council.

4% to 7%

was the increase in the level of reporting in 2011 and 2012 Carbon Disclosure Project in Brazil, reaching the highest note of reports of their initiatives to r reduce the emission of greenhouse since 2007

Advances in Environmental Management in 2012

CPD: Duratex was cited as outstanding in the categories of Governance and Emission Reduction Initiatives in the CPD report for 2012. The Company obtained a C in terms of performance level, with an increase from 49% to 75% in the level of reporting from 2011 to 2012, and achieved a higher score with respect to its initiatives for reducing GHG emissions than it has since it began responding to the questionnaire in 2007.

ISO 14001: the environmental management systems were certified in five of Duratex's plants, two in the Wood Division (Uberaba and Agudos) and three in the Deca division (Louças Sul, Metais Jundiaí and Metais São Paulo). The ISO 14001 standard establishes directives for environmental management with the object of improving the systematization of processes and efficiency of training, and widening the coverage of environmental awareness initiatives.

Corporate Renewables Index: the Company featured in the renewable energy Brazilian rankings compiled by Bnef. This mention was primarily due to the volume of renewable sources used for the generation of electricity during the year. Duratex consumed more than 1,000 GWh of biomass, which also places it in a differentiated position in a global context.

Diagnoses of water availability: initially carried out for Duratex's units in the state of São Paulo, this diagnosis cites the availability of water resources in the context of the rest of the world world, Brazil, and the state, where most of the Company's production capacity is based and from which most of its revenue derives. The objective of the project is to define the water risk at each location with respect to demand, current availability and availability in the future, enabling the Company to trace out those areas that best fit its projects. The results are being compiled, and the project is to be extended to the plants in the northeast in 2013. This year the identification of the water footprint for one of its main products, MDF, is being planned, taking into account direct water consumption and the generation of effluent in the production process. **GRI EN9 | EN25**

Definition of environmental targets: based on the criteria defined by the Commission for Sustainability in 2011, Duratex has established targets for the various environmental aspects of its operation:

- Electric power: 1% reduction in consumption by the Deca Division by the end of 2013. For the Wood Division, targets will be established once the two new production lines have been brought into operation, seeing that they will affect the rate of energy efficiency during their initial ramp-up period.
- Water: the panel, vitreous chinaware and metal bathroom fittings units all have specific targets to reduce water consumption (4%, 3% and 2%, respectively) and effluent generation (6%, 5% and 2%, respectively) by the end of 2013.
- Residues: the panel, vitreous chinaware and metal bathroom fittings units must reduce their residue generation by 3%, 14% and 1%, respectively, by the end of 2013. These targets will be redefined to take into account the equity stake in Tablemac and the recently acquired operations of the Deca Division in Jacareí (SP) and Tubarão (SC).
- Emissions: 0.7% of Duratex's emission reductions under Scope 1 of the GHG Protocol by 2014, taking into account changes in its energy matrix.

RELATIONSHIP WITH STAKEHOLDERS

GRI: 4.14 | 4.15 | 4.16 | 4.17

Duratex values its transparent and close relationship with its stakeholders, maintaining open dialogue through various channels, including especially targeted channels. Guidelines on relationships with stakeholders are listed in the Code of Conduct of the Company.

TABLE OF INTERACTIONS

Interested party	Communication channels	Principal actions
Shareholders and investors	Quarterly conference calls on the results; roadshows in Brazil and abroad; individual and group meetings and analyst visits to plants; public meetings for analysts in Brazil; annual report; website channel of the investor relations department, with personal contact for communications/alerts by e-mail for the publication of events of interest; electronic information bulletin about sustainability and relationship channel on the environmental theme (sustentabilidade@duratex.com.br).	Publication on the website of financial, social, environmental and cultural information; quarterly reports containing discussion of results and socio-environmental performance; Code of Ethics and Conduct; Committee for Disclosure and Trading; Security Trading Policy and Disclosure Policy for Material Events and Facts.
Clients and consumers	Toll-free telephone service for customers; corporate website, websites of Deca and Wood divisions; annual report; electronic information bulletin on sustainability and relationship channel on the environmental theme. Presence of the Company at trade fairs and events, with its own stand and participation by company executives.	Customer service and technical assistance; product advertising in accordance with ethical standards; development of eco-efficient products; Credit Committee and Code of Ethics and Conduct.
Suppliers	Website; annual report; electronic information bulletin with respect to sustainability and relationship channel on the environmental theme.	Policy for the Supply of Goods and Services, and Code of Ethics and Conduct.
Employees	Confidential channels for denouncements; electronic information bulletin on sustainability; relationship channel on the environmental theme; HR listens; internal noticeboards; intranet; website, annual report and 2nd Stakeholders Meeting – Panel of Employees	Education and training programs; calendar events, such as secretary day, Mother's Day and year-end celebrations; Code of Ethics and Conduct and the Committee for Staff, Governance and Succession.
Community	Annual report; website, relationship channel on the environmental theme and availability of the "speak to us" tool on the website.	Committee for Sustainability and the sponsoring of cultural and social events. Factory visits program and investments of an educational nature in regions where the Company is present.
Government and society	Annual report; website and relationship channel on the environmental theme.	Code of Ethics and Conduct; Policy for the Reception and Treatment of Denouncements; Environmental Policy; contribution to associations, entities and sustainability initiatives, such as the Ethos Institute, the Mão Certa Program and ISO and FSC certifications.
Press	Annual report; press relations; website, e-mail alerts and press conferences.	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 CUSTOMER SERVICE (PRE-AND POST SALE)

Duratex offers convenience and flexibility through its service channels and extensive technical assistance network, in addition to investing continuously in the training of its professional staff and promoting marketing and relationship initiatives, all characterised by respect and ethical behaviour. As a result, its brand-names and products are recognised by customers and consumers alike, as references for quality, design, innovation and sustainability.

In the Wood Division, the support service is segmented into two structures, one directed to industry (particularly the finance sector) and the other to retail wood merchants and construction material outlets. The support for these structures is provided by teams specialised in communication, product development, technical assistance and customer relationships.

While at the Deca Division, there is an ongoing drive to emphasise the outstanding qualities of its products and the value of the brand-name with architectural firms and construction companies, with visits by the pre-sales team. The Division also has sales affiliates, focused on the construction industry and retail outlets.

CONSUMER ADVICE SERVICE – DURAFLOOR	2012	2011	2010	2009
Total number of calls received by call center	27,131	32,364	25,452	29,451
% of complaints as a proportion of total calls taken	12.11	11.60	9.00	11.74
% of complaints not dealt with by call centre	0	0	0	0
Average call waiting time before call is answered	6s	7s	7s	6s

To learn more about consumer opinion with respect to the quality of service provided, Deca's SAC carries out monthly auditing, based on sampling, of the service orders received and implemented by the authorised service network of Deca Hydra. The satisfaction level in these audits carried out in 2012 was 94.5%, demonstrating the high degree of confidence that consumers have with respect to the Division's products and services.

CONSUMER ADVICE SERVICE – DECA DIVISION	2012	2011	2010	2009
Total number of calls received by call center	68,695	78,841	100,722	98,594
% of complaints as a proportion of total calls taken	1.20	1.10	0.19	0.06
% of complaints not dealt with by call centre	0	0	0.01	0.01
Average call waiting time before call is answered	50s	47s	48s	49s

Drying Machine

Relationship Activities

Duratex's relationship with its customers, and its reputation, are reinforced by a series of initiatives. Among these, of particular note are: the Duratex Loyalty Program, the holding of concourse competitions such as the Deca Dream Bathroom Award, the Deca Bathroom Project competition, and participation at events. In 2012, Deca was present at the 3rd Brazilian Green Building, the 5th Brazilian Congress for the Development of Hospital Buildings, the Beauty Fair, the 6th São Carlos Engineering, Architecture and Agronomy week and the 54th National Hotel Congress, in addition to sponsoring Casa Cor, the largest architectural and decoration event in the Americas, held in various Brazilian states, such as Rio de Janeiro, São Paulo, Rio Grande do Sul, Minas Gerais, Goiás and others.

In the Wood Division, various events are held to improve customer relationships. Among these, of particular note are the workshops, in which a selection of promotional partners and specialists are invited to seminar sessions on products and themes of interest; and the Meeting of Friends, which in 2012 saw the participation of around 1,240 clients, and which through combined action with Duratex collected 2,440 Kg of non-perishable foodstuffs, donated to charitable bodies in the communities where the Company is present.

In addition to this, the Deca and Panel business units represented Duratex at Exporevestir 2012, from March 6 to 9, at the Transamérica Expo Center, in São Paulo. The event, held annually, anticipates trends and solutions for the building finishing sector, focused on architects, interior designers, builders, construction material retailers and international buyers.

With a stand of approximately 400m², Deca receives the public at its concept hall, sited at the entrance of the pavilion, and replete with technology and design. Neutral colours, characterised by the use of wood in flooring, and cement plaques on walls, lend a sophisticated tone to the space, which is complemented by images of the current branding campaign.

In the same way, the Panel Unit's stand was created by the architect Maurício Queiroz and prioritises the use of Duratex's products. In addition to walls of Duna Branco Diamante, the stand uses one of the flooring products launched during the year; Durafloor Trend, the only one in the country with two widths of floorboard available which can be installed together or separately, providing a personalised look.

Also in 2012, Duratex and its Deca, Durafloor and Painel business units, became part of the main social media networks.

Suppliers

In keeping with its Mission, Vision and Values, the Company maintains a focus on ensuring that its partners are qualified and authorised with respect to interrupt socio-environmental practices, exposure to risks, technological evolution and responsibility for customers, suppliers and employees.

Duratex made improvements to its Buying Policy in 2012, with the aim of creating an even more solid relationship with its suppliers and greater transparency in relation to its competitive processes. In addition to this, it also took steps to ensure a posture of mutual cooperation, allowing socio-environmental projects to be developed for a sustainable future. As part of Duratex's Supplier Program (GFD), in 2012 an Ombudsman service was introduced for suppliers, which over the next few months will be launched on the Supplier Portal.

In its quest to continually improve its processes, Duratex is seeking to replace non-renewable inputs with more economic and sustainable alternatives. For 2013, the start of a project is planned for the unit at Itapetininga (SP) with the replacement some of the fuel oil supplying power to the plant with biomass from the residue of the manufacturing process. Another noteworthy item is the largest plant of the Panel Unit, located in the municipality of Agudos (SP), where fuel oil is being replaced with natural gas.

Employees

GRI 4.4

One of Duratex's major differentials is its human capital. Its more 10,000 employees are committed to the excellency of its products and services and focused on customer satisfaction. The Company invests in its development through policies and processes which value diversity, the attraction and retention of talent, quality of life, and safety in the workplace. The main achievements in 2012 and the priorities for 2013 in terms of staff management are highlighted in the figure below.

At the end of 2012, Duratex had 10,514 employees, consisting of 10,353 in Brazil (in addition to 87 student trainees and 1,822 outsourced staff) and 161 in foreign countries. Compared to 2011, there was a slight drop of 0.4% in the number of direct employees.

Staff management: highlights and outlook for the future

Achievements in 2012:

- Purchase of Human Resources SAP system
- Creation of the For Everyone Program (see more in the item on Diversity)
- Institution of development platform for managers
- Completion of organizational climate research
- Publication of Duratex Magazine

Priorities for 2013:

- Consolidation of the operational model for the Human Resources Department
- Strengthening of human resources management through the implementation of control indicators
- Dissemination of corporate culture (Somos Assim – How We Are) and promotion of diversity in the working environment, among other aspects

Employees at Agudos unit, Durafloor packaging

EMPLOYEES BY LABOUR CONTRACT AND REGION

	2012	2011	2010
TOTAL BRAZIL			
Employees	10,353	10,390	9,368
Directors	15	13	13
Interns	87	107	148
Outsourced staff	1,822	1,929	1,682
TOTAL IN FOREIGN COUNTRIES			
Employees	161	171	174
Directors	0	0	0
Interns	0	0	0
Outsourced staff	0	0	0
BRAZIL			
Employees (total)	10,353	10,390	9,368
South	926	907	968
Southeast	8,077	8,148	7,885
Midwest	0	0	0
Northeast	1,350	1,335	515
North	0	0	0
Directors (total)	15	13	13
South	0	0	0
Southeast	15	13	13
Midwest	0	0	0
Northeast	0	0	0
North	0	0	0
Student trainees (total)	87	107	148
South	2	5	11
Southeast	85	102	136
Midwest	0	0	0
Northeast	0	0	1
North	0	0	0
Outsourced staff (total)	1,822	1,929	1,682
South	218	229	400
Southeast	1,550	1,652	1,241
Midwest	0	0	0
Northeast	54	48	41
North	0	0	0
ABROAD			
Employees (total)	161	171	174
Argentina	156	163	166
Belgium	0	2	2
United States	5	6	6

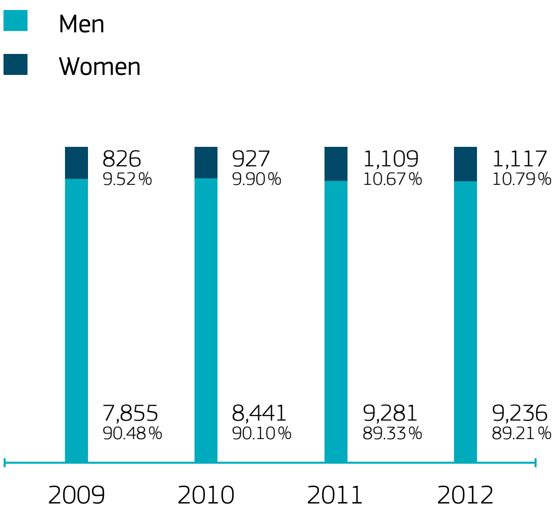
Diversity Indicators

In 2012 the Company launched the For Everyone Program, aimed at attracting the disabled into the Company. This is the first step in a strategy of strengthening Duratex's diversity, reaffirming the Company's values and complementing other social responsibility initiatives. The program has had wide mobilization within the Company, with the definition and training of facilitators who disseminate the initiative to all Duratex's public audiences. These employees receive the mission to identify opportunities for the hiring of disabled staff, acting in conjunction with the Human Resources department in the implementation of improvements to the program, and sharing experiences with other work colleagues. During the year, efforts have already resulted in internal and regulatory targets being reached, in terms of the number of disabled employees, and the expectation for the next few years is for this type of hiring to increase.

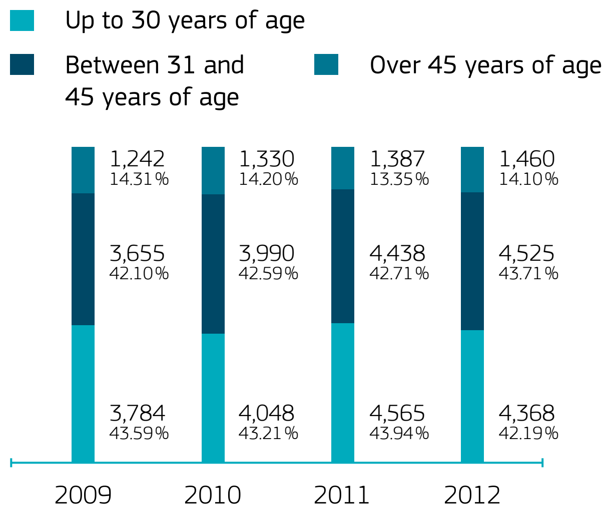
In addition to this, since 2008, Duratex has had its Social Inclusion Program at the Nursery Unit in Lençóis Paulista, which hires staff to work in the cultivation of saplings. This initiative also includes the offering of courses related to forestry activities in partnership with associations for the support of the physically and mentally challenged, the municipal authority and technical colleges.

The number of women working at the Company has increased gradually over the last few years, representing 9.5% of the total number of employees in 2009, and rising to 10.8% in 2012. The Company also has an increasing number of professionally experienced staff, with the number of employees between the ages of 30 and 35, and over 45, having shown an increase. There was also a significant increase in the percentage of employees of the people of colour and people of African heritage, which up to 2009 represented a little over 20% of the workforce, and which now represents 28%.

EMPLOYEES BY GENDER



EMPLOYEES BY AGE BRACKET



Seedling nursery

7,226 EMPLOYEES

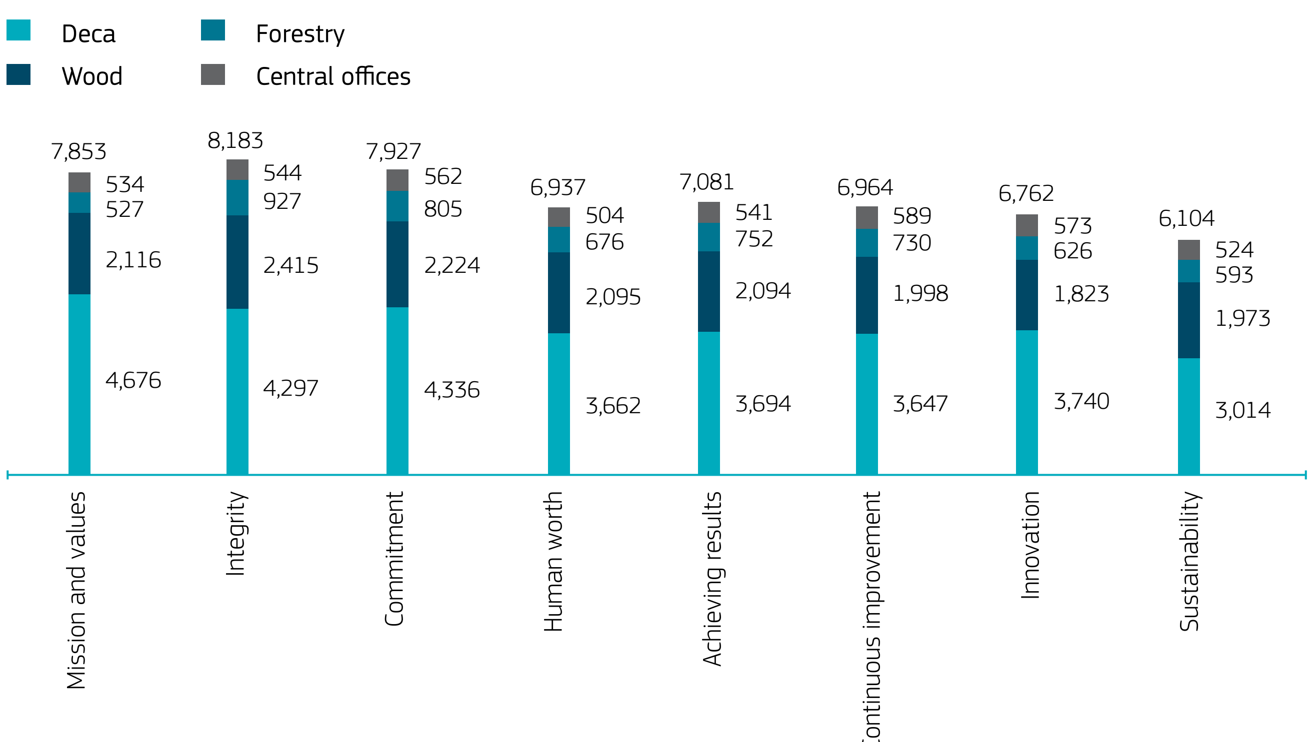
WERE TRAINED, BETWEEN 2011 AND 2012, THE SOMOS ASSIM PROGRAM, THAT SPREADS THE CULTURE OF THE COMPANY FOR THE INTERNAL PUBLIC

Somos Assim

The *Somos Assim* (How We Are) program, created in 2010, is an initiative to disseminate Duratex's corporate culture among its internal stakeholders, including the Company's Values, beliefs, Mission and Vision. In this way, the Company keeps itself in alignment with its core essence and ideas, reaching towards its strategy for the future.

Publicizing the *Somos Assim* Program was carriedone in 2012 through presentations and the distribution of leaflets. Between 2011 and 2012, an average of 7,226 employees were trained. In 2013, a summary of all the initiatives carried out in the previous year will be shared with employees, in addition to stressing the significance of each of the Company's values, and how to apply them on a day-to-day basis.

NUMBER OF PARTICIPATIONS IN *SOMOS ASSIM* TRAINING PROGRAMS



Production of metal fittings, São Paulo unit

Panel of Employees

Duratex's 2nd Stakeholders Meeting, held in 2012, included a specific panel for employees. On that occasion, 47 participants spoke openly about their perception of the Company's personnel management.

The event was an important step in bringing the Company increasingly closer to its internal stakeholders, and improving the management of its staff. Among the positive points raised by employees was the direction of ethical behaviour among Duratex's management and through its activities, as well as the infrastructure provided in the work environment. As points cited for improvement, the internal stakeholders raised questions such as career planning, benefits and internal recruitment. All these themes are being evaluated by the Human Resources Directorship, and are being worked on within the Company.

Examples of this are the changes already planned for 2013, with a new healthcare model being introduced for all employees, and the leadership development platform, as well as the development of core and business skills, initially developed for management level, to be subsequently introduced for other employees.

Climate Research

Duratex carries out research to evaluate its organisational climate, drawing attention to aspects that need improvement. In combination with the employee panel, the climate research reflects the opinion of the internal stakeholders, and therefore represents an important engagement tool.

In the first phase of the climate research, carried out in October 2012, 333 directors, managers, coordinators and division chiefs were invited. Of these, 87.9% responded to the research, being 88.05% male and 11.95%, female. This research will be continued in 2013.

Climate Research themes covered in 2012

- Organizational Climate: exposure to stress
- Harmony of environment
- Cooperation between employees
- Careers and development
- Working conditions
- Job positions
- Leadership
- Benefits, among others

Staff Turnover

Duratex's staff turnover rates by gender and age group were lower in 2012 than in the previous year, except for among staff of over 56 years of age.

STAFF TURNOVER RATES – %

	2012	2011	2010
GENDER			
Men	21.3	23.1	22.1
Women	29.0	33.1	21.2
AGE BRACKET			
Up to 20 years old	81.5	93.1	85.1
21 to 25 years old	35.7	38.8	36.3
26 to 30 years old	23.5	25.3	24.6
31 to 35 years old	16.8	19.7	18.1
36 to 40 years old	12.1	15.1	13.2
41 to 45 years old	8.5	10.8	8.6
46 to 50 years old	7.6	7.8	5.2
51 to 55 years old	8.5	8.3	6.0
56 and over	14.4	11.5	8.1
REGION			
Northeast	40.8	60.4	38.3
Southeast	18.7	20.7	20.8
South	24.9	24.1	23.5
Brazil	22.1	24.2	22.0

Definition of Targets

GRI LA12

THEME 38 OF THE MATERIALITY MATRIX: DEFINITION OF TARGETS

Since 1995, Duratex has had an Employee Profit-Sharing Program, which provides for the variable remuneration of its employees throughout all its units, based on the meeting of two targets in terms of Local Performance, and another three in terms of Degree of Employee Commitment to the Company.

ASPECTS ANALYSED UNDER EMPLOYEE PROFIT SHARING PROGRAM

Performance of the unit	Degree of employee's commitment to the Company
Productivity	Accidents in the workplace
Value added or cost	Absence
	Product quality

All the employees at the Operational level and at the first leadership levels (supervisors and coordinators), are evaluated in a collective and individual manner, in accordance with these criteria, and given recognition based on this evaluation.

At the Management and Director level, a Competences Model aligns management performance with Duratex's future challenges. The process includes 360° valuation of the executives and the measurement of corporate targets, agreed at the beginning of each year for the unit as well as individually, including socio-environmental aspects. Based on this the annual variable remuneration is defined, as well as the program for individual development, and the succession plan for key positions within the Company's structure. The target management model uses the Balanced Scorecard tool, making it easier to standardize this process in new operations.

R$ 331.8 MILLION

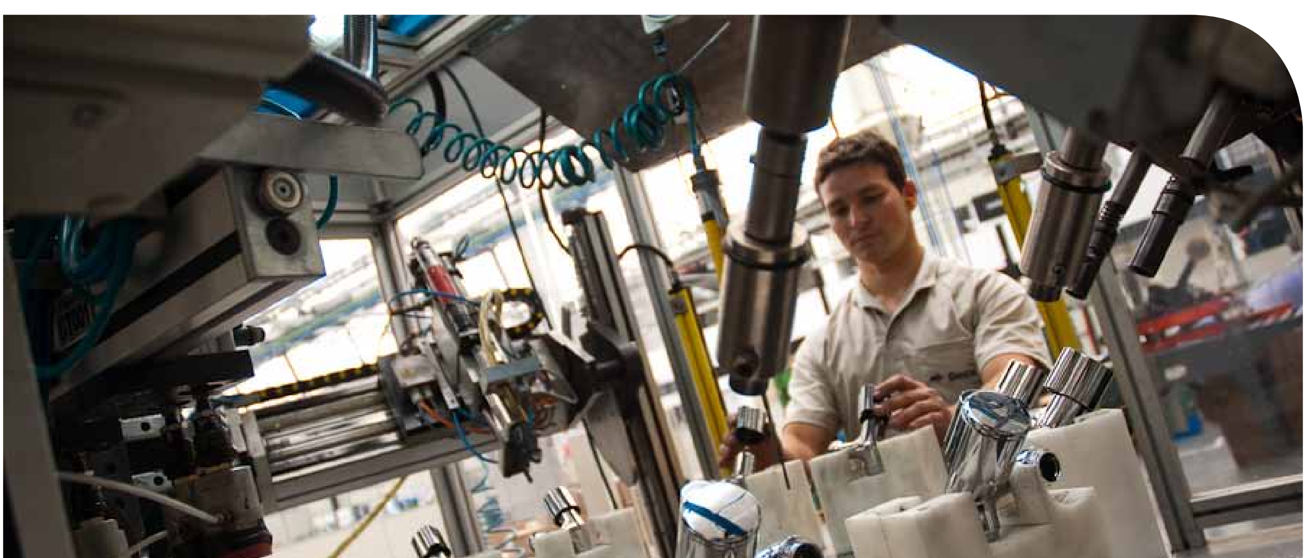
WAS THE TOTAL COMPENSATION PAID TO EMPLOYEES BY DURATEX

Remuneration and Benefits

The total remuneration paid by Duratex to its 10,601 employees in 2012 was R$ 331,8 million. The Company's Salary Policy is based on market references in its operational segments, and takes into account attributions, responsibilities, results and employee performance. The Company periodically carries out research to keep its policy up to date. In addition to fixed remuneration, it also offers variable remuneration and benefits. The lowest annual salary paid by the Company in 2012 was 2.9% higher than the national minimum salary.

Duratex is a sponsor of private pension plans of the Defined Contribution Type (Plan PAI-CD) and the defined benefit type (Plan BD) which are managed by Fundação Itaúsa Industrial, a non-profit organisation. Plan PAI-CD, open to new employees, involves contributions by the Company of amounts between 50% and 100% of the amount contributed by participants; there are 5,248 active contributors to, 206 supported by, and 705 connected to the plan. Plan BD, on the other hand, is closed to new members, and in 2012 had 59 active contributors to, 491 supported by and 26 connected to the plan. For more information on these by the pension plans, please consult Explanatory Note 27 of the financial statements. **GRI EC3**

As set out in its Bylaws, the Company has a share option plan in place with the objective of integrating executives into the Company's development over the medium and long terms. The options provide their owners with the right, observing the conditions established in the plan, to subscribe to the ordinary shares of Duratex's authorized capital. Conditions for being part of the option plan are coordinated by the Committee for Staff, Governance and Nominations under the supervision of the Board of Directors.



Production of metal fittings

Training and Education

Duratex invests continually in the training of its professional staff through programs focused on technical improvement and the development of behavioural and leadership skills. In 2012, R$1.99 million was spent on subsidies for graduate, postgraduate, language courses and training programs. Duratex recorded 78,586 instances of participation and an average of 20.6 training hours per employee.

During 2013, the Management Development Platform will be introduced, which consists of development actions for managers to undertake, which are aligned to Duratex's business strategy. The objective is to guarantee the development of the skills expected for the manager's current position, and help in preparing the employee for assuming new responsibilities in the future.

Health, Safety and Well-Being

Duratex implements a series of initiatives to ensure the health and well-being of its employees. Among these, is the constant guidance provided with respect to the safe operation of machinery, Internal Weeks for the Prevention of Accidents at Work organised by the Internal Commission for Accident Prevention, medical centres in the units equipped to carry out routine examinations, cater to emergencies and organise annual flu vaccination campaigns. In 2012, 93.8 % of employees were represented on formal health and safety committees, consisting of professional staff from different hierarchical levels of the Company.

All the Company's vehicles, including the bus which is used to transport employees, undergo constant maintenance, while the drivers receive guidance on safe driving. The Company also invests in training its employees in the avoidance of accidents in the workplace. In 2012 there were 235 accidents, 145 which involved time off work. In 2010, there was a significant improvement in the indicators, despite an increased level of business activity, which demonstrates the effectiveness of the initiatives adopted.

HEALTH AND SAFETY INDICATORS	2012	2011	Variation 2012/2011 – %	2010	Variation 2011/2010 – %
Accidents involving time off work	145	140	3.6	142	(1.4)
Accidents and not involving time off work	90	101	(10.9)	230	(60.1)
Days lost through time off work	1,208	1,174	2.9	1,802	(33.0)
Days lost through transport	2,062	2,296	(10.2)	3,957	(47.9)
Days computed and debited	300	0	-	400	(25.0)
Total days	3,570	3,470	2.9	6,159	(42.0)
Absenteeism – supported by a doctor's certificate – %	1.63	0.92	-	2.39	-
Absenteeism – accidents – %	0.12	0.10	-	0.19	-
Work-related deaths	0	0		2[1]	
Accident frequency rate [2] (days lost/man hours worked)	5.5	5.1	-	5.8	
Accident severity rate [3] (accidents involving time off work (doctor's certificate)/man hours worked)	174.5	172.8	-	325.8	

1. The deaths that occurred in 2010 were due to road accidents. There were no deaths directly related to work.
2. Calculated by days lost over man hours worked.
3. Calculated by number of accidents involving time off work supported by a doctor's certificate over man-hours worked.

Monitoring center, Agudos

HEALTH AND SAFETY INDICATORS BY REGION	Accidents involving time off work	Accidents not involving time off work	Days lost	Absenteeism	TFA[1]	TGA[2]
2012						
South	14	13	153	1.62	5.66	86.61
Southeast	116	77	2,963	1.62	5.49	184.87
Northeast	15	0	454	2.60	5.62	170.14
Brazil	145	90	3,570	1.75	5.52	174.46
2011						
South	22	13	388	0.80	8.98	205.03
Southeast	104	77	2,991	0.92	4.29	178.10
Northeast	14	11	91	2.27	10.04	65.25
Brazil	140	101	3,470	1.01	5.13	172.80
2010						
South	14	12	1,225	8.26	5.46	668.32
Southeast	109	53	4,449	1.92	5.05	302.60
Northeast	19	165	85	1.60	18.11	81.02
Brazil	142	230	5,759	2.58	5.82	325.76

1. TFA: accident frequency rate.
2. TGA: accident severity rate.

Community

GRI SO1

In 2012 Duratex continued with its Community Dialogue Project, working on the treatment of information obtained through consultation in 2010. The initiative consists of consultation by sampling, with neighbours, customers and suppliers of the forestry farms in the regions of Minas Gerais and São Paulo to identify their perception with respect to the impact of the Company's activities. Public consultation will be carried out again in 2014. The operations in Rio Grande do Sul are not yet part of the project, seeing that the Environmental Impact Study was only concluded last year, the results of which were filed with the State Environmental Protection Federation.

Another channel for measuring and keeping up to date with impacts on the community is the register of Demands by Interested Parties (DIP), as required by Duratex's Environmental Policy, the corporate directives of Itaúsa Industrial and the ISO 14001 and Forest Stewardship Council certification. In 2012, 367 entries were registered in the DIP, most of which were related to the dissemination of information, of which 88% were dealt with.

Projects Supported in 2012

Based on the directives established by the Commission for Social Investment, Duratex supports a series of social projects in different areas, prioritising the training of the youngsters and environmental education. In many of these initiatives, employees work on a voluntary basis. In 2012, the Company's external social investment came to a total of R$ 9.3 million, 121% more than the previous year.

Project Formare, Students from Taquari and Uberaba units

Line	Name	What it is	Where
Professional training	Tide Setúbal Municipal School of Joinery	Offers professional training to adolescents from low-income families, with courses in joinery, marquetry, and microcomputer operation.	Agudos (SP)
	Escola Formare Program	Contributes to the professional training of young people in a situation of social risk, placing at their disposal technical professionalization courses to train them as Sales Agents and Service Agents as well as Wood Processing Operatives. The course lasts ten months, and this certificate is recognised by the Ministry of Education.	Taquari (RS) and Uberaba (MG)
	Income Generation	Aimed at the wives, mothers and children of employees, it trains participants in activities that complement family income (culinary activity, arts and crafts etc.).	Agudos (SP) and Botucatu (SP)
	Program for this Social Inclusion of the Disabled at Viveiro	Hires disabled persons to work in the cultivation of saplings. The Company also holds a series of forestry--related courses, in partnership with associations that provide support for the learning disabledand physically disabled, the municipal authority, and technical colleges.	Lençóis Paulista (SP)
	Looking to the Future	Offers monitored visits to the production plants for students in their last year of high school in the public education network, and exercises to awake the interest of adolescents with respect to the professions of the employees at the units, helping these youngsters decide how to join the labour market.	All units
	Technical Visits	Clients and pupils of teaching institutions offer courses compatible with the production of wood panel unit visit for visitors to learn about the manufacturing processes.	Taquari (RS)

Line	Name	What it is	Where
Culture	Theatre in the Town Square	Combines storytellers, theatre presentations and workshops, to teach about the recycling of materials. The shows are free, and are held on stages mounted in containers, set up in town squares, covering a variety of themes of popular Brazilian culture, investing in the tradition of storytelling to preserve legends, folklore and customs.	Agudos (SP), Botucatu (SP), Jundiaí (SP) and Itapetininga (SP)
	Knowledge Corner	Mini library with 500 works of literature for children and adults, national and foreign. This cultural space was built with wood panels manufactured by the Company, and with re-used milk cartons. It is also known as *Ecoteca*, an ecological library based on three important elements – formal education, environmental education and reading.	Lençóis Paulista (SP)
	Mobile Minute	Mobile video show that is part of the *Festival do Minuto* collection, created in 1991 to bring together amateur and professional videos of up to one minute duration. It is considered to be the largest video festival in Latin America.	Agudos (SP), Botucatu (SP), Itapetininga (SP), Jundiaí (SP) and Lençóis Paulista (SP)
	Ler é Preciso (The Need to Read) Community Library	Duratex has installed *Ler é Preciso* libraries in five communities. The objective of the project is to provide the population with access to quality books, contributing to the development of their reading, writing, critical reasoning and citizenship skills.	Estrela do Sul (MG), Uberaba (MG), Cabo de Santo Agostinho (PE), Taquari (RS) and Botucatu (SP)
Environmental Education	AVAP	AVAP is a space organised for the development of environmental educational activities for students, employees and other public audiences living around the unit, interested in getting to learn about forestry plantation management. Through the use of audio-visual resources, an exhibition centre and forest trails, this promotes awareness among the community with respect to the environmental questions of forestry activity.	Agudos (SP)
	CESA	CESA promote socio-environmental education activities through didactic and pedagogical courses, fostering awareness in individuals.	Estrela do Sul (MG)
Sport	Athlete of the Future Program (PAF)	The PAF, in partnership with Sesi, promotes the practice of sports such as football and judo for 230 children and youngsters between the ages of seven and 17. The project is aimed at developing motor skills and interaction, at their initiation into specific sports, and at increasing ability within the sport chosen. It touches on themes such as ethics, cultural plurality, the environment, sexual orientation and health.	Agudos (SP), Botucatu (SP), Itapetininga (SP) and Jundiaí (SP)

Government and Society

Duratex has a relationship with various entities in the sector and in Brazilian industry, such as the Brazilian Association of Wood Panel Industries, the Brazilian Association of High Resistance Laminated Flooring Industries, the Brazilian Association of Planted Forest Producers, the Brazilian Association of Listed Companies, the Centre for Industries in the State of São Paulo, the Federation of Industries in the State of São Paulo, the Brazilian Institute for Finance Executives and the Institute for Forestry Research. **GRI 4.13**

In 2012, the Company donated R$180,000 to political parties and candidates.

The Environment

For Duratex, the preservation of natural resources and the environment, in addition to being a principle to be followed, is fundamental to the longevity of its businesses, because a large part of the raw materials used in the manufacture of its products is of forestry origin.

In 2012 the Company invested a total of R$27.9 million in environmental protection measures, 4% higher than in the previous year.

PRINCIPAL INVESTMENTS IN THE ENVIRONMENT IN 2012 (R$)

Disposal of residues	12,666,414
Treatment of emissions	1,354,164
Prevention	2,766,175
Environmental management	11,060,723
ISO 14001 certifications	91,455
Fines*	41,480

* Amount paid as a consequence of signing three Conduct Adjustment Terms, in Fazenda Umuarama (Botucatu. SP), Fazenda Cambará (Itapetininga, SP) and Taquari (RS)

Conservation, Biodiversity and Forestry Protection

In 2012 the environmental management systems of five of Duratex's plants were certified – two in the Wood Division (Uberaba and Agudos) three in the Deca Division (Louças Sul, Metais Jundiaí and Metais São Paulo). In addition to this, the Company has also carried FSC certification since the 1990s.

Certification, aligned with biodiversity monitoring work, is an important pursuit that enables Duratex to become acquainted with the levels of diversity in its flora and fauna. All the environmental management work is part of the Company's long-term strategy, and includes the management of risks with formal governance structures which include a Committee and a Commission for Sustainability and Environmental Policy, identifying and mapping out all the associated risks.

Duratex carries out the containment of erosion and silting, as well as revitalising soil fertility. In this way, it favours the natural regeneration of native vegetation. In addition to this, it demarcates and protects permanent preservation areas and conserves areas of native vegetation, when they exist.

Duratex invests in preservation areas, as well as research on the environmental impacts of the farms that it controls. No significant impacts were observed on biodiversity during the Company's various projects or the research carried out up to now. Research into fauna indicates that species have remained in the areas studied, while new species have been located in these areas as a result of the surveys. Outside the protection areas, research and monitoring has not indicated any significant impacts.

Among the protected habitats that form part of Duratex's structure, are the Legal Reserve, and the Olavo Egydio Setubal Nature Reserve, located in the town of Lençóis Paulista. In these environments, areas in initial, medium and advanced stages of regeneration are to be found, in which there are no degeneration processes. The permanent preservation and legal reserve areas are protected and are undergoing a process of restoration through natural regeneration. Areas with pilot studies and expedite research have been monitored, with the conclusion that restoration through natural regeneration of flora has been taking place in these areas. The species that can be found in these conservation areas (permanent preservation areas and legal reserves), are maintained in accordance with legal restrictions, and the operations are conducted in such a way as not to have an impact on flora and fauna.

TOTAL AREAS AND CONSERVATION AREAS

State		Land occupied in 2012		Land ocupied in 2011		Land ocupied in 2010	
		Total area (ha)	Conservation (ha)*	Total area (ha)	Conservation (ha)*	Total area (ha)	Conservation (ha)*
São Paulo	Leased	17,356	3,776	17,355.23	3,761.82	17,130.85	3,726.20
	Foment	3,205	-	5,606.85	-	5,606.85	-
	Owned	112,795	27,257	112,834.35	26,987.01	112,982.61	26,511.45
	Subtotal	**133,356**	**31,033**	**135,796.43**	**30,748.83**	**135,720.31**	**30,237.65**
Minas Gerais	Leased	71,937	16,875	70,228.87	15,735.67	65,955.60	13,925.57
	Fomentation	2,606	-	2,704.03	-	2,704.03	-
	Owned	-	-	-	-	-	-
	Subtotal	**74,542**	**16,875**	**72,932.90**	**15,735.67**	**68,659.63**	**13,925.57**
Rio Grande do Sul	Leased	3,629	1,227	3,627.83	1,274.38	3,627.88	1,280.89
	Fomentation	14,249	-	14,748.78	-	13,765.20	-
	Owned	4,165	1,737	4,583.20	1,861.90	3,772.76	1,481.17
	Subtotal	**22,043**	**2,964**	**22,959.81**	**3,136.28**	**21,165.84**	**2,762.06**
TOTAL		**229,941**	**50,872**	**231,689.14**	**49,620.78**	**225,545.78**	**46,925.28**

* Conservation and Permanent Preservation areas, Legal Reserve etc.

SPECIES THREATENED BY LEVEL OF RISK AND REGION	São Paulo	Minas Gerais	Rio Grande do Sul	Federal	IUCN red list
FAUNA					
Critically threatened (CR)	4	1	-	4	-
Threatened (EN)	9	6	5	3	3
Vulnerable (VU)	18	11	11	14	9
Almost threatened (NT)	11	1	-		12
Insufficient data (DD)	-	-	-		2
Total	**42**	**19**	**16**	**21**	**26**
FLORA					
Threatened (EN)	-	-	1	-	-
Vulnerable (VU)	-	2	5	2	-
Total		**2**	**6**	**2**	

Duratex´s Eucalyptus forest

The Company carries out flora-and fauna-related research in pilot areas, through sampling, with researchers from associated universities. These surveys have not identified any significant impacts, so no targets or objectives have been defined for corrective action or mitigation.

Materials

In 2012, the Company consumed 4,332,323.46 tons of raw materials, chemicals, fertiliser and associated materials in the production and cultivation processes, 12% more than in the previous year. This increase was the result of a 14% increase in production. The Deca Division used 185,237 tons, while the Wood Division consumed 4,147,086 tons.

MATERIALS USED (TONS)	2012	2011	2010
NPK fertilizer, Borax, dolomitic lime, etc.	55,312.46	51,107	45,785
RAW MATERIALS			
Processed wood [1]	3,731,582	3,214,766	3,399,222
Clay, kaolin, feldspar, quartz, plaster of Paris and others	170,744	177,239	112,302
Re-bars	4,811	4,613	2,069
Brass tube	491	454	427
Brass discs and tapes	386	423	246
Zamac	55	39	24
Brass castings	1,972	1,806	1,745
Bronze	5,033	5,109	4,661
Plastic	1,745	1,438	1,247
ASSOCIATED MATERIALS			
Lubricants (production process)	502	993	656
Resins and other materials acquired from third parties [2]	289,882	291,640	283,147
Aluminium sulphate	4,215	2,764	1,838
Paper acquired from third parties	11,952	11,147	10,349
Caustic soda (concentration of 50%)	927	365	368
Sawn material (packaging)	7,150	6,311	6,007
Methanol	45,005	40,610	20,606
Acetic acid	4	34	27
Sulphuric acid	69	7	14
Di-ethylene glycol (DEG)	426	264	8
Termite pesticide	27	18	4
Caprolactam	33	12	1
TOTAL	**4,332,323.46**	**3,811,169**	**3,890,754**

1. Damp processed wood
2. Resin, formaldehyde, urea, concentrated urea formaldehyde, melamine, paraffin, humocer, ammonium sulphate, paints and varnishes

Deca has carried out important work in the reuse of materials, resulting in the reuse of 185 tons. In the metal bathroom fittings sector, inputs from recycling, (pre-and post-consumption) amount to 98.8% for bronze, 86% for brass, 13.33% for ABS, 27.55% or polyethylene, 2.46% for polyacetate, 5.92% for nylon and 4.42% for polypropylene. In the manufacture of metals, 100% of the metallic residue (shavings) generated by Deca, is reused.

The energy matrix is formed by Duratex renewable natural resources, such as biomass

Energy

In 2012, Duratex consumed 11,235,688.15 GJ, of energy, a reduction of approximately 3% compared to the 11,549,235.75 GJ consumed in 2011. The Deca Division consumed 1,755,306.82 GJ, the Wood Division, including Wood, Forestry and DRI consumed 9,474,504.19 GJ. The administration area consumed another 5,877.15 GJ. Of the total consumed, indirect energy represented 2,886,363.75 GJ, being obtained from the utility companies.

Duratex's energy matrix consists of renewable natural resources, such as biomass. In 2012, approximately 65% of the energy used was generated based from this source, with the other 35% being from natural gas, BPF oil, gasoline, diesel and LPG.

The energy index per unit produced for the Deca Division 2012 was 46.04, while for the Panel Division it was 3.4.

DIRECT ENERGY CONSUMPTION IN 2012 (GJ)

Deca Division	Wood Division	Administrative area
1,364,600.20	6,984,707.67	16.53

Total
8,349,324.4

INDIRECT ENERGY CONSUMPTION IN 2012 (GJ)

Deca Division	Wood Division	Administrative area
390,706.62	2,489,796.52	5,860.62

Total
2,886,363.75

Initiatives to reduce energy consumption at Deca's plants

- Thermal installation of equipment in the plastic manufacturing process
- Translucent roof tiles to make use of natural illumination
- Replacement of external 400W mercury vapour lamps with new 250W metallic vapour lamps (more efficient)
- Photo-cellular switches to control lighting in the plant and at the port
- Replacement of electric heaters used in the changing rooms and the restaurant with solar powered heaters

At the Wood Division, the construction of new buildings took into account the following principles:

- Solar water heating for use in changing room showers
- Use of natural illumination for the administrative areas

Water

GRI EN8 | EN9 | EN10

THEME 22 OF MATERIALITY MATRIX: WATER RESOURCES AND REUSE

In 2012 Duratex carried out a study entitled "Diagnosis of water availability at the units in São Paulo State", seeking to the place the water situation into context in Brazil, in the state of São Paulo and in the world. The Company decided to initiate a study of these units, seeing that most of Duratex's production and revenue is concentrated in this area.

The project has the objective of defining water risk for each unit in the state of São Paulo with regard to demand for water now and in the future, enabling the Company to project the scenarios that best fit its future projects. The final results are in the process of being compiled. In 2013, this project will be expanded to include the plants located in the Northeast.

Also in 2013, Duratex will be developing the water footprint for one of its main products, MDF, which will evaluate the direct water consumption, taking into account volumes of evaporation, as well as the generation of effluents in the various manufacturing processes, in accordance with the different geographical regions.

In 2012 the volume of water consumed in Duratex's operations amounted to 6,247,238.85 m^3, equivalent to an increase of a little over 18% compared to the previous year. Of this total, 91% was consumed by the Wood Division and 9% by the Deca Division. The Company reuses the equivalent of 40.41% of the total water captured, of a total of 2,524,498.33 m^3. The Deca Division, responsible for the reuse of 208,805.53 m^3, achieved a water reuse rate of 39%. Duratex's operations comply with all environmental requirements to preserve the hydrographic basins in the regions where it is present.

The water consumption indicator per unit produced by the Deca Division in 2012 amounted to 13.96, while for the Panel Division it was 1.9.

TOTAL WATER DRAWN OFF, BY SOURCE (M^3) – 2012

Public utility concessionaires	Artesian and semi-artesian wells	Local watercourses	Rainwater
755,963.64	1,574,248.63	3,904,256.98	12,769.60

Total
6,247,238.85

Effluents and Residues

GRI EN21 | EN23

Duratex had no significant incidences of spillage in any of its divisions in 2012. The Company controls and treats all its effluents in accordance with the environmental legislation and the standards established by Conama No. 357/05 through various procedures, which include physical-chemical processes. The Company invests in Effluent Treatment Stations so that its effluents can be reused in the operations and maintenance of its units. No Duratex effluent was reused by other companies, and no effluent was consumed from other companies.

In 2012 the total effluents generated amounted to 3,213,159.31 m^3, a volume of approximately 10 % less than in 2011 (3,592,506.10 m^3). Of this total, 67 % was discharged in the irrigation of fields for the production of various types of grass used as biomass for the generation of thermal energy.

In terms of residue generation, Duratex disposed of 208,804.12 tons of solid residue, down approximately 5 % compared to the total generated in 2011, which amounted to 219,982.89 tons. **GRI EN22**

TOTAL WEIGHT OF RESIDUES, BY TYPE AND DISPOSAL METHOD (TONS)	2012
Wood	141,955.85
Deca	66,686.57
Central Office	161.70
Class I	3,349.81
Class II A	176,604.92
Class II B	28,849.38
Re-utilization, recycling and recuperation	35,652.58
Incineration and co-processing	7,434.89
Forming of compost	27,830.20
Sanitary landfill	28,969.61
Industrial landfill	25,848.00
Others (returned to supplier, external effluent treatment, biomass for third parties, etc.)	83,068.83

The Company neither imports or exports dangerous residue, under the terms of the Basel Convention. All the dangerous residues generated by Duratex (1.60% of the total) are transported to treatment locations by companies regulated for that purpose, and authorised in advance by the Company, taking into consideration technical criteria and the main environmental risk situations. **GRI EN24**

TOTAL WATER DISCHARGE, BY QUALITY AND DESTINATION (M^3) – 2012

Irrigation of fields for the production of grass used as biomass in the generation of thermal energy	Discharged through the public network	Discharged into water resources	Discharged into septic tanks
2,149,351	999,683.06	60,225.25	3,900.00

Total

3,213,159.31

109,000 LITRES

LESS OF DIESEL IS CONSUMED IN THE EUCALYPTUS PROCESSING OPERATION

Inventory of Emissions

GRI EN16 | EN17 | EN18 | EN19 | EN20

In 2012, all Duratex's forestry harvest machines were equipped with diesel engines with emission class TIER 3/ EURO III A. These new engines emit less pollutants than the previous ones, particularly carbon monoxide (CO), nitrous oxide (NOx) and particles. In 2012, the Company began to change the harvesting system, replacing the large equipment for the processing of eucalyptus trees with tracer claws which consume 22% less diesel. With this, 109,000 litres less of diesel is consumed in the eucalyptus-processing operation.

This alteration to the harvesting system meant that the three large-sized processors were converted into feller-bunchers, large equipment used for knocking down trees. In bringing this new equipment into service, Duratex is able to deactivate its small feller-bunchers, enabling a reduction of 19% in diesel consumption.

Emissions measured during 2012, and audited by an independent company, came to a total of 378,940 tons of CO_2 equivalent (tCO_2e), an increase of 17.19% compared to the previous year, with 264,376 tons or 70% of this total being direct, coming under Scope 1 of the GHG Protocol. Emissions connected to electricity purchased, Scope 2, totalled 56,918 tCO_2e, or 15% of total emissions,. Emissions under Scope 2 underwent a significant increase due to the need for the use of thermoelectric power stations by the National Grid , seeing that the water levels in the reservoirs of Brazil's hydroelectric power stations had become very low due to the prolonged drought in 2012. Indirect emissions, Scope 3, represented 15% of total emissions, or 57,646 tCO_2e. Under this Scope is included outsourced transport of various types, residue disposal, commercial travel and transfers between factories.

Emissions of substances that have an impact on the ozone layer, controlled by the Montreal Protocol, totalled 2,214.94 tCO_2e in 2012, while in 2011 emissions of this type amounted to 2,893.91 tCO_2e.

Duratex monitors the emissions of gas derived from nitrogen (NOx – NO, NO_2) and sulphur-based substances (SOx – SO_2, SO_3, H_2SO_4). In 2012, these emissions totalled 3,250.18 tCO_2e, being 2,026 tons of NOx and 1,224.18 tons of SOx – in the previous year, the corresponding emissions amounted to 1,139.74 tons of SOx and 2,404.28 tons of NOx.

The index for the emission of GHG per unit produced by the Deca Division in 2012 amounted to 2.37, while that of the Panel Division amounted to 0.08.

INVENTORY OF EMISSIONS (TCO_2E)

Year	2012	2011*	2010
Scope 1	264,376	224,425	218,534
Scope 2	56,918	22,273	39,267
Scope 3	57,646	75,936	38,468
Total	**378,940**	**322,634**	**296,269**

* Figures for 2011 were altered as a result of external verification of the inventory.

Agudos Factory

04

PERFORMANCE OF THE BUSINESSES

THEME 9 OF THE MATERIALITY MATRIX: FINANCIAL-ECONOMIC PERFORMANCE

Duratex's debt and risk management policies are tools used by the Company that contribute to its financial health. Robust cash levels and the monitoring of risks, in particularly those related to interest rates and exchange rates, allow strategic investment in projects for expansion and modernization. Since 2010, the Company has adopted IFRS for the drawing up of its Financial Statements.

ANALYSIS OF CONSOLIDATED RESULTS

Net Revenue

Net revenue showed an increase of 14.3%, reaching a record level of R$3.4 billion. This growth was due to the increase of 16.1% in volume shipped at the Wood Division and the improvement in net revenue per unit at both the Deca and Wood divisions. The domestic market continued to account for the lion's share of net sales, with a participation of 96.0%.

NET REVENUE (R$ MILLION)

In 2012, the Company achieved record net income of R$3.4 billion

Cost of Goods Sold (COGS) and Gross Margin

The COGS net of depreciation, amortization and exhaustion and the net variation in the fair value of the biological asset – in other words, the cash cost– amounted to an accumulated total of R$1,891.4 million for the year, an increase of 10.2 % compared to 2011, this increase being less than the expansion in volume shipped. This performance was achieved through the greater utilization of installed capacity, and an improvement in productivity, with a consequent dilution of fixed costs.

Compared to 2010, the increase in the cost of inputs caused a rise of 29.4 % in the cash cost. Also, investments made during the period contributed to increasing the level in the depreciation and amortization account, while the increased production rate contributed to a higher exhaustion rate, so eroding gross margin.

Duratex works on controlling these costs by, for example, having a self-sustainable wood supply system. The Company makes an effort to integrate economic-financial and socio-environmental considerations in its businesses, which is becoming increasingly common.

COST OF GOODS SOLD (R$'000)	2012	2011	2010
Cash COGS	**(1,891,423)**	**(1,715,874)**	**(1,461,395)**
Variation in fair value of biological asset	144,574	154,009	183,765
Depletion tranche of biological asset	(162,778)	(137,898)	(132,173)
Depreciation, amortisation and depletion [1]	(301,631)	(258,671)	(214,547)
Gross profit	**1,183,141**	**1,011,931**	**1,117,460**
Gross margin – %	**34.9**	**34.1**	**40.8**

1. Events due to the amortisation of client portfolio, CPC 15 of IFRS, of Satipel and Elizabeth and the more valuable assets, for an amount of approximately R$5.3 million per quarter.

Sanitary Ware´s oven

Sales Expenses

Sales expenses amounted to R$378.3 million, up 10.0% year-on-year as a consequence of higher freight expenses, which were due to the increase in volume shipped. However, this type of expense is being diluted in relation to net revenue over the years.

SALES EXPENSES

	2012	2011	2010
Total (R$'000)	(378,278)	(343,955)	(308,354)
% of net revenue	11.1	11.6	11.2

General and Administrative Expenses

With a lower participation in the net revenue, general and administrative expenses amounted to R$110.5 million in 2012, compared to R$109.3 million in 2010.

GENERAL AND ADMINISTRATIVE EXPENSES

	2012	2011	2010
Total (R$'000)	(110,535)	(106,763)	(109,330)
% of net revenue	3.3	3.6	4.0

EBITDA

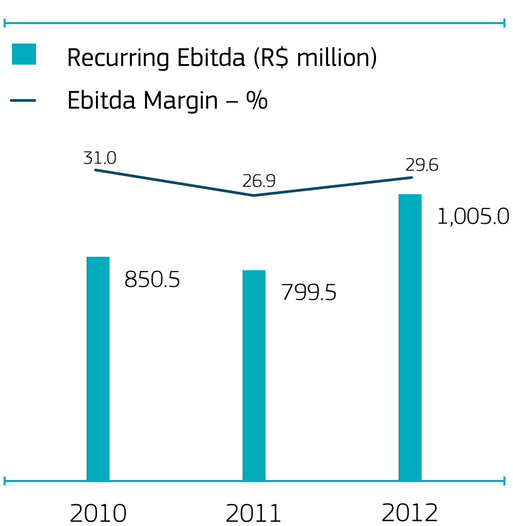
Recurring EBITDA for the year amounted to a record total of R$1,005.0 million, and was strongly influenced by important decisions to expand production capacity taken at the end of the previous decade, and the beginning of the current one, as well as acquisitions made in the period. This figure corresponds to an EBITDA margin of 29.6%, higher than the 26.9% obtained in 2011. Compared to 2010, however, there was a slight narrowing in margin as a result of cost pressure, basically due to real increases in payroll costs.

So as to provide more transparency in the calculation of this indicator, the following reconciliation table is provided based on operating profit before financial results. In addition to depreciation, amortization and exhaustion, also excluded from the calculation of this indicator are other events of a non-cash nature: variation in the fair value of the biological asset, the exhaustion tranche associated with the biological asset, and employee benefits.

EBITDA RE-CONCILIATION (R$'000)	2012	2011	2010
Operating profit before financial result	**692,566**	**576,366**	**715,555**
Depreciation/amortization/exhaustion	319,937	290,400	240,003
Variation in fair value of biological asset	(144,573)	(154,009)	(183,765)
Depletion tranche of biological asset	162,778	137,898	132,173
Employee benefits	(14,124)	(11,306)	(10,964)
Others [1]	4,830	-	-
EBITDA	1,021,414	839,349	893,002
EBITDA margin	30.1%	28.3%	32.6%
Extraordinary event [2]	(16,395)	(39,888)	(42,448)
Recurring EBITDA	**1,005,019**	**799,461**	**850,554**
Recurring EBITDA margin – %	**29.6**	**26.9**	**31.0**

1. In the last quarter of 2012 the loss in premium value was booked, referring to the option to subscribe to 15% of new shares in Tablemac, of R$4,830,000.
2. 2012: Half-yearly PIS and reversion of tax contingencies. 2011: sale of fixed assets.

RECURRING EBITDA

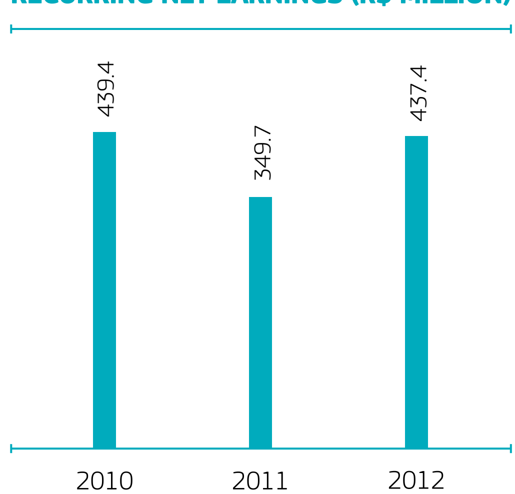


Ebitda booked
2010: R$467.2 million/2011:R$374.9 million/2012: R$1,012.4 million

Net Earnings

Net earnings amounted to R$459.7 million for the year, higher than in the previous year, this increase being the result of operational improvements over the last few years. Recurring net earnings for the year amounted to R$437.4 million. Compared to 2010, this result remained stable, due the increase in costs during the period.

RECURRING NET EARNINGS (R$ MILLION)



Net earnings booked
2010: R$467.2 million/2011: R$374.9 million/2012: R$459.7 million

R$ 1,841.9 MILLION

DURATEX'S STATEMENT OF VALUE-ADDED (DVA), IN 2012, REPRESENTED THE GENERATION OF R$ 1,841.9 MILLION OF VALUE, UP 8.7% COMPARED TO 2011

Dividends

In accordance with the Company Bylaws, shareholders are guaranteed a minimum obligatory dividend of 30% of adjusted net earnings. On July 26, 2012, provision was made for dividends of R$62.0 million, in the form of interest on equity, distributed on August 15, 2012.

Additionally, at a meeting of the Board of Directors held on November 30, 2012, subject to approval by the General Shareholders Meeting, it was decided to make an additional credit of interest on equity as part of the 2012 obligatory dividend, of R$0.1639/share, totalling R$90,0 million, distributed on February 28, 2013.

Finally, on December 31, 2012, an additional dividend of R$5.5 million was decided on, to be paid out on the same date, February 28. As a consequence, total gross remuneration to shareholders, as at February 28, amounted to R$95.5 million, bringing the total gross remuneration to shareholders for 2012 to R$157.5 million, equivalent to an increase of approximately 23% on the previous year.

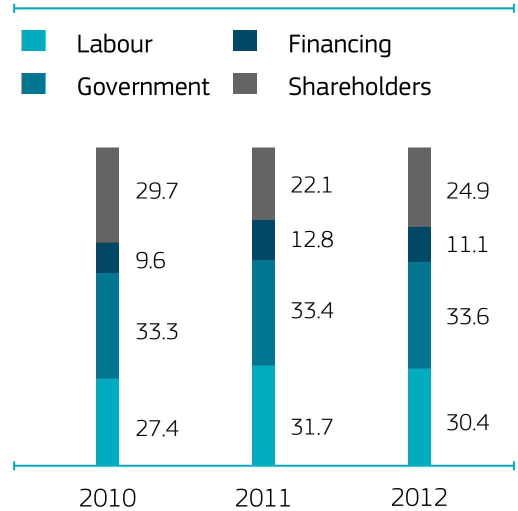
Distribution of Value-Added

GRI EC1

Duratex's Statement of Value Added (DVA), in 2012, represented the generation of R$1,841.9 million of value, up 8.7% compared to 2011. The government was the main beneficiary of this distribution, with remuneration of R$618.4 million, up 9.1% compared to that received in 2011, and equivalent to 33.6% of the total value generated for the year.

Remuneration for labour was the second largest area to benefit, with R$559.1 million, up 4.1%, As a result of the increase in the Company's results, shareholders received R$459.7 million, up 22.6% on the previous year, in line with the growth in earnings. Finally, the tranche allocated to financing of R$204.7 million, was 5.6% lower than in the previous year, as a consequence of the reduction in interest rates in the period.

DVA (%)



Carvalho Reno – Way Line Panel

Indebtedness

At the end of 2012, Duratex's debt totalled R$2,401.8 million, equivalent to a net debt of R$1,369.7 million, 15.2 % higher than at the end of 2011. This increase was basically due to ongoing investment in the Deca and Wood divisions, and the amounts paid for the acquisition of the 37 % stake in Tablemac and the purchase of Metalúrgica Ipê - Mipel.

Net debt was equivalent to 1.34 times 1 EBITDA and 34 % of Shareholders Equity, still a low level of indebtedness. During the year R$695.9 million in new loans were taken out, in addition to the R$101.4 million raised from a private debenture issue, while R$484.2 million in loans was paid back.

The financial result for the year was a negative R$119.4 million, 2.5 % higher than that obtained in 2011, as a result of the increase in debt during the year.

DEBT PROFILE (R$'000)	2012	2011	2010
Short-term debt	681,774	687,902	431,608
Long-term debt	1,720,013	1,227,588	1,162,354
Total debt	2,401,787	1,915,490	1,593,962
Cash and equivalents	1,032,077	726,159	616,549
Net debt	1,369,710	1,189,331	977,413
Net debt/ EBITDA	1.34	1.42	1.09
Net debt/Equity (%)	34.0	32.2	28.3

Significant financial assistance received from the government

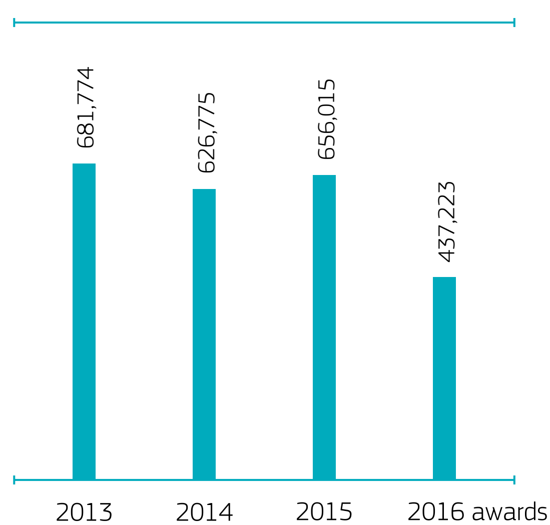
GRI EC4

Duratex's total debt at the end of 2012 came to R$2,401.8 million. Two credit lines in particular (Fundiest and Fundopen), involve financial help from the government, although this is not significant.

Both of these credit lines were opened as the counterpart to investment carried out in the municipalities of Taquari (RS) and Uberaba (MG). These units are already contributing, and will continue to contribute in a direct manner, to the social and economic development of the regions, through the direct and indirect creation of jobs and the increase in contribution and taxes levied at a municipal and state level.

Fundiest, the line of financing provided by the Minas Gerais Development Bank, is in the process of being paid back. As at December 2012, the open balance amounted to R$139,849 thousand with final payback due in December 2020. The Fundopen credit line is still in the process of being freed up, and at the end of 2012 the balance owed amounted to R$9,793 thousand. Therefore, these two types of government assistance amounted to total loans of R$149,642 thousand at the end of 2012, which represents 6.5 % of the Company's total debt.

DEBT PAYBACK SCHEDULE (R$'000)



Capital Markets

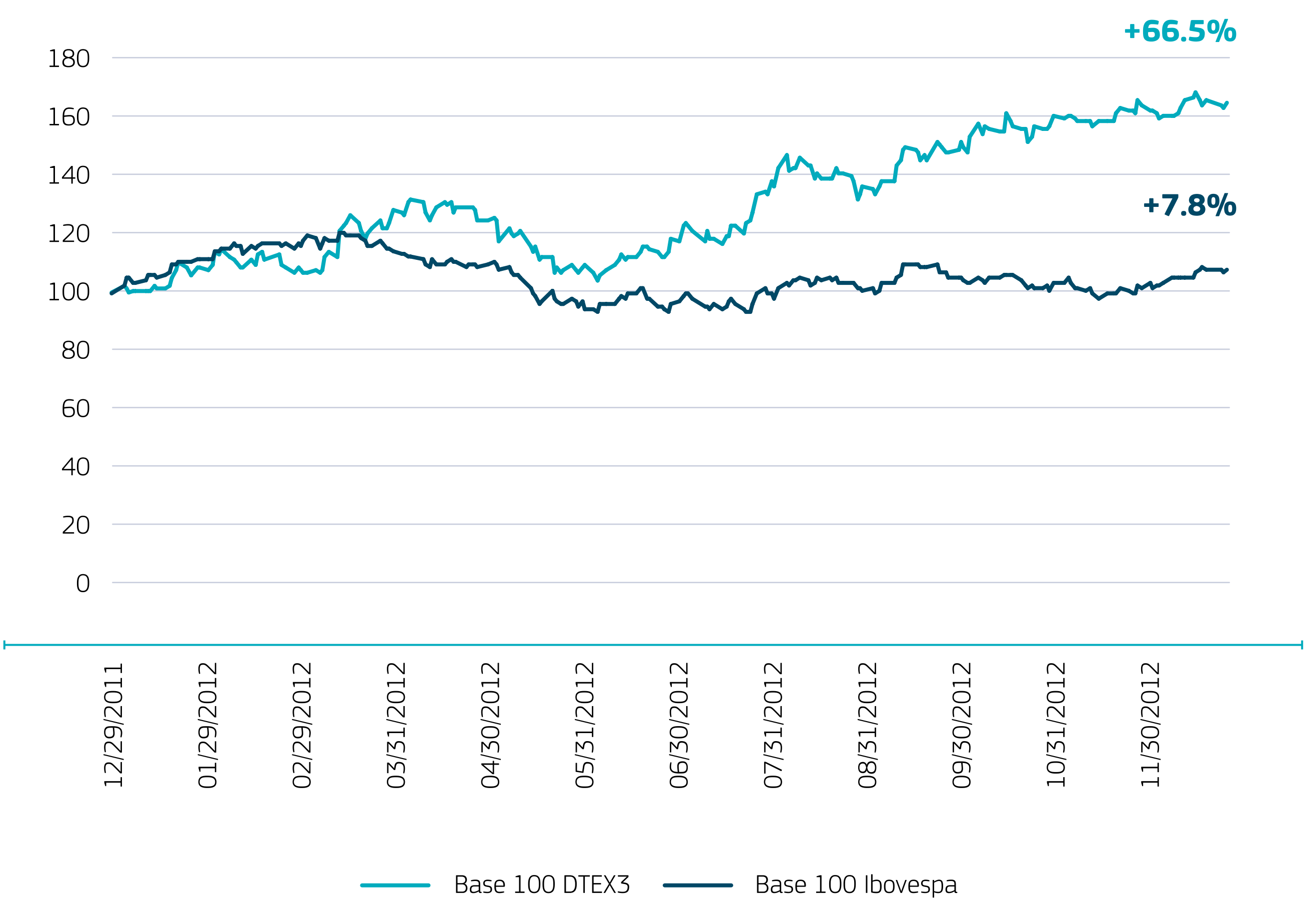
THEME 13 OF THE MATERIALITY MATRIX: SHARE PERFORMANCE

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. As a consequence, any conflict arising between the Company, its shareholders and managers must be resolved through the intermediation of the BM&FBovespa Novo Mercado Arbitration Chamber.

The Company's good corporate governance practices also include a differentiated dividend distribution policy, equivalent to 30% of adjusted net earnings, the fact that a third of its Board of Directors must consist of independent members, and the adoption of international reporting standards in its annual reports (GRI, Level A).

In 2012, 415 meetings and conference calls were held with capital market specialists. In addition to this, representatives from this area of the Company participated in approximately 15 conferences and non-deal road shows in Brazil and abroad, in addition to a public meeting hosted by the Association of Capital Market Analysts and Professionals Associação (Apimec) in São Paulo, in which approximately 105 investors participated. Through the Company's Investor Relations Site, there is a communication channel which permits direct contact with this area: investidores@duratex.com.br

DURATEX X IBOVESPA BASE 100



DECA DIVISION

THEMES 61, 62, 66 AND 69 OF THE MATERIALITY MATRIX: CUSTOMER HEALTH AND SAFETY IN THE USE OF PRODUCTS, INFORMATION ABOUT THE PRODUCT (ACCESS TO AND QUALITY OF INFORMATION), QUALITY OF PRODUCT AND CUSTOMER SERVICE (PRE- AND POST-SALE).

Through its Deca Division, Duratex is the leader in the Brazilian metal bathroom fittings market and one of the world's ten largest companies in this area. Its Deca and Hydra brands, recognised for the diversity of their product lines, as well as their design and quality, are sold and exported to more than 30 countries.

These products are widely accepted in all markets, with no restrictions on their sale. During the year, no cases were registered of non-compliance with voluntary codes referring to customer and consumer health and safety, neither were there any cases relating to product labelling and the Company's services, nor were there any complaints relating to violations of privacy or loss of client data. **GRI PR2 | PR4**

Deca meets the legal requirements with respect to customer and consumer information on the packaging of its products. In the case of eco-efficient products, the differential with respect to water savings is also highlighted on the label. Whenever necessary, information is included with respect to precautions to be taken for use of the product. In its instruction leaflets, Deca encourages the correct disposal of its packaging and recyclable products. For products sold in bulk, which are not packaged in individual cardboard boxes, Deca uses gum-based tape, which provides the same level of protection as plastic tape. This gum consists of a type of corn starch, which is not harmful to the environment, as it can be easily removed with water, and is recyclable. **GRI EN27 | PR3**

The promotion of health and safety in the use of is products begins with product development, in accordance with the norms of the Brazilian Technical Standards Association, through tests in the laboratory and in the field. After launching, periodic analyses are carried out to evaluate performance, and identify aspects that can be improved. **GRI PR1**

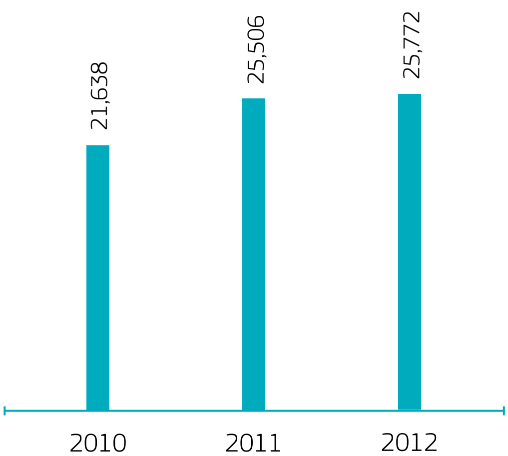
Location of the Plants

The Deca Division has units for the manufacture of metal bathroom fittings, one in São Paulo and the other in Jundiaí (SP), as well as a unit in Argentina (Deca Piazza). The six vitreous chinaware plants are located in: João Pessoa (PB), Cabo de Santo Agostinho (PE), Queimados (RJ), São Leopoldo (RS) and Jundiaí (SP), where there are two units. In 2012, the Company gained a new plant in Jacareí (SP) and in 2013, will have another plant in Tubarão (SC). This diversification was achieved through the acquisition of Mipel and Thermosystem (see chapter on Growth Strategy and New Businesses).

Performance

The Deca Division reported a 1 % increase in volume shipped in 2012, with production amounting to a total of 25.8 million pieces. Performance was hampered by the slowdown in demand in the refurbishment segment, which is susceptible to short-term macroeconomic conditions, which saw some deterioration in 2012 as a consequence of the weak performance of the economy. Compared to 2010, however, there was a sharp increase in the level of volumes shipped, the equivalent of a rise of 19.1 %, which demonstrates the new operational level of the business.

DECA SHIPMENTS ('000 PIECES)



Net revenue saw an improvement, up 7.7% on the previous year, particularly significant when compared to the indicator for the sector, the ABRAMAT index, which measures the performance of sales in the domestic market, and which showed an increase of just 1.4% for the year.

This performance reflects the strength of the Deca brand name, and shows the benefit of the geographical diversification of its plants, which process was begun in 2008, bringing the Company increasingly close to its consumers. By the same token, another important move was made at the beginning of 2013, with the acquisition of Thermosystem, a manufacturer of electronic showers and solar heating systems. This operation resulted in significant diversification in the division's line of products, from the first quarter of 2013 onwards.

Operational performance, as measured by recurring EBITDA for the year, amounted to R$272.8 million, equivalent to an EBITDA margin of 23.2%. Nominally, the result as measured by EBITDA improved compared to previous years, but there was some deterioration in margin. The combination of a larger percentage of products focused at economy segments for the consumer and increased production costs contributed to a retraction in margin from 29.7% in 2010 to that reported in 2012.

DECA DIVISION: MAIN RESULTS	2012	2011	2010
SHIPMENTS ('000 PIECES)			
Basic products	8,761	8,870	7,965
Finishing products	17,011	16,636	13,673
Total	**25,772**	**25,506**	**21,638**
FINANCIAL HIGHLIGHTS (R$'000)			
Net revenue	1,178,304	1,094,386	911,525
Domestic market	1,131,788	1,054,987	873,877
Export market	46,516	39,399	37,648
Net revenue per unit (R$ per piece shipped)	45.72	42.91	42.13
Cash cost per unit (R$ per piece shipped)	(26.45)	(24.70)	(21.99)
Sales expenses	(169,577)	(155,568)	(127,969)
General and administrative expenses	(48,445)	(37,378)	(35,047)
Operating profit before financial result	**235,740**	**222,792**	**257,039**
Depreciation and amortisation	47,297	50,248	40,254
Employee benefits	(4,143)	(3,927)	(3,639)
EBITDA	**278,894**	**269,113**	**293,654**
Extraordinary event [1]	(6,079)	0	(23,203)
Recurring EBITDA	**272,815**	**269,113**	**270,451**
Recurring EBITDA margin (%)	**23.2**	**24.6**	**29.7**

1. 2012: Half-yearly PIS and revision of tax contingencies.

Metal Deca Wish Gold – Cuba L.87 Black Matte

Highlights

GRI EN26

THEME 27 MATERIALITY MATRIX: ENVIRONMENTAL IMPACTS FROM PRODUCT USE

In order to strengthen its presence in the market, Deca took part in various events such as the third Brazilian Green Building Council, the fifth Brazilian Congress for the Development of Hospital Buildings, and the 54th National Hotel Congress.

In 2012 the Deca Division celebrated the recommendation made by the Bureau Veritas Certification (BVC) for its metal bathroom fittings plant in São Paulo (SP), and the vitreous chinaware plant in São Leopoldo (RS), to receive ISO 14001 certification.

Seven new vitreous chinaware projects were launched in the period, with 32 separate product lines, of particular note being the Fosca line, and 12 new metal bathroom fittings projects, with 27 different product lines, of particular note being the Hydra built-in cistern, the Disco bathroom and kitchen line and the Deca Twin Spa shower.

With respect to rationalisation projects for the reduction of raw materials consumption develop during the year, in 2012 Deca managed to achieve savings of 185 tons in terms of its consumption of bronze and brass.

WOOD DIVISION

GRI PR5

THEMES 61, 62, 66 AND 69 OF THE MATERIALITY MATRIX: CUSTOMER HEALTH AND SAFETY IN THE USE OF PRODUCTS, PRODUCT INFORMATION (ACCESS TO AND QUALITY OF INFORMATION), PRODUCT QUALITY AND CUSTOMER SERVICE (PRE-AND POST-SALE).

The Wood Division offers a line of complete and differentiated products, with extensive standardisation and innovative solutions. Other differentials of the division include its workforce, its assets, and its relationship with customers and consumers. All activities relating to customer and consumer relations at the Wood Division are linked to the Marketing Department, which seeks to build and reinforce its brand name, develop the market, and particularly promote techniques for the use and application of its products, training professionals in the building industry and providing technical advice for the installation of panels and Durafloor products. Teams are focused on the division's relationship with the furniture industry and with retail wood merchants. Annual customer satisfaction research is also carried out, which includes both the domestic and export markets.

The Company's products are widely accepted in all markets, with no restrictions on their sale. All significant information is displayed on labels, packaging, and provided through services offered. During the year, no cases were identified of non-compliance with voluntary codes relating to customer or consumer health and safety, nor with respect to the labelling of products and services, nor were there any complaints with respect to violations of privacy or loss of client data. **GRI PR2 | PR3 | PR4**

Location of the Plants

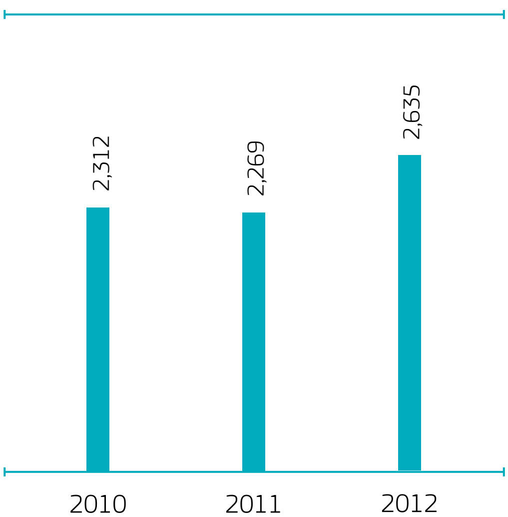
The Wood Division has five industrial units in Uberaba (MG), Taquari (RS), and Agudos, Botucatu and Itapetininga (SP). These units produce fibreboard sheets, MDP (medium density particle panels), MDF, HDF and SDF panels, Durafloor laminated flooring, and semi-finished components for furniture and industrial resins. Since 2011, the Distribution Centre in the Northeast has facilitated logistics operations to serve the local market. In 2012, the Company acquired a 37% stake in Tablemac, the leading panel manufacturing company in the Colombian market.

The Division differentiates itself by its high degree of self-sufficiency in the supply of wood, thanks to the sustainable maintenance of approximately 140,000 hectares planted forest, on 230,000 hectares of land spread over 422 farms, which include approximately 268 million trees.

Performance

The Wood Division's performance was extremely positive for the year. The increase in volume shipped exceeded that for the industry as a whole. By way of comparison, while the Company reported an annual increase in the level of shipments of 16.1%, shipments for the industry as a whole rose by only 11.4% according to figures from ABIPA, which includes data from Duratex. Disregarding the Company's performance in the ABIPA data, shipment growth for the industry as a whole would have been just 8.9%. This performance reflects the measures taken in the past to expand production capacity and focus on results.

WOOD SHIPMENTS ('000 M³)



Total net revenue amounted to R$2,216.1 million for the year, up approximately 20% compared to both 2010 and 2011. Contributing decisively to this result was the record volume of residential units completed and delivered during the year, incentive measures introduced for the phone segment such as a zero level of IPI tax, which equalized the competitive conditions with those for consumer durables, such as white goods, as well as longer credit financing periods offered in the furniture retail segment.

The increase in net unit revenue and the combination of a reduction in costs, with gains in productivity as a result of greater operational scale, resulted in a substantial increase in recurring EBITDA, which totalled R$732.2 million, with EBITDA margin of 33.0%. This performance is substantially better than the result in 2010 of R$580.1 million, with EBITDA margin of 31.7%, and R$530.3 million, with an EBITDA margin of 28.3% in 2011.

By the end of the first quarter of 2013, two important investments should be concluded which should result in a significant leap forward in operational terms for the Company. The first of these, in the unit at Taquari (RS), with the removal of the bottleneck on the MDP production line, will add additional production capacity of approximately 230,000 cubic meters, raising the total capacity of that unit to 670,000 cubic meters. The second investment to be completed is the new MDF unit at Itapetininga (SP), with an annual capacity of 520,000 cubic meters.

Tablemac's performance was recognised using the equity income result method in Duratex's figures. At the end of 2012, the Company's stake in this Colombian company amounted to 37%

WOOD DIVISION: MAIN RESULTS	2012	2011	2010
SHIPMENTS (CUBIC METRES)			
Basic products	1,577,830	1,364,833	1,408,248
Finishing products	1,057,255	903,989	903,929
Total	**2,635,084**	**2,268,822**	**2,312,177**
FINANCIAL HIGHLIGHTS (R$ '000)			
Net revenue	2,216,095	1,875,979	1,830,285
Domestic market	2,113,785	1,780,982	1,755,192
Export market	102,310	94,997	75,093
Net revenue per unit (R$ per m³ shipped)	841.00	826.85	791.59
Cash cost per unit [1] (R$ per m³ shipped)	(459.08)	(478.65)	(426.26)
Sales expenses	(208,701)	(188,387)	(180,385)
General and administrative expenses	(62,090)	(69,386)	(74,283)
Operating profit before financial results	**456,826**	**353,576**	**458,516**
Variation in fair value of biological asset	(144,573)	(154,009)	(183,765)
Exhaustion tranche of biological asset	162,778	137,898	132,173
Depreciation and amortisation	272,640	240,152	199,749
Employee benefits	(9,981)	(7,379)	(7,325)
Others	4,830	-	-
EBITDA	**742,520**	**570,236**	**599,348**
Extraordinary event [2]	(10,316)	(39,888)	(19,245)
Recurring EBITDA	**732,204**	**530,348**	**580,103**
Recurring EBITDA margin (%)	**33.0**	**28.3**	**31.7**

1. The cash cost per unit is arrived at by dividing the cost of products sold, net of depreciation, amortization and exhaustion, by the volume shipped.
2. 2011: result, net of the sale of fixed assets. 2012: Half-yearly PIS and revision to tax contingencies

Carvalho Reno – Way Line Panel

Highlights

The variety of products offered in the market was increased by an additional 32 panel patterns, in addition to six new types of Durafloor flooring, with innovations and design in keeping with international trends in their type of finishing. New products were launched at Formóbile, an important trade fair that brings together companies in Brazil and abroad, representing various supply sectors in the furniture industry.

In the fourth quarter the Panel Business Unit celebrated the recommendation by the BVC for all the plants at Uberaba (MG) and Agudos (SP) to receive ISO 14001 certification.

The Wood Division also won the Top Mobile prize in the MDF and MDP categories, as the most remembered brand for the fifth year running. In its line of laminated flooring, the Durafloor brand name was granted the Pini Top of Mind award, as well as the prize granted by *Casa & Mercado* magazine. *Exame* Magazine's ranking of the Biggest and Best rated Duratex as the best company in the wood pulp sector.

At the units, a Best Practice Program was implemented, introducing initiatives to reduce the consumption of raw materials from non-renewable resources, such as resins, which use raw materials manufactured from natural gas and the petrochemical industry.

05

IBASE + NBCT 15 SOCIAL BALANCE SHEET

GRI 2.8 | EC1

1 – CALCULATION BASE	2012 – R$'000	2011 – R$'000
Net Revenue (RL)	3,394,399	2,970,365
Operating Result (RO)	692,566	576,366
Gross payroll (FPB)	614,030	496,313
Total value added (VAT)	1,841,928	1,694,756

2 – INTERNAL SOCIAL INDICATORS	R$'000	% of FPB	% of RL	% of VAT	R$'000	% of FPB	% of RL	% of VAT
Nutrition	23,999	3.91	0.71	1.30	22,568	4.55	0.76	1.33
Compulsory social charges	180,295	29.36	5.31	9.79	180,472	36.36	6.08	10.65
Private pension scheme	6,765	1.10	0.20	0.37	6,177	1.24	0.21	0.36
Health	25,168	4.10	0.74	1.37	21,014	4.23	0.71	1.24
Occupational health and safety	12,311	2.00	0.36	0.67	11,098	2.24	0.37	0.65
Education	164	0.03	0.00	0.01	242	0.05	0.01	0.01
Culture	0	0.00	0.00	0.00	28	0.01	0.00	0.00
Training and professional development	1,826	0.30	0.05	0.10	1,732	0.35	0.06	0.10
Creche or creche assistance	104	0.02	0.00	0.01	63	0.01	0.00	0.00
Sport	146	0.02	0.00	0.01	204	0.04	0.01	0.01
Employee profit sharing	30,649	4.99	0.90	1.66	34,071	6.86	1.15	2.01
Transport	15,108	2.46	0.45	0.82	13,557	2.73	0.46	0.80
Others	2,296	0.37	0.07	0.12	2,073	0.42	0.07	0.12
Total - internal social indicators	298,831	48.67	8.80	16.22	293,299	59.10	9.87	17.31

3 – EXTERNAL SOCIAL INDICATORS	**R$'000**	**% of RO**	**% of RL**	**% of VAT**	**R$'000**	**% of RO**	**% of RL**	**% of VAT**
Education	5,056	0.73	0.15	0.27	1,176	0.20	0.04	0.07
Culture	1,819	0.26	0.05	0.10	3,049	0.53	0.10	0.18
Health and sanitation	575	0.08	0.02	0.03	0	0.00	0.00	0.00
Sport	1,805	0.26	0.05	0.10	0	0.00	0.00	0.00
Combating hunger and nutritional safety	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	78	0.01	0.00	0.00	2	0.00	0.00	0.00
Total contributions to society	**9,333**	**1.35**	**0.27**	**0.51**	**4,227**	**0.73**	**0.14**	**0.25**
Taxes (excluding social charges)	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Total - External social indicators	**9,333**	**1.35**	**0.27**	**0.51**	**4,227**	**0.73**	**0.14**	**0.25**

4 – ENVIRONMENTAL INDICATORS	**R$'000**	**% of RO**	**% of RL**	**% of VAT**	**R$'000**	**% of RO**	**% of RL**	**% of VAT**
4.1 – Investments related to production/company operation								
Expropriation of land	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Environmental liabilities and contingencies	169	0.02	0.00	0.01	385	0.07	0.01	0.02
Program for technological and industrial development	3,370	0.49	0.10	0.18	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	160	0.02	0.00	0.01	177	0.03	0.01	0.01
Sector indicator	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Others	24,148	3.49	0.71	1.31	26,503	4.60	0.89	1.56
Total investment related to production, company operation	27,847	4.02	0.82	1.51	27,065	4.70	0.91	1.60
4.2 – Investment in programs and/or external projects								
Environmental education projects in the community	0	0.00	0.00	0.00	14	0.00	0.00	0.00
Preservation and/or revitalisation of degraded environments	41	0.01	0.00	0.00	49	0.01	0.00	0.00
Others	0	0.00	0.00	0.00	0	0.00	0.00	0.00
Total investment in programs and/all external projects	41	0.01	0.00	0.00	63	0.01	0.00	0.00
Total investment in the environment (4.1 + 4.2)	27,888	4.03	0.82	1.51	27,128	4.71	0.91	1.60

DISTRIBUTION OF INVESTMENTS IN THE ENVIRONMENT	in R$'000	% of total	in R$'000	% of total
Total investment in environmental prevention actions	2,597	9.31	3,990	14.71
Total investment in actions for environmental maintenance	25,081	89.93	22,704	83.69
Total investment in actions for environmental compensation	210	0.75	434	1.60
Quantity of environmental, administrative and legal cases,brought against the organisation:	5		3	
Value of fines and compensation payments related to environmental matters, either judicial or administrative:	241,280		49,762	
With respect to the establishment of annual targets to minimise residues and general consumption in production/operation and increased efficiency through the use of natural resources, the company:	( ) does not have targets (X) fulfils 51 and 75% ( ) fulfils 0 to 50% ( ) fulfils 76 to 100%		( ) does not have targets (X) fulfils 51 and 75% ( ) fulfils 0 to 50% ( ) fulfils 76 to 100%	

5 – WORKFORCE INDICATORS	2012 AT UNITS	2011 AT UNITS
No. of employees at the end of the period	10,353	10,390
No. of admissions during the period	2,220	2,647
No. of employees leaving during the period	2,399	2,128
No. of outsourced employees	1,822	1,929
No. of student trainees	87	107
No. of employees over 45 yearsof age	1,460	1,387
Number of employees by age group:		
less than 18 years of age	115	99
between 18 and 35	6,192	6,362
between 36 and 45	2,586	2,542
between 46 and 60	1,140	1,334
over 60 years of age	50	53
Number of employees by level of schooling		
Illiterate	7	0
with elementary education	2,891	3,017
with high school/technical education	5,716	5,631
with higher education	1,467	1,491
Postgraduate	272	251

No. of women who work at the company	1,117	1,109
Percentage of management positions occupied by women	9.60	8.4
No. of men who work at the company	9,236	9,281
Percentage of management positions occupied by men	90.40	91.6
No. of black people who work at the company	2,988	2,978
Percentage of management positions occupied by black people	10.40	10.9
No. of disabled or special needs employees	302	283
Gross remuneration broken down by:		
employees	331,761	315,498
administrators	12,837	13,581
Difference between lowest salary paid by the company and minimum salary (national regional)		
Difference between lowest salary paid by the company and minimum salary (national regional)	2.90	0%
Source	Payroll/ National	Payroll/ National
6 – RELEVANT INFORMATION WITH RESPECT TO THE EXERCISING OF CORPORATE CITIZENSHIP	**2012**	**2011**
Ratio between highest and lowest remuneration within the company	99.13	89.76
Total number of accidents in the workplace	235	241
Social and environmental projects developed by the company were defined by:	( ) directors (X) directors and managers ( ) all employees	( ) directors (X) directors and managers ( ) all employees
Standards of safety and cleanliness in the work environment were defined by:	( ) directors and managers ( ) all employees (X) all + CIPA	( ) directors and managers ( ) all employees (X) all + CIPA
With respect to freedom to join a union, the right to collective wage bargaining and internal representation for workers, the company:	( ) does not get involved (X) follows the norms of the ILO ( ) incentivises and follows the ILO	( ) does not get involved (X) follows the norms of the ILO ( ) incentivises and follows the ILO
Private pension scheme includes:	( ) 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 respon sibility adopted by the company:	( ) are not considered ( ) are suggested (X) are requird		( ) are not considered ( ) are suggested (X) are requird	
With regard to the participation of employees in voluntary work program, the company:	( ) does not get involved ( ) supports (X) organizes and incentivates		( ) does not get involved ( ) supports (X) organizes and incentivates	
Total number of consumer com-plaints and criticisms:	at the company	39,022	at the company	51,515
	with Procon	54	with Procon	42
	in Court	105	in Court	62
Percentage of complaints and criticisms dealt with and resolved:	at the company	100	at the company	100
	with Procon	100	with Procon	42
	in Court	13	in Court	18
Quantity of fines and customer compensation payments deter-mined by consumer protection bodies or the courts:	with Procon	0	with Procon	0
	in Court	66,508	in Court	69,433
Actions employed by the entity to eliminate or minimise the causes of the complaints:				
Number of Labour related court cases:				
brought against the entity	375		341	
ruled as having a case to answer	156		128	
ruled as groundless	37		53	
Total amount of compensation and fines paid as determined by the courts:	**4,500,955**		**2,894,529**	
Total value added to be distribu-ted (in R$'000):	**1,841,928**		**1,694,756**	
Distribution of value added	**in R$'000**	**% of total**	**in R$'000**	**% of total**
Government	618,393	33.57	566,449	33.42
Employees	559,077	30.35	536,658	31.67
Shareholders	157,951	8.58	128,848	7.60
Outsource Staff	204,747	11.12	216,789	12.79
Retained	301,760	16.38	246,012	14.52

7 – OTHER INFORMATIONS

Note item 4.2 – "Preservation and/or revitalisation of degraded environments": amount refers to the fulfilment of Terms of Conduct Adjustment (TACs).

SUMMARY MINUTES OF THE EXECUTIVE DIRECTORS´ MEETING HELD ON FEBRUARY 22, 2013

DATE, TIME AND PLACE: On February 22, 2013, at 8:00 pm, at Avenida Paulista, 1938 – 5th floor, in São Paulo (SP).

PRESIDING: Henri Penchas – Executive President; and Flavio Marassi Donatelli – Secretary.

QUORUM: The majority of elected the members.

RESOLUTIONS TAKEN UNANIMOUSLY: After examination of the financial statements for the fiscal year ended December 31, 2013, and the report of PricewaterhouseCoopers, the Board decided, unanimously and in compliance with the provisions of sections V and VI of Article 25 of Instruction Number 480/09 of the Securities Commission, declare that:

a) reviewed, discussed and agree with the opinions expressed in the report issued by PricewaterhouseCoopers Independent Auditors; and,
b) reviewed, discussed and agree with the financial statements for the year ended December 31, 2013.

CLOSURE: There being nothing further to discuss and anyone wishing to manifest, the work was closed, drawing up these minutes which were read, approved and signed by all. São Paulo (SP), February 22, 2013. (aa) Henri Penchas – Executive President; Alexandre Coelho Neto do Nascimento, Antonio Joaquim de Oliveira, Antonio Massinelli, Flavio Marassi Donatelli, João Jacó Hazarabedian, Monica Ramos Pinto, Raul Penteado de Oliveira Neto, Renato Aguiar Coelho and Roberto Szachnowicz – Executive Directors; Flavio Dias Soares, Marco Antonio Milleo and Roney Rotenberg – Executive Managers.

FLAVIO MARASSI DONATELLI
Director of Investor Relations

REPORT FROM THE COMMITTEE FOR AUDITING AND RISK MANAGEMENT

INTRODUCTION

The Audit and Risk Management of Duratex S.A., created in November 2009, has the following responsibilities: (i) oversee the internal controls and management of risks inherent to the activities of the Company and its subsidiaries, as well as the work performed by internal and external auditors, and (ii) to evaluate the quality and integrity of the financial statements.

RESPONSABILITIES

The Administration is responsible for the proper preparation of financial statements of Duratex S.A. and its subsidiaries and affiliates, as well as the implementation and maintenance of internal controls and risk management commensurate with the size and structure of the Company. It is also the Administration establish procedures to ensure the quality of the processes that generate the financial information.

Internal Audit have responsibility to assess the risks of key processes and controls used to mitigate those risks, and verify compliance with the policies and procedures established by management, including those aimed at preparing the financial statements.

The PricewaterhouseCoopers is responsible for auditing the financial statements and should ensure that they present fairly, in all material respects, the financial position of Duratex S.A. and its subsidiaries, which were prepared in accordance with accounting practices adopted in Brazil, determined by the Brazilian Securities Commission – CVM.

In fulfilling its responsibilities, the analyzes and assessments carried out by the Committee based on information received from management, internal audit, external auditors and executives responsible for risk management and internal controls in the various segments of the Organization.

COMMITTEE ACTIVITIES

During the year 2012, the Audit and Risk Management Committee met on eleven occasions, with the following objectives:

- Analysis of financial risks, operational and environmental key internal controls and mitigating risks, meetings with directors of the Organization.
- Review of Risk Management Policies of Duratex S.A. and Internal Audit.
- Discussion of points of attention or improvement observed during the work of external auditors regarding internal controls and accounting aspects through quarterly meetings with the audit firm.
- Discussion and approval of the planning of the work of the external auditors for the year 2012.
- Knowledge of Internal Control Report prepared by the external auditors to date as of 31.12.2011.
- Planning Approval of the Internal Audit for the year 2012.
- Analysis of the result of the work of Internal Audit.
- Knowledge of major contingencies involving the Company, upon submission of the Chief Legal Officer.
- Discussion and analysis of the significant accounting policies used in the preparation and drafting of quarterly financial statements.
- Conducting the assessment of external and internal audit and self-evaluation of the Committee.

At the second meeting of 2013, held on February 15, were discussed and analyzed the financial statements of 31.12.2012.

CONCLUSION

Thus, based on the activities during the year and considered the natural limitations of the scope of its activities, the Audit and Risk Management Committee understands that the financial statements of 31.Dec.2012 have been prepared in accordance with accounting practices adopted in Brazil and recommends its adoption by the Board of Directors.

São Paulo, February 22, 2013.
The Audit and Risk Management Committee

ALCIDES LOPES TÁPIAS
President

RICARDO EGYDIO SETÚBAL

RODOLFO VILLELA MARINO

TEREZA CRISTINA GROSSI TOGNI

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors and Shareholders
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, 2012 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, 2012 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, 2012, and its financial performance and its 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, 2012, and their financial performance and their 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 2.1 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 – SUPPLEMENTARY INFORMATION – STATEMENTS OF VALUE ADDED

We also have audited the Parent Company and Consolidated statements of value added for the year ended December 31, 2012, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but they are 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 22, 2013

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

MANAGEMENT REPORT 4Q12

SCENARIO AND MARKET

The year 2012 was marked by the expansion of GDP growth, according to market estimates, of approximately 1%. The government has adopted measures such as a reduction in the basic interest rate (Selic), to 7.25% p.a., a reduction in the IPI tax rate (tax on industrialised products) for certain sectors of the economy, including furniture, electrical appliances, automobiles and building materials, or even a reduction in payroll tax contributions, which were important to our industry.

Duratex's performance was positively impacted particularly in the wood panel segment, which is sensitive to credit conditions. According to figures from the Brazilian Panel Industry Association (ABIPA), demand for panels made from fibreboard, MDF and MDP, in the domestic and export markets, saw an annual aggregate growth of 11.4%, while Duratex's shipments rose by 16.1%, indicating better performance than the industry average, and the result of investments made in the past.

In the construction segment, which is related to the Deca Division, the level of activity was lower, although still extremely positive compared to the performance of the industry as a whole. The Brazilian Association of the Industry of Construction Materials (ABRAMAT) index, which measures sales performance in the domestic construction sector, recorded an annual expansion of 1.4%, while Deca's net domestic revenue was up 7.3%. A combination of investments in expanding existing operations and strategic acquisitions contributed to this performance.

On the international front, ongoing developments in the Eurozone crisis continue to generate uncertainty in the markets, although there is a general feeling that the monetary authorities in this economic bloc are continuing to make every effort to find a favourable solution.

For the year 2013, the company believes that the Brazilian economy, and particularly the markets in which it operates, will continue to expand. This year we will benefit from a reduction in payroll charges in the vitreous chinaware segment, as well as the lowering of electricity tariffs.

STRATEGIC MANAGEMENT

In 2012, Duratex took another important step towards its strategy, stating that i) the company's growth will be through organic expansion, acquisitions, and expansion in the markets in which it operates, both through regional expansion, and in new products linked to the construction industry, and ii) this growth will be carried out in a highly sustainable manner.

In line with this strategy, Duratex invested R$832.2 million in 2012, equivalent to 83% of its recurring EBITDA, in the following areas:

Panel Division:

i) A new MDF plant which is in the implementation phase at the unit in Itapetininga – SP, planned to be operational in mid-2013, with an effective annual capacity of 520,000 m^3

ii) Additional investment in the unit at Taquari-RS, to make it possible for the MDP production line to run at its full effective capacity, with completion forecast in mid-2013

iii) Acquisition of a 37% stake in Tablemac, a producer of wood panels in Colombia, for R$ 161 million, through a capital subscription and public share offering for the acquisition of shares.

Deca Division:

i) Acquisition of the bronze industrial valve manufacturing unit (Metalúrgica Ipê, Mipel) belonging to Lupatech, located in Jacareí/SP for R$ 46.3 million, paid on October 2, 2012. This unit has a production capacity of 780,000 pieces a year

ii) A capacity increase at the unit in Jundiaí/SP, from 17.0 million to 18.2 million metal bathroom fitting pieces

iii) Investment in the unit at Queimados/RJ, with an annual capacity of 2.4 million pieces a year, which corresponds to a 25% increase in vitreous chinaware production capacity.

In keeping with the company's growth strategy for segments which have synergy with its existing businesses, on January 2, 2013, Duratex signed a contract for the acquisition of the entire share capital of Thermosystem Indústria Eletro Eletrônica Ltda. for the price of R$58.1 million. Following this acquisition, Duratex will have a production capacity of 1.5 million pieces per year, of electronic showers – representing a market share equivalent to 7% for this segment.

By way of recognition for the initiatives adopted to create value for shareholders in a sustainable manner, of particular note was the inclusion of Duratex's shares in one of the most prestigious and selective sustainability indexes in the market, the Dow Jones Sustainability World Index (DJSWI). Launched in 1999, this was the first global share index created to focus on the creation of long-term value. In the 2012/2013 version of the index, 340 companies were selected for a portfolio of shares, of which only nine were from Brazil. Duratex was the only company in Latin America in the construction materials sector to be included in this index.

This recognition is in keeping with our Mission of "meeting 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".

CONSOLIDATED FINANCIAL SUMMARY

(IN IFRS AND R$ '000)	4Q12	3Q12	4Q11	2012	2011
HIGHLIGHTS					
Volume shipped: Deca ('000 pieces)	6,606	6,917	6,729	25,772	25,505
Volume shipped: Panels (m^3)	699,964	704,920	555,656	2,635,084	2,268,822
Consolidated net revenue	**936,340**	**911,220**	**769,544**	**3,394,399**	**2,970,365**
Gross profit	331,918	320,047	256,413	1,183,141	1,011,931
Gross margin	35.4%	35.1%	33.3%	34.9%	34.1%
Ebitda (1)	295,376	279,923	188,781	1,021,414	839,349
Ebitda margin	31.5%	30.7%	24.5%	30.1%	28.3%
Extraordinary events (2)	10,028	6,367	0	16,395	39,888
Recurring Ebitda	**285,348**	**273,556**	**188,781**	**1,005,019**	**799,461**
Recurring Ebitda margin	**30.5 %**	**30.0 %**	**24.5 %**	**29.6 %**	**26.9 %**
Net earnings	149,400	125,663	79,387	459,711	374,860
Recurring net Income (*)	**131,301**	**121,461**	**79,387**	**437,410**	**349,695**
Recurring net margin (3)	14.0%	13.3%	10.3%	12.9%	11.8%

(IN IFRS AND R$ '000)	4Q12	3Q12	4Q11	2012	2011
INDICATORS					
Current ratio (4)	1.86	1.63	1.69	1.86	1.69
Net Debt (5)	1,369,710	1,392,668	1,189,331	1,369,710	1,189,331
Net Debt/ Ebitda UDM	1.34	1.52	1.42	1.34	1.42
Average net equity	3,984,562	3,881,150	3,665,424	3,852,098	3,573,234
ROE (6)	15.0%	13.0%	8.7%	11.9%	10.5%
Recurring ROE	13.2%	12.5%	8.7%	11.4%	9.8%
SHARES					
Net earnings per share (R$) (7)	0.2719	0.2292	0.1448	0.8375	0.6833
Closing share price (R$) (8)	14.85	13.29	8.92	14.85	8.92
Net equity per share (R$)	7.31	7.17	6.71	7.31	6.71
Shares held in Treasury (shares)	828,677	1,769,993	1,889,486	828,677	1,889,486
Market value (R$1.000) (9)	8,155,997	7,286,688	4,889,460	8,155,997	4,889,460

(1) Ebitda (Earnings Before Interest, Taxes, Depreciation and Amortization): a measure of operational performance.
(2) Extraordinary events: in 2012 (-) R$16,395 thousand on Ebitda, equivalent to (-) R$10,028 thousand in 4Q12, referring to the reversion of tax contingencies, and in 3Q12 (-) R$6,367 thousand referring to the recovery of half-yearly PIS. In 2011, extraordinary events referred to the sale of real estate.
(3) Net margin: result of dividing recurring net earnings by net revenue.
(4) Current ratio: Current assets divided by current liabilities. Indicates the amount available in R$ to match each R$ of short-term obligations.
(5) Net indebtedness: Total financial debt (–) Cash.
(6) ROE (Return on Equity): a measure of performance obtained by dividing Net Earnings for the period, annualised for each quarter, by the average net equity.
(7) Net earnings per share is calculated by dividing the profit attributable to the shareholders of the company, by the average weighted quantity of ordinary shares issued during the period, excluding those ordinary shares held in treasury.
(8) Market value was calculated based on the share price quote at the end of the period, multiplied by the quantity of shares (550,054,041 shares for 4Q12), net of the shares held in treasury.

OPERATIONS

Wood division

HIGHLIGHTS	4Q12	3Q12	%	4Q11	%	2012	2011	%
SHIPMENTS (IN M³)								
Standard	426,192	428,622	-0.6%	332,995	28.0%	1,577,830	1,364,833	15.6%
Coated	273,773	276,298	-0.9%	222,661	23.0%	1,057,255	903,989	17.0%
Total	**699,964**	**704,920**	**-0.7 %**	**555,656**	**26.0 %**	**2,635,084**	**2,268,822**	**16.1 %**
FINANCIAL HIGHLIGHTS (R$1000)								
NET REVENUE	**621,158**	**601,863**	**3.2 %**	**479,506**	**29.5 %**	**2,216,095**	**1,875,979**	**18.1 %**
Domestic market	595,848	573,404	3.9%	452,682	31.6%	2,113,785	1,780,982	18.7%
Export market	25,310	28,459	-11.1%	26,824	-5.6%	102,310	94,997	7.7%
Net Unit Revenue (in R$ per m³ shipped)	**887.41**	**853.80**	**3.9 %**	**862.95**	**2.8 %**	**841.00**	**826.85**	**1.7 %**
Unit Cash Cost (in R$ per m³ shipped)	**(469.79)**	**(460.73)**	**2.0 %**	**(517.75)**	**-9.3 %**	**(459.08)**	**(478.65)**	**-4.1 %**
Sales Expenses	(52,969)	(57,201)	-7.4%	(46,585)	13.7%	(208,701)	(188,387)	10.8%
General and Administrative Expenses	(15,550)	(15,976)	-2.7%	(18,076)	-14.0%	(62,090)	(69,386)	-10.5%

HIGHLIGHTS	4Q12	3Q12	%	4Q11	%	2012	2011	%
Operating Profit before Financial Results	**148,238**	**128,321**	**15.5%**	**81,888**	**81.0%**	**456,826**	**353,576**	**29.2%**
Variation in the Fair Value of Biological Assets	(39,933)	(35,304)	13.1%	(53,519)	-25.4%	(144,573)	(154,009)	-6.1%
Depletion Tranche of Biological Assets	47,121	39,976	17.9%	32,517	44.9%	162,778	137,898	18.0%
Depreciation. Amortization and Depletion	72,078	75,433	-4.4%	66,628	8.2%	272,640	240,152	13.5%
Employee Benefits	(5,185)	(4,098)	26.5%	(584)	787.8%	(9,981)	(7,379)	35.3%
Other	4,830	-	-	-	-	4,830		
Ebitda	227,149	204,328	11.2%	126,930	79.0%	742,520	570,236	30.2%
Extraordinary Event (1)	(6,224)	(4,092)	-	0	-	(10,316)	(39,888)	-
Recurring Ebitda	**220,925**	**200,236**	**10.3%**	**126,930**	**74.1%**	**732,204**	**530,348**	**38.1%**
Recurring Ebitda margin	**35.6 %**	**33.3 %**	**-**	**26,5 %**	**-**	**33.0 %**	**28,3 %**	**-**

(1) 2011: Net results of real estate sales
2012: in 3Q12: half-yearly PIS and in 4Q12: tax contingency revision

The performance of the Wood Division was very positive throughout the year, maintaining this trend in the fourth quarter. Net Revenue totalled R$621.2 million and R$2,216.1 for 4Q12 and the year as a whole, respectively. These results represent respective increases of 29.5% compared to the same quarter in the previous year, and 18.1% compared to the total revenue in 2011. In particular, there was a combination of a record volume of residential units delivered during the year and incentive measures for the furniture segment. The latter included the reduction in the IPI tax rate to zero, more manageable financing periods, as well as tax incentives, thus equalising the competitive conditions between the furniture segment and the consumer durables segment – which includes white line goods. These measures contributed decisively to the performance of the Wood Division.

Duratex's performance in shipment terms was substantially higher than that of the industry as a whole. Taking a comparison, while the company reported a 16.1% increase in its level of shipments, the industry as a whole reported an increase in shipments of 11.4%, according to the latest figures from ABIPA. This performance reflects the correctness of the decisions taken in the past to expand production capacity and focus on results.

The increase in Net Unitary Revenue and the combination of cost reductions, gains in productivity and increased scale enabled a significant increase in recurring EBITDA in the last quarter of the year, at 10.3% compared to the preceding quarter, while showing an increase of 74.1% compared to the same period in 2011, to R$220.9 million. Contributing to this performance were the gains in scale and the reduction in General and Administrative Expenses, on an annual basis. For the year as a whole, recurring EBITDA was R$732.2 million, with EBITDA margin of 33.0%.

By the end of the first half of 2013, two major investments should be completed, which should enable the company to take a significant leap forward in operational terms. The investment should be concluded at the unit in Taquari/RS to remove the bottleneck in the MDP unit, providing additional production capacity of approximately 230,000 m^3 and raising the available capacity to 670,000 m^3. The second investment due for completion is the new MDF unit, which is being installed at the plant in Itapetininga/SP, with an annual capacity of 520,000 m^3.

Tablemac's performance was recognised in Duratex's figures using the equity income result method. At the end of 2012, Duratex's stake in the Colombian company amounted to 37%.

As a way of building on the company's competitive advantages, including the wide variety of products offered, 18 new panel products were introduced, representing innovations and new finish designs in keeping with international trends. These product launches were displayed at Formóbile, a major trade fair which brings together companies from Brazil and the rest of the world, representing the various suppliers of sectors in the furniture industry.

In the fourth quarter, the Panel Business Unit received a recommendation from BVC (Bureau Veritas Certification) for the plants at Uberaba/MG and Agudos/SP to receive ISO 14001 certification.

The Wood Division also was awarded the Top Mobile prize in the MDF and MDP categories, as the most recognized brand name for the fifth year running. In the laminated flooring segment, the Durafloor brand received the Top of Mind prize at the Pini award, as well as a prize awarded by Casa & Mercado magazine. Under the "Biggest and Best" categories cited by Exame Magazine, Duratex was voted best company in the Wood and Pulp sector.

Deca Division

HIGHLIGHTS	4Q12	3Q12	%	4Q11	%	2012	2011	%
PRODUCTS SHIPPED (IN '000 PIECES)								
Basic products	2,249	2,480	-9.3%	2,347	-4.2%	8,761	8,870	-1.2%
Finishing products	4,357	4,437	-1.8%	4,382	-0.6%	17,011	16,636	2.3%
Total	**6,606**	**6,917**	**-4.5 %**	**6,729**	**-1.8 %**	**25,772**	**25,506**	**1.0 %**
FINANCIAL HIGHLIGHTS (R$1000)								
NET REVENUE	**315,182**	**309,357**	**1.9 %**	**290,038**	**8.7 %**	**1,178,304**	**1,094,386**	**7.7 %**
Domestic market	303,390	295,486	2.7%	279,128	8.7%	1,131,788	1,054,987	7.3%
Export market	11,792	13,871	-15.0%	10,910	8.1%	46,516	39,399	18.1%
Net Unit Revenue (in R$ per piece shipped)	**47.71**	**44.72**	**6.7 %**	**43.1**	**10.7 %**	**45.72**	**42.91**	**6.5 %**
Unit Cash Cost (in R$ per piece shipped)	**(28.58)**	**(25.78)**	**10.9 %**	**(25.81)**	**10.7 %**	**(26.45)**	**(24.70)**	**7.1 %**
Sales Expenses	(45,554)	(43,727)	4.2%	(41,869)	8.8%	(169,577)	(155,568)	9.0%
General and Administrative Expenses	(13,544)	(12,017)	12.7%	(9,997)	35.5%	(48,445)	(37,378)	29.6%
Operating Profit before Financial Results	**68,370**	**61,937**	**10.4 %**	**49,332**	**38.6 %**	**235,740**	**222,792**	**5.8 %**
Depreciation and Amortization	2,178	15,199	-85.7%	12,770	-82.9%	47,297	50,248	-5.9%
Employee benefits	(2,321)	(1,541)	50.6%	(251)	824.7%	(4,143)	(3,927)	5.5%
Ebitda	**68,227**	**75,595**	**-9.7 %**	**61,851**	**10.3 %**	**278,894**	**269,113**	**3.6 %**
Ebitda margin	**21.6 %**	**24.4 %**	**-**	**21,3 %**	**-**	**23.7 %**	**24,6 %**	**-**
Extraordinary events [1]	(3,804)	(2,275)	-	0	-	(6,079)	0	-
Recurring Ebitda	**64,423**	**73,320**	**-12.1 %**	**61,851**	**4.2 %**	**272,815**	**269,113**	**1.4 %**
Recurring Ebitda margin	**20.4 %**	**23.7 %**	**-**	**21,3 %**	**-**	**23.2 %**	**24.6 %**	**-**

(1) 2012: half-yearly PIS and revision to tax contingency

After volume growth of 18% in 2011, the Deca Unit reported growth of 1% in 2012, reaching a shipment volume of 25.8 million pieces. Compared to the immediately preceding quarter, shipments were down by 4.5%. This performance can be explained by a slowdown in demand in the property refurbishment segment. This segment is particularly susceptible to short-term macroeconomic conditions, which deteriorated in 2012 with the weakening of the Brazilian economy.

However, the net revenue performance was positive, principally when compared with the indicator for the sector, the ABRAMAT index, which measures sales performance in the domestic market. While this indicator showed an increase of 1.4% for the year for the industry as a whole, Deca's sales were up 7.7%. This performance reflects the strength of the Deca brand and the rewards achieved through the geographical diversification of the company's plants, begun in 2008, bringing the company even closer to its consumers. In this regard, the company made another important move, at the beginning of 2013, with the acquisition of Thermosystem, a manufacturer of electronic showers and solar heating systems. This transaction will allow significant diversification of the company's product lines, even in 1Q13.

Operational performance, as measured by recurring EBITDA, amounted to R$272.8 million for the year, equivalent to an EBITDA margin of 23.2%. In the fourth quarter there was a contraction of the EBITDA margin due to the consolidation of the Mipel operation into the Deca Division, with lower margins, and a provision, in accordance with best accounting practice, of an amount reflecting the extended guarantee provided on the company's products, of R$ 5.3 million, as well as the increase in General and Administrative expenses which preceded the start-up of the new unit in Queimados/RJ.

As a way of strengthening its market presence, Deca participated in various events during the year, such as the 3rd Green Building Council Brazil, as well as marking its presence at the 5th Brazilian Congress for the Development of Hospital Buildings and the 54th National Hotel Congress. As a way of keeping its product lines abreast of new trends in the market, seven new projects were launched in the period in the Vitreous Chinaware segment, of particular note being the Fosca line and 12 new product lines in the Metal Bathroom Fittings segment, the most noteworthy being the Embutir Hydra, Disco Btahroom and Kitchen line, and Shower Deca Twin Spa.

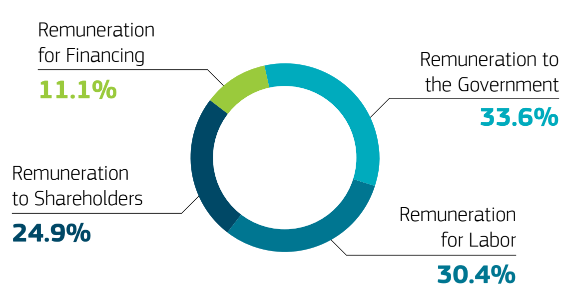
The Deca Division ended 2012 celebrating the BVC recommendation (Bureau Veritas Certification) that the metal bathroom fitting plants in São Paulo, and the vitreous chinaware plants in São Leopoldo/RS, should receive ISO 14001 certification.

In addition to this, the Deca Division also received various market recognitions, of particular note being in 4Q12 the silver in three categories in the 7th MasterInstal Awards.

VALUE ADDED

Value Added for the year amounted to R$1,841.9 million, 8.7% higher than in the previous year. Of this amount, R$618.4 million, equivalent to 14.2% of the revenue obtained and 33.6% of the Total Value Added, was destined for federal, state and municipal governments in the form of taxes and contributions.

DISTRIBUTION OF VALUE ADDED IN 2012



DIVIDENDS/INTEREST ON OWN CAPITAL

Shareholders are statutorily guaranteed a minimum dividend of 30% of adjusted net income. On July 26, 2012, a provision was made for dividends of R$ 62,032 thousand, in the form of interest on capital, paid on August 15, 2012. Additionally, a meeting of the Board of Directors on November 30, 2012, ad referendum of the General Assembly, approved credit interest on capital, because of the mandatory dividend for 2012, the value of R$0.1639/share totaling R$ 89,963 thousand to be paid on February 28, 2013. Finally, we proposed on December 31, 2012 an additional on R$ 5.501 thousand to be paid on the same day, February 28, 2013. Thus the total gross remuneration to be paid to shareholders on February 28, 2013 is $ 95,464,000.

The gross remuneration to shareholders for the fiscal year 2012 will total R$ 157.496 million, which equates to an expansion of approximately 23% compared to the benefits distributed in 2011.

CAPITAL MARKETS AND CORPORATE GOVERNANCE

At the end of 2012, Duratex had a Market Capitalization of R$ 8,155.9 million and an Enterprise Value of R$ 9,525.6 million, based on a closing share price of R$14.85. The shares appreciated by 66.5% during the year, while the Bovespa Index appreciated by just 7.8%, making Duratex one of the year's best performing shares.

In the first quarter, 219,300 trades were recorded in Duratex's shares on the spot market on BM&FBovespa, with 80.6 million shares changing hands, representing a trading volume equivalent to R$1,143.8 million, or an average daily trading volume of R$18.8 million. This level of liquidity ensured the continuing presence of the company's shares in the Ibovespa portfolio (Bovespa Index), which is composed of approximately 60 shares, the most important inclusion criterion for which is share liquidity.

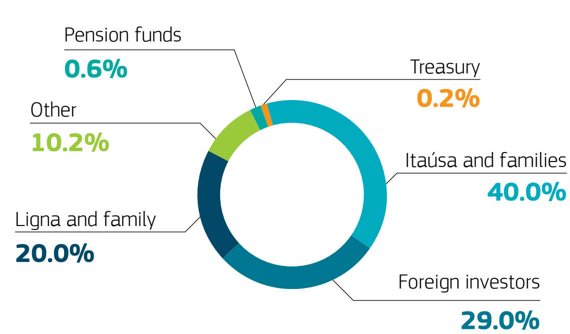
In September, Duratex gained important market recognition with its shares being chosen to form part of the Dow Jones Sustainability World Index – DJSWI. Definition for inclusion in this share index involves a rigorous analysis process, including external verification by Deloitte. 34 criteria were evaluated, from Environmental, Social and Economic perspectives. During the evaluation process, the company obtained an absolute score of 79, positioning it among the best 10%, with an overall score of 93% and the best score in the sector in five criteria, of which we would draw particular attention to Crisis and Risk Management, Stakeholder Engagement and International Production Standards. Duratex was the first company in Latin America in the Construction Materials sector to be included in the index.

Another important recognition was the inclusion of Duratex's shares in the BM&FBovespa – ISE (Corporate Sustainability Index) index for the fifth year running. Having a presence on the index lists since the 2008/2009 version, the company's shares are part of the index that came into force on January 7, 2013, and which will remain valid until January 3, 2014. This index is composed of 51 shares of companies that are outstanding in terms of the application of the international concept of Triple Bottom Line sustainability, which evaluates social, environmental and economic-financial aspects in an integrated manner, incorporated into practices related to corporate governance, business characteristics, product nature, as well as climate change.

Duratex's shares are also listed on the BM&FBovespa Novo Mercado, a differentiated segment of the market which includes those companies which have shown themselves to be exceptional by voluntarily adopting the highest standards of corporate governance. As part of this segment of the market, the Company is committed to accepting rulings by the BM&FBovespa Novo Mercado arbitration chamber for the resolution of any and every dispute which may arise between the Company, its shareholders and its managers.

In addition to the prerequisites of the Novo Mercado, the Company also has a differentiated dividend policy, which involves the distribution of 30% of adjusted net earnings, while committing itself to one third of its board members being independent, as well as adhering to the Abrasca code for self-regulation and good practice.

SHAREHOLDING STRUCTURE AS AT THE END OF DECEMBER 2012



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

In 2012, the company had 10,601 employees, who received a total remuneration of R$86.1 million in the quarter, bringing the total for the year to R$331.8 million.

(AMOUNTS IN R$ '000)	4Q12	3Q12	%	4Q11	%	2012	2011	%
EMPLOYEES (quantity)	**10,601**	**10,627**	**-0,2%**	**10,667**	**-0,6%**	**10,601**	**10,667**	**-0,6%**
Remuneration	86,151	82,004	5,1%	81,411	5,8%	331,761	315,498	5,2%
Obligatory legal charges	48,070	47,395	1,4%	46,494	3,4%	185,786	180,815	2,7%
Differentiated benefits	17,047	16,101	5,9%	15,830	7,7%	66,676	59,368	12,3%

In 2012 the company spent R$27.7 million on environmentally related initiatives, which included the treatment of effluents, the collection of residues and the maintenance of forestry areas. This represented an increase of 3.8% compared to investments of this nature in 2011.

During 2012, the Company made a global investment of R$ 9,334 thousand in the financing of projects with an educational focus, concentrating on socio-environmental aspects, health, cultural incentives and sport.

In the fourth quarter of 2012, funds were spent on new cultural, sporting and health-related projects, which are to be implemented in 2013. Of particular note are the 2013 Annual Activity Plan from the Tomie Othake Institute", participation in Encena Brasi", which involves a travelling theatre group (for adults and children), circus shows, cinema sessions, storytelling, workshops, exhibitions and musical shows in eight towns and cities, benefiting pupils in the public education network and the population in general, and ProCine São Paulo, which consists of the donation to municipal authorities/social entities, of materials and physical structures (cabins) suitable for the setting up of three units for the experimental production of videos, with 42 hours of workshop training in the video production area.

We must also not forget the other projects already supported by Duratex in previous years, and which continued to receive funding in 2012, as well as projects initiated in 2012, and which will be continued in 2013, including Salas de Cinema (cinema rooms) – Cine Moviola and "Casinha de Filmes (little house of films), with donations of complete structures for the showing of digital films to schools in the public education network and the training of professional staff to use them, as an educational instrument, the Restoration of the Railway Station and the Implementation of the Botucatu Railway History Museum and the project Um passe para Educação (a step forward for education).

In August, Duratex held its 2nd Stakeholders Meeting. This involved two panels, composed of specialists and employees. The object of these events was to determine the themes that are the most important to be developed and inserted into the company's strategy and its management. These aspects will be covered in greater detail in the Annual Sustainability Report for 2012.

During the year, the Company won the following important prizes:

- Abrasca Award, 14th edition, in the category Outstanding in the Sector 2012 – Paper and Pulp, as the best instance of value creation in 2011;
- The Top Mobile prize for the fifth year running, one of the most important awards in the furniture sector in Brazil. The Company obtained first place in the MDP and MDF panel categories, in the Industry Suppliers segment;
- The Deca and Durafloor brand names were the "most recognized" by the public in their segments of operation, at the 15th edition of the Top of Mind awards promoted by *Casa & Mercado* magazine;
- Best company in the Decoration and Construction Materials segment in the first edition of Época NEGÓCIOS 360º annual magazine, a special publication by Editora Globo;

- Champion of the Decoration and Construction Materials segment, for the 12th edition of the annual magazine Valor 1000 published by the newspaper *Valor Econômico;*
- Best company in the Decoration and Construction Materials segment, in the As Melhores da Dinheiro 2012 magazine, a special publication by *Isto É Dinheiro* magazine, and
- Duratex's forestry division was selected as the best company in the Wood and Pulp sector in the 2012 "Biggest and Best" ranking, compiled by *Exame* magazine.

DURATEX'S NEW LOGO

For more than 60 years Duratex has been a benchmark for reliability, quality, innovation and sustainability. The company is the market leader in the production of laminate flooring, wood panels, vitreous chinaware and metal bathroom fittings, and its operations are characterised by the application of values, social responsibility and environmental preservation.

In 2012, the Company decided to design a brand for the future, reworking its visual identity in order to prepare for a new market context and go beyond the aesthetic transformation. Thus was created a symbol that causes impacting associations and encourages the idea of conglomerate with the particularities of the various businesses in which the company operates.

The redesign of the rhino brings contemporary, while evoking the symbol of credibility built up over the years. The combination of light and fluid lines gives the idea of a drop or a leaf, a clear association with Duratex's commitment to sustainability. The new feature also refers to the letter "d", which highlights tradition, solidity and ethics.

DURATEX. Ready for the future!

INDEPENDENT AUDITORS

In accordance with CVM Instruction 381, dated January 14, 2003, and Circular Letter CVM/SNC/SEP nº 02/2006 of December 28th 2006, Duratex and its subsidiaries state that they have not contracted other services from the audit company, PricewaterhouseCoopers, which is responsible for the external audit of the Company for the period ended December 31, 2012.

The Company's policy for procuring services from its independent auditors that are not related to external audit is based on internationally accepted principles that preserve the independence of auditors and mean that: (a) the auditor should not audit their own work, (b) The auditor should not provide management functions within the client, and (c) the auditor must not promote the interests of the client.

ACKNOWLEDGMENTS

We are deeply grateful for all the support received from our shareholders, the dedication and commitment of our employees, the partnerships we have with our suppliers and the confidence placed in us by our clients and consumers.

The Management

BALANCE SHEET

ASSETS		PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/12	12/31/11	12/31/12	12/31/11
CURRENT ASSETS	**Note**	**1,876,992**	**1,535,754**	**2,364,965**	**1,933,005**
Cash and cash equivalents	5	617,307	376,071	1,032,077	726,159
Trade accounts receivable	6	753,721	639,562	796,008	657,589
Inventory	7	385,768	380,541	414,633	411,427
Other receivables		56,887	56,736	33,586	31,496
Recoverable taxes and contributions	8	59,248	76,714	83,094	98,484
Other credits		4,061	6,130	5,567	7,850
NON-CURRENT ASSETS		**5,052,917**	**4,537,077**	**5,393,633**	**4,881,145**
Related parties	10	-	12	-	-
Restricted deposits		23,407	18,245	25,717	21,067
Other receivables		34,363	46,145	62,216	71,738
Pension plan credits	27	84,867	72,402	92,232	78,108
Recoverable taxes and contributions	8	44,054	27,536	45,462	29,763
Deferred income tax and social contribution	9	51,188	45,975	63,655	62,488
Investments in subsidiaries	11	1,550,565	1,373,739	173,704	-
Other investments		298	298	772	772
Property, plant and equipment	12	2,694,105	2,369,760	3,257,083	2,939,835
Biological assets	13	-	-	1,102,337	1,094,220
Intangible assets	14	570,070	582,965	570,455	583,154
TOTAL ASSETS		**6,929,909**	**6,072,831**	**7,758,598**	**6,814,150**

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY		PARENT COMPANY		CONSOLIDATED (IFRS)	
		12/31/12	12/31/11	12/31/12	12/31/11
CURRENT LIABILITIES	**Note**	**1,074,507**	**939,858**	**1,268,582**	**1,141,539**
Loans and financing	15	560,261	527,664	675,892	687,902
Debentures	16	5,882	-	5,882	-
Suppliers		206,480	162,580	211,829	159,262
Personnel		101,736	96,588	111,392	104,893
Accounts payable		63,387	41,156	102,366	60,139
Taxes and contributions		45,724	51,718	69,973	68,987
Dividends payable		91,037	60,152	91,248	60,356
NON-CURRENT LIABILITIES		**1,835,421**	**1,443,764**	**2,466,411**	**1,979,801**
Loans and financing	15	1,380,930	1,096,056	1,617,211	1,227,588
Debentures	16	102,802	-	102,802	-
Provisions	17	88,769	83,283	125,444	135,437
Deferred income tax and social contribution	9	251,931	259,236	485,707	500,721
Related parties	10	5	95	-	-
Other		10,984	5,094	135,247	116,055
STOCKHOLDERS' EQUITY	19	**4,019,981**	**3,689,209**	**4,023,605**	**3,692,810**
Capital		1,550,246	1,550,000	1,550,246	1,550,000
Costs on issue of shares		(7,823)	(7,823)	(7,823)	(7,823)
Capital reserves		314,984	307,932	314,984	307,932
Revaluation reserves		83,332	89,721	83,332	89,721
Revenue reserves		1,665,920	1,355,588	1,665,920	1,355,588
Treasure shares		(10,101)	(23,032)	(10,101)	(23,032)
Carrying value adjustments		423,423	416,823	423,423	416,823
Equity attributable to equity holders of the parent company		**4,019,981**	**3,689,209**	**4,019,981**	**3,689,209**
Noncontrolling interests		**-**	**-**	**3,624**	**3,601**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**6,929,909**	**6,072,831**	**7,758,598**	**6,814,150**

STATEMENT OF INCOME

		PARENT COMPANY		CONSOLIDATED (IFRS)	
	Note	12/31/12	12/31/11	12/31/12	12/31/11
NET SALES REVENUE	21	3,245,404	2,829,388	3,394,399	2,970,365
Variations in the fair value of biological assets	13		-	144,574	154,009
Cost of products sold		(2,243,023)	(2,008,751)	(2,355,832)	(2,112,443)
GROSS PROFIT		1,002,381	820,637	1,183,141	1,011,931
Selling expenses		(371,319)	(334,751)	(378,278)	(343,955)
General and administrative expenses		(94,665)	(95,424)	(110,535)	(106,763)
Management expenses		(12,706)	(13,103)	(12,837)	(13,581)
Other operating income (expenses), net	24	(6,346)	14,935	9,051	28,734
Equity in the results of investees		130,290	134,380	2,024	-
OPERATING PROFIT BEFORE FINANCIAL RESULT		647,635	526,674	692,566	576,366
Financial income	23	45,142	53,857	89,050	98,131
Financial expenses	23	(155,239)	(167,255)	(208,450)	(220,037)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTIONS		537,538	413,276	573,166	454,460
Income tax and social contributions - current	25	(74,445)	(24,661)	(112,483)	(59,421)
Income tax and social contributions - deferred	25	(3,837)	(14,403)	(972)	(20,179)
NET INCOME FOR THE YEAR		459,256	374,212	459,711	374,860
Net income attributable to:					
Owners of the company				459,256	374,212
Noncontrolling interests				455	648
Net income per share (R$):					
Basic:	28	0.8375	0.6820		
Diluted:	28	0.8128	0.6688		

STATEMENT OF COMPREHENSIVE INCOME

	PARENT COMPANY		CONSOLIDATED (IFRS)	
	12/31/12	12/31/11	12/31/12	12/31/11
NET INCOME FOR THE YEAR	**459,256**	**374,212**	**459,711**	**374,860**
Other components of comprehensive income				
Participation in the comprehensive income (loss) of subsidiaries	4,696	4,682	4,696	4,682
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**463,952**	**378,894**	**464,407**	**379,542**
Attributable to:				
Owners of the company	463,952	378,894	463,952	378,894
Noncontrolling interests	-	-	455	648

STATEMENT OF CASH FLOW

	PARENT COMPANY		CONSOLIDATED (IFRS)	
	12/31/12	**12/31/11**	**12/31/12**	**12/31/11**
OPERATING ACTIVITIES:				
NET INCOME FOR THE YEAR	**459,256**	**374,212**	**459,711**	**374,860**
ITEMS NOT AFFECTING CASH:				
Depreciation, amortization and depletion	237,057	218,805	499,932	430,288
Variations in the fair value of biological assets	-	-	(144,574)	(154,009)
Interest, foreign exchange and monetary variations, net	142,860	158,392	160,752	195,173
Equity in the results of investees	(130,290)	(134,380)	(2,024)	-
Provisions, disposal of assets	23,504	47,046	10,870	14,721
INVESTMENTS IN WORKING CAPITAL:				
(Increase)/Decrease in Assets				
Trade accounts receivable	(112,292)	(31,794)	(140,660)	(94,377)
Inventory	1,880	(52,957)	(3,150)	(32,992)
Other assets	10,109	19,232	5,636	(146)
Increase (Decrease) in Liabilities				
Suppliers	41,769	(9,476)	52,304	31,737
Personnel liabilities	4,048	17,627	6,520	22,437
Accounts payable	17,206	(1,264)	47,736	36
Taxes and contributions	62,799	25,735	100,560	53,342
Other liabilities	(20,537)	(12,139)	(27,845)	(1,691)
Cash provided by operating	**737,369**	**619,039**	**1,025,768**	**839,379**
Income tax and social contribution paid	(69,105)	(30,400)	(90,507)	(60,796)
Interest paid	(136,683)	(80,914)	(162,600)	(103,336)
CASH PROVIDED BY OPERATING ACTIVITIES	531,581	507,725	772,661	675,247

STATEMENT OF CASH FLOW

	PARENT COMPANY		CONSOLIDATED (IFRS)	
	12/31/12	12/31/11	12/31/12	12/31/11
INVESTMENT ACTIVITIES:				
Investments in biological, fixed and intangible assets	(597,101)	(500,621)	(832,214)	(635,846)
Advance for future capital increase in subsidiaries	(118,200)	-	-	-
Dividends received from subsidiaries	124,457	-	-	-
Net cash received on the merger of subsidiary	359	1,720	-	-
CASH USED IN INVESTMENT ACTIVITIES	**(590,485)**	**(498,901)**	**(832,214)**	**(635,846)**
FINANCING ACTIVITIES:				
Financing	544,154	532,752	695,922	675,068
Debentures	101,364	-	101,364	-
Amortization of financing	(234,060)	(316,497)	(321,555)	(435,262)
Interest on capital/Dividends	(122,251)	(144,444)	(122,453)	(159,428)
Loans from subsidiaries		578		
Treasury shares and others	10,933	(14,142)	10,933	(11,508)
CASH USED IN (PROVIDED BY) FINANCING ACTIVITIES	**300,140**	**58,247**	**364,211**	**68,870**
Exchange variations on cash and cash equivalents	-	-	1,260	1,339
INCREASE IN CASH FOR THE YEAR	**241,236**	**67,071**	**305,918**	**109,610**
OPENING BALANCE	**376,071**	**309,000**	**726,159**	**616,549**
FINAL BALANCE	**617,307**	**376,071**	**1,032,077**	**726,159**

STATEMENT OF VALUE ADDED

	PARENT COMPANY		CONSOLIDATED (IFRS)	
	12/31/12	12/31/11	12/31/12	12/31/11
REVENUE	**4,184,983**	**3,694,968**	**4,366,765**	**3,872,471**
Gross sales revenue	4,142,437	3,664,522	4,308,655	3,828,277
Other revenue	44,862	32,495	60,631	46,676
Allowance for doubtful accounts	(2,316)	(2,049)	(2,521)	(2,482)
Inputs acquired from third parties	**(2,434,086)**	**(2,117,707)**	**(2,115,979)**	**(1,845,558)**
Cost of sales	(2,103,126)	(1,846,642)	(1,765,895)	(1,557,114)
Materials, energy, outsourced services and others	(330,960)	(271,065)	(350,084)	(288,444)
Gross value added	**1,750,897**	**1,577,261**	**2,250,786**	**2,026,913**
Depreciation, amortization and depletion	(237,057)	(218,805)	(499,932)	(430,288)
Net value added	**1,513,840**	**1,358,456**	**1,750,854**	**1,596,625**
Value added received through transfer	**175,432**	**188,237**	**91,074**	**98,131**
Financial income	45,142	53,857	89,050	98,131
Equity in the results of investees	130,290	134,380	2,024	-
Value added to be distributed	**1,689,272**	**1,546,693**	**1,841,928**	**1,694,756**

DISTRIBUTION OF VALUE ADDED				
Personnel compensation	**504,683**	**483,684**	**559,077**	**536,658**
Direct compensation	422,967	407,342	460,038	445,569
Benefits	51,206	47,124	66,676	59,318
Severance indemnity fund (FGTS)	28,443	26,884	30,269	29,416
Other	2,067	2,334	2,094	2,355
Government taxes	**572,729**	**524,480**	**618,393**	**566,449**
Federal	362,921	367,347	403,769	407,518
State	208,083	153,288	211,423	155,077
Municipal	1,725	3,845	3,201	3,854
Financing remuneration (interest)	**152,604**	**164,317**	**204,747**	**216,789**
Stockholders' remuneration	**459,256**	**374,212**	**459,711**	**374,860**
Interest on capital/dividends	157,496	128,200	157,496	128,200
Retained earnings	301,760	246,012	301,760	246,012
Minority interests	-	-	455	648
Total value added distributed	**1,689,272**	**1,546,693**	**1,841,928**	**1,694,756**

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Note	Capital	Costs on issue of shares	Capital reserves	Revaluation reserves	Revenue reserves	Carrying value adjustments	Treasury shares	Retained earnings	Total	Noncontrolling interests	Total Stockholders' equity
BALANCES AS AT DECEMBER 31, 2010		**1,288,085**	**(7,823)**	**303,103**	**104,590**	**1,360,660**	**412,141**	**(8,890)**	**-**	**3,451,866**	**662**	**3,452,528**
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	26	-	-	4,829	-	-	-	-	-	4,829	-	4,829
Acquisition of treasury shares		-	-	-	-	-	-	(14,142)	-	(14,142)	-	(14,142)
Capital increase using revenue reserves		261,915	-	-	-	(261,915)	-	-	-	-	2,634	2,634
Interest on capital – 2011 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		-	-	-	-	-	-	-	(59,655)	(59,655)	-	(59,655)
Interest on capital 2nd half-year		-	-	-	-	-	-	-	(64,680)	(64,680)	-	(64,680)
Dividends 2nd half-year		-	-	-	-	-	-	-	(3,865)	(3,865)	-	(3,865)
Appropriation to tax incentives						5,478			(5,478)	-	-	-
Appropriation to reserves		-	-	-	-	236,966	-	-	(236,966)	-	(343)	(343)
BALANCES AS AT DECEMBER 31, 2011		**1,550,000**	**(7,823)**	**307,932**	**89,721**	**1,355,588**	**416,823**	**(23,032)**	**-**	**3,689,209**	**3,601**	**3,692,810**
COMPREHENSIVE INCOME FOR THE YEAR												
Net Income for the year		-	-	-	-	-	-	-	459,256	459,256	455	459,711
Participation in the comprehensive income of subsidiaries		-	-	-	-	-	4,696	-	-	4,696		4,696
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**-**	**-**	**-**	**4,696**	**-**	**459,256**	**463,952**	**455**	**464,407**
Share options granted	26	-	-	7,052	-	-	-	-	-	7,052	-	7,052
Sales of treasury shares		-	-	-	-	-	-	12,931	(1,998)	10,933		10,933
Adjustment of debentures convertible into shares		-	-	-	-	-	1,904	-	-	1,904	-	1,904
Capital increase		246								246		246
Interest on capital – 2011 complement		-	-	-	-	(682)	-	-	-	(682)	-	(682)
Realization of revaluation reserve		-	-	-	(6,389)	-	-	-	6,389	-	-	-
APPROPRIATION OF NET INCOME												
Allocated to the legal reserve		-	-	-	-	22,963	-	-	(22,963)	-	-	-
Interest on capital 1st half-year	19 d	-	-	-	-	-	-	-	(62,032)	(62,032)	-	(62,032)
Interest on capital 2nd half-year	19 d	-	-	-	-	-	-	-	(89,963)	(89,963)	-	(89,963)
Dividends 2nd half-year	19 d	-	-	-	-	-	-	-	(638)	(638)	-	(638)
Proposed additional dividend	19 d	-	-	-	-	4,863	-	-	(4,863)	-	-	-
Appropriation to tax incentives (Article 195 – Law No. 6.404/76)		-	-	-	-	9,902	-	-	(9,902)	-	-	-
Appropriation to reserves		-	-	-	-	273,286	-	-	(273,286)	-	(432)	(432)
BALANCES AS AT DECEMBER 31, 2012		**1,550,246**	**(7,823)**	**314,984**	**83,332**	**1,665,920**	**423,423**	**(10,101)**	**-**	**4,019,981**	**3,624**	**4,023,605**

NOTES TO THE FINANCIAL STATEMENTS

(ALL AMOUNTS IN BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED)

NOTE 1 – OPERATIONS

a) General information

Duratex S.A. (the Company) is a publicly-traded corporation headquartered in the city of São Paulo – SP, Brazil. Its controlling shareholders are Itaúsa – Investimentos Itaú S.A., which has significant operations in the financial and industrial sectors, and Companhia Ligna de Investimentos, which operates principally in the retail market, the distribution of civil construction and woodworking materials, and in property construction and rental.

The main activities of Duratex and its subsidiaries (collectively "the Group") comprise the manufacture of wood panels (through its Wood Division), vitreous chinaware, sanitary ceramic and metal products (the Deca Division). Duratex presently has fourteen industrial plants in Brazil and one in Argentina, and maintains branches in the main Brazilian cities. Duratex also has 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 (MDP) – panels, medium, high and super density fiberboard – (MDF, HDF and SDF) panels, Durafloor laminate flooring and components for the furniture industry, as well as one industrial resin production plant.

The Deca Division operates nine 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).

On August 6, 2012 Duratex subscribed to 25% of the share capital of Tablemac S.A., and on November 8, 2012 acquired an additional 12% stake by way of a takeover bid (OPA) reaching 37% of the total capital.

Tablemac is the market leader in Colombia in the sector of industrialized wooden boards and panels, and has four industrial plants in Colombia for the production of medium density particle (MDP) panels, medium density fiberboard (MDF) and modular furniture.

b) Approval of financial statements

On February 22, 2013, the financial statements were approved by Duratex S.A.'s Board of Directors.

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 on the basis of historical costs, with financial assets held 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 greatest complexity, as well as the areas where assumptions and estimates are significant to 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

In the individual financial statements, subsidiaries are accounted for under the equity method. The same adjustments are made in both 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 the separate financial statements only in respect of the valuation of investments in subsidiaries under the equity method of accounting, where IFRS requires the valuation at cost or fair value.

(c) Changes in accounting policies and disclosures

There were no new accounting standards, pronouncements and interpretations effective for 2012 issued by the International Accounting Standards Board (IASB) or Brazilian Accounting Pronouncements Committee (CPC) which could have a significant impact on the Company's financial statements.

Reclassifications:

(i) Current Liabilities

For comparison purposes, R$7,932 was reclassified in the financial statements from "Dividends payable" to "Accounts payable" in relation to the profits to be distributed in the projects of Society Participation Account of the subsidiary Duraflora S.A. with its other partners participating.

(ii) Statement of cash flow

In 2012, interest on financing, income tax and social contributions paid were presented in specific categories of cash flow from operating activities. For better comparability it were reclassified as well the items for 2011 that were originally presented as supplementary information, as follows:

a) Interest paid of R$80,914 in the parent company and R$103,336 in the consolidated financial statements were reclassified from the account "Amortization of financing".
b) Income tax and social contributions paid of R$30,400 in the parent company and R$60,796 in the consolidated financial statements were reclassified from the caption "Taxes and contributions" in cash flow from operating activities.

2.2 – Consolidation

2.2.1 – Consolidated financial statements

The following accounting policies were applied to the preparation of the financial statements:

(a) Subsidiaries

Subsidiaries are all entities (including specific-purpose entities) whose financial and operating policies can be controlled 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., Duratex Comercial Exportadora S.A., and its indirect subsidiaries: Duratex North America Inc., Duratex Europe NV., Duratex Belgium NV., TCI Trading S.A., and Deca Piazza S.A.

The business combination is accounted for under the acquisition method. The transferred amount for the acquisition of a subsidiary represents the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Company. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration agreement, if applicable. Acquisition related costs are recognized in the income statement as incurred. The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially measured at fair value on the acquisition date. The group recognizes non-controlling interest in acquirees either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The measurement of the non-controlling interest is determined on each acquisition.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired 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.

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

(b) Transactions with and participation in 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 along with the gains or losses on sales to non-controlling shareholders.

(c) Associate

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for under the equity method, and are initially recognized at historical cost. The Group's investments in associates include any goodwill identified on acquisitions, net of any accumulated impairment losses. See Note 2.12 for details of the impairment of non-financial assets, including goodwill.

The Group's share of the profits and losses of associated companies is recognized in the statement of income and its share of the changes in reserves is recognized in the Group's reserves. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or subsidiary.

2.2.2 – New accounting standards, amendments and interpretations not yet effective

The following new accounting standards, changes and interpretations were issued by the International Accounting Standards Board (IASB) but were not effective for 2012. The early adoption of these standards, though encouraged by the IASB, was not allowed in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

IAS 1 - "Presentation of Financial Statements." The main change resulting from these amendments is the separation into two groups of items presented in Other Comprehensive Income: items that can be reclassified into profit or loss and items that cannot be reclassified into profit or loss. The adoption of this amendment is applicable from January 1, 2013. The expected impact of this adoption is only the disclosure of these items.

IAS 19 – "Employee Benefits" was amended in June 2011. This amendment was included in CPC 33 (R1) – "Employee benefits." The adoption of this amendment is applicable after January 1, 2013. The impact on the Company will be as follows: (i) to immediately recognize all past service costs, (ii) to replace interest costs and expected return on assets with a net interest rate that is expected to generate a short increase in the cost of the plan.

IFRS 9 – "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that are related to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made upon initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is selected for financial liabilities, the portion of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is still analyzing the full impact of IFRS 9. The adoption of IFRS 9 is applicable from January 1, 2015.

IFRS 10 - "Consolidated financial statements" was included in CPC 36 (R1) – "Consolidated financial statements". This amendment builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist with the determination of control where this is difficult to assess. Adoption is applicable from January 1, 2013. The Company does not expect any significant impact from the application of IFRS 10.

IFRS 11 - "Joint arrangements" was issued in May 2011, and was included in CPC 19 (R2) - "Joint arrangements". IFRS 11 provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: (i) Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses, and (ii) Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, and the investment is accounted for under the equity method. Proportional consolidation of joint ventures is no longer allowed. Adoption is applicable from January 1, 2013.

IFRS 12 - "Disclosure of interests in other entities" was included in the new CPC 45 - "Disclosure of interests in other entities". IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Adoption is applicable from January 1, 2013. The impact of this standard is basically an additional disclosure.

IFRS 13 - "Fair Value Measurement" was issued in May 2011, and was included in the CPC 46 "Fair Value Measurement". The main objective of IFRS 13 is to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard is applicable from January 1, 2013. The impact of this standard is basically an additional disclosure.

There are no other IFRS or IFRIC interpretations that are not yet effective that the Company believes may have a material impact on the Company.

2.3 – Presentation of segment information

Segment information is presented consistently with the segmented information provided to 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, which is 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 in which 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 using the exchange rates prevailing on the transaction dates, or on the valuation dates in the event that the items are remeasured. 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 and considered to be a hedge of net investments.

(c) Companies of the group with different functional currency

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

- Assets and liabilities are translated at the exchange rate on the balance sheet date;
- Income and expenses are translated at the average exchange rate for the month in which they are recorded;
- All resulting exchange-related differences are recognized in stockholders' equity as "accumulated conversion adjustments" and are recognized in the statement of income when the investments in the subsidiaries are realized.
- Goodwill and fair value adjustments resulting from the acquisition of a foreign entity are recognized as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.5 – Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less and subject to an insignificant risk of change in value.

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.

Derivatives are also categorized as held for trading, unless, they have been designated as hedge instruments.

(b) Loans and receivables

Loans and receivables represent 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 represent trade accounts receivable, other accounts receivable and cash and cash equivalents, except for short-term investments.

2.6.2 – Recognition and measurement

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.

Loans and receivables are recorded at amortized cost using the effective interest rate method.

Financial assets classified at fair value through profit or loss are initially recognized at their fair value, and transaction costs are charged to the results. Financial assets are written off when the rights to receive cash flow 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 of the risks and benefits of ownership. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value.

Gains or losses resulting from fluctuations in the fair values 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. Dividends from financial assets measured at fair value through profit or loss (e.g. shares) are recognized in the income statement as part of other operating income net when the Company establishes the right to receive dividends.

The fair values of publicly quoted assets and liabilities are based on their 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 an 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 is deemed to be 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) which will have an impact on the estimated future cash flow from 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:

- financial difficulties of the issuer or debtor;
- 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 flow from a financial asset portfolio since the initial recognition of those assets, even if the decrease cannot yet be allocated to 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 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 flow (excluding future credit losses not yet incurred) discounted based on the interest rates 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 be objectively 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 when 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 means of avoiding the recognition of gains and losses in different periods.

Hedges of net investments in foreign operations are recorded as cash flow hedges. Any gain or loss on the hedging instruments is recognized in stockholders' equity in "accumulated conversion adjustments", and 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 adjustments would arise from this. The provision for doubtful receivables (allowance for doubtful accounts or impairment) is made based on the analysis of the risk of realization of the credit receivable, in an amount considered sufficient by management to cover potential losses on 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 – Inventory

Inventory is stated at the average purchase or production cost, not exceeding the replacement cost or realizable amount, whichever is the lesser. Imports in transit are stated at the cost of each import.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labor, other direct costs and related direct production costs (based on normal capacity). The net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 – Intangible assets

Intangible assets represent goodwill, customer portfolio, trademarks, patents and rights of use of software. They are stated at acquisition cost less amortization over the period, calculated using 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 the assets and liabilities of the acquired subsidiary or business combination. Goodwill is not amortized, but it is tested annually to identify whether there is any need to record impairment losses.

Goodwill is allocated to Cash Generating Units for impairment. The allocation is made to the Cash Generating Unit or groups of Cash Generating Units that are expected to benefit from the business combination on which the goodwill arose, and are identified for each operating segment.

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 their 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 expenditure at the amount of 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 the acquisition of qualifying assets, less accumulated depreciation calculated using the straight line method, taking into consideration the estimated economically 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, 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 values of replaced items and parts are written off. All other maintenance and repair costs are recorded in the results for the year in which the costs are incurred.

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

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

2.12 – Impairment of non-financial assets

Assets which have an indeterminate 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 testing purposes, assets are grouped at the lowest levels for which there is separately identifiable cash flow (Cash Generating Unit level).

2.13 – Biological assets

Forest reserves are recognized at their 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 the fair value. Gains or losses on the recognition of biological assets at their fair value, less selling costs, are recognized in the results. The depletion appropriated to the results is made up of the formation costs portion and the fair value adjustments 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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that requires a substantial period of time to prepare for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that these costs will result in future economic benefits to the entity which can be reliably measured. Other borrowing costs are recognized as expenses in the period in which they are incurred.

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 within one year. Otherwise, the accounts payable are presented as non-current liabilities. Accounts payable are initially recognized at their nominal value, which is equivalent to the 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 it is likely that a disbursement of funds will be required to settle the obligation, and the 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, and reflecting the specific risks of the obligation.

2.16 – Current and deferred income tax and social contributions on net income

The income tax and social contributions are calculated based on the net income for the year before taxation, adjusted for inclusions and exclusions in accordance with the tax legislation. Deferred income tax and social contributions are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In practice, tax adjustments to the accounting net income, such as the inclusion of expenses and exclusion of revenue, are temporary differences and generate 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.

Income tax and social contributions are presented in liabilities on a net basis when there are amounts payable, or in assets when the amounts paid in advance exceeds the total owed at the reporting date.

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

2.17 – Employee benefits

a) Pension plans

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

In relation to the defined contribution plan, the Company and its subsidiaries have no further payment obligations after the contributions are made. The contributions are recognized as employee benefit expenses when they fall 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 its executives a compensation plan based on stock options, according to which it receives their 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 the 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 the operating results (under cost of goods sold, selling expenses and administrative expenses) when the employee fulfils the established performance conditions.

2.18 – Capital

The common shares are classified in equity. Incremental costs directly attributable to the issue 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 represents 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 specific criteria for each of the relevant activities have been met.

(a) Sales of goods

Sales revenue is 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 relation to 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 on land utilized for forestry activities. 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, using 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 on 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.

Any additional portion in excess of the minimum mandatory dividend and which is declared by management after the accounting period of the financial statements but before the date of authorization of the financial statements is recorded under "Proposed additional dividends" in the stockholders' equity, and its effects are presented in Note 19, item d.

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

NOTE 3 – CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

During the preparation of the financial information, accounting judgments, estimates and assumptions are utilized to record the amounts of certain assets, liabilities and other transactions. The estimates and accounting judgments adopted by management were based on the information available at the date when the financial information was prepared, based on experience of past events and forecasts for future events. The financial statements include several estimates, including the useful lives of property, plant and equipment items, the realization of deferred tax credits, the allowance for doubtful accounts, inventory losses, the evaluation of the fair value of biological assets, and provisions for contingencies and impairment losses.

The following are the main estimates and assumptions that involve a substantial risk of requiring adjustments to asset and liability book values:

a) Risk of variations in the fair value of biological assets

The Company adopted several estimates in order to value its forestry reserves in accordance with the methodology established by CPC 29/IAS 41. These estimates were based on market references, and are subject to changes which could impact the Company's financial statements. Specifically, a 5% reduction in standing wood prices would result in a reduction in the fair value of biological assets by about R$ 35,831, net of tax effects. If the discount rate used were to be increased by 0.5%, this would result in a reduction in the fair value of biological assets of about R$ 8,758, net of tax effects.

b) Estimated impairment of goodwill

The Company and its subsidiaries test the possible impairment of goodwill on an annual basis 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 scenario without, however, creating a significant 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 using actuarial calculations. These calculations involve 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 risk in relation to fluctuations in interest, and also to exchange rates and credit risk.

Consequently, risk management is based on the policies approved by the Board of Directors, and is monitored by the Audit and Risk Committee. The Company and its subsidiaries have procedures to manage these situations and can use hedging instruments to reduce the impact of the risks in this regard. These procedures include monitoring the level of exposure to each market risk, in addition to establishing decision-making levels. All hedging transactions entered into by the Group are intended to protect its debts and investments. The Group does not utilize leveraged financial derivatives.

(a) Market risk

(I) Exchange rate risk: Exchange rate risk arises from the risk that there will be a reduction in the values of the Group's assets or an increase in its liabilities due to changes in exchange rates. The Group has an exchange rate risk policy establishing the maximum amount in foreign currency to which it can be exposed in terms of exchange rate variations.

In line with the risk management procedures, the objective of which is to minimize the foreign exchange exposure of the Company and its subsidiaries, hedging mechanisms are maintained, in order to mitigate, in large part, the foreign exchange exposure.

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

The outstanding contracts as at December 31, 2012 were as follow:

a - US$ vs. Interbank deposit certificate (CDI) swap agreements

The Company had six agreements of this nature, with an aggregate notional amount of US$ 128,548,000 and varying maturities up to December 21, 2015, being an asset (purchase) position in US Dollars and a liability (sale) position in CDI.

The Company made these agreements in order to convert its debts denominated in US Dollars into debts indexed to the CDI.

b - Fixed rate vs. Interbank deposit certificate (CDI) swap agreements

The Company had six agreements with an aggregate amount of R$ 186,225, maturing through April 28, 2015, being an asset position at a fixed rate and a liability position at a percentage of the CDI.

The subsidiary Duraflora S.A. had two agreements with an aggregate amount of R$ 163,545, maturing on December 11, 2014, being an asset position at a fixed rate and a liability position at a percentage of the CDI.

The Company made these agreements in order to convert 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$ 12,000,000 maturing on January 31, 2013, with a purchase position in US Dollars.

The Company made this agreement in order to convert its US Dollar liabilities into Brazilian Reais. The agreement will be settled on the maturity date, at the difference between the forward exchange rate (NDF) and the end-of-period exchange rate (Ptax).

d – Calculation of the fair value of positions

The fair value of the financial instruments was calculated by utilizing the estimated present value of both 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)	
	12/31/12	12/31/11	12/31/12	12/31/11	Amount receivable/ received	Amount payable/ paid
I. SWAP CONTRACTS						
Asset position						
Foreign currency (USD)	258,711	41,587	264,340	43,732	3,714	-
Fixed rate	349,770	628,898	411,218	718,184	20,674	-
Liability position						
CDI	(608,481)	(670,485)	(651,169)	(745,817)	-	-
II. FUTURE CONTRACTS (NDF)						
Commitment to purchase						
Foreign currency (USD)	24,373	33,541	(70)	(131)	-	(70)

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

e – Sensitivity analysis

The table below sets out a sensitivity analysis of the Company's financial instruments, including derivatives, and describes the risk scenarios which could generate material losses for the Group. The analysis involves a Probable Scenario (Base Scenario) plus two other scenarios (under the terms determined by CVM 475/08) representing a 25% and 50% deterioration in the risk variables.

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
Interest rate risk	SWAP - FIXED / CDI	Increase CDI	14,391	5,248	(4,011)
	Subject to hedge: fixed rate loans.		(14,391)	(5,248)	4,011
	Net Effect		-	-	-
Foreign exchange	SWAP - US$ / CDI (Res.2770 e Res. 4131)	Decrease US$	(4,028)	(82,837)	(161,645)
	Subject to hedge: foreign currency debt (US$)	(increase US$)	4,028	82,837	161,645
	Net Effect		-	-	-
Foreign exchange	NDF (US$)	Decrease US$	209	(5,971)	(12,150)
	Subject to hedge: foreign currency debt (US$)	(increase US$)	(209)	5,971	12,150
	Net Effect		-	-	-
		Total	-	-	-

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

Interest rate risk is the risk that an economic loss will be suffered due to adverse changes in interest rates. This risk is continually monitored in order to evaluate any possible need to contract derivative transactions to hedge against interest rate volatility.

(a) 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 measures adopted to minimize default or losses on accounts receivable include: the diversification of the Group's portfolio of receivables, the selection of its customers, and the monitoring of sales financing terms and individual position limits.

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

(b) Liquidity risk

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

The liquidity position is managed on a daily basis, by means of monitoring the cash flow.

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

	Parent company				Consolidated			
	Less than 1 year	2014 and 2015	From 2016 to 2020	After 2021	Less than 1 year	2014 and 2015	From 2016 to 2020	After 2021
12/31/12								
Loans/ Debentures	566,143	1,100,012	377,380	6,340	681,774	1,282,790	430,431	6,792
Suppliers	206,480	-	-	-	211,829	-	-	-
Total	772,623	1,100,012	377,380	6,340	893,603	1,282,790	430,431	6,792

The budget projection for the next fiscal year, approved by the Board of Directors, if achieved, shows the Company will be able to generate sufficient cash to meet its obligations.

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. This is achieved through capital cost optimization and control of the level of indebtedness as a result of monitoring the financial leverage index based on the ratio of net debt to total capital.

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
A - Loans, financing and debentures	2,049,875	1,623,720	2,401,787	1,915,490
short-term	566,143	527,664	681,774	687,902
long-term	1,483,732	1,096,056	1,720,013	1,227,588
B - (-) Cash and cash equivalents	617,307	376,071	1,032,077	726,159
C = (A-B) Net debt	1,432,568	1,247,649	1,369,710	1,189,331
D - Stockholders' equity	4,019,981	3,689,209	4,023,605	3,692,810
C/D = Financial leverage index	36%	34%	34%	32%

The increase in financial leverage occurred by raising funds for investment in accordance with the policy of the Company's indebtedness.

4.3 Fair value estimates

It is assumed that the book values of accounts receivable from customers and accounts payable to suppliers, 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 flow 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 requires the disclosure of the measurement criteria used. As the Company has only level 2 derivatives, it uses the following valuation techniques:

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

The financial instruments (by category/level) are

FINANCIAL INSTRUMENTS: DISCLOSURE	Loans and receivables		Other financial assets and liabilities		Financial liabilities designated at fair value		Total	
	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
ASSETS								
Cash and cash equivalents	1,032,077	726,159		-		-	1,032,077	726,159
Trade accounts receivable	796,008	657,589		-		-	796,008	657,589
Call option (*)	-	-		-	2,498	-	2,498	-
Restricted deposits	25,717	21,067		-		-	25,717	21,067
Total	1,853,802	1,404,815	-	-	2,498	-	1,856,300	1,404,815
LIABILITIES								
Loans/debentures	-	-	1,790,093	1,175,572	611,694	749,049	2,401,787	1,924,621
Suppliers	-	-	211,829	159,262	-	-	211,829	159,262
Dividends/ Interest on capital	-	-	91,248	60,356	-	-	91,248	60,356
Derivative financial instruments (**)	-	-	-	-	(11,562)	(9,131)	(11,562)	(9,131)
Total	-	-	2,093,170	1,395,190	600,132	739,918	2,693,302	2,135,108

(*) Value recorded in “Other accounts receivable”, non-current asset.
(**) Derivative financial instruments are presented at the net value, asset or liability, and are all level 2 financial instruments.

presented below:

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Cash and banks	25,391	11,996	38,839	21,266
Fixed income securities	286	138	2,525	138
Bank deposit certificates	591,630	363,937	990,713	704,755
TOTAL	617,307	376,071	1,032,077	726,159

NOTE 5 – CASH AND CASH EQUIVALENTS

The bank deposit certificates in Brazil earn interest with reference to the CDI rate, and deposits abroad in US dollars earn a fixed interest rate. Although they have long-term maturities, bank deposit certificates can be redeemed at any time without loss of remuneration.

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Domestic customers	739,795	631,415	785,733	653,677
Foreign customers	42,094	36,075	39,127	32,418
Allowance for doubtful accounts	(28,168)	(27,928)	(28,852)	(28,506)
TOTAL	753,721	639,562	796,008	657,589

NOTE 6 – TRADE ACCOUNTS RECEIVABLE

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Not yet due	743,921	627,629	786,291	645,544
Past-due up to 30 days	4,111	6,699	4,228	6,852
From 31 to 60 days	852	582	858	595
From 61 to 90 days	688	1,131	715	1,204
From 91 to 180 days	3,048	3,172	3,048	3,424
More than 180 days	29,269	28,277	29,720	28,476
TOTAL	781,889	667,490	824,860	686,095

The balances of accounts receivable by maturity are as follows:

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

The credit limit is determined on the basis of a credit analysis, considering the history of the customer, its capacity as a borrower, and market information.

The credit limit is defined with reference to a percentage of net revenue and the stockholders' equity, or a combination of these. Consideration is also given to the average volume of monthly purchases. The decision as to the credit limit is always supported by an evaluation of the economic and financial situation, an examination of the relevant documents and the Company's reputation.

Customers are classified as A, B, C and D based on the length of the Company's relationship with them and their

Classification	Length of relationship	Payment history	% of customer portfolio	
			dec/12	dec/11
A	over 05 years	Punctual	57%	61%
B	over 03 years	Up to 01 day late, on average	7%	8%
C	below 03 years	Over 01 day late, on average	33%	27%
D		Defaulted	3%	4%

payment history.

The maximum credit risk exposure at the date of this report is the book value of each class of trade accounts receivable listed above. The Group has not pledged any receivables as collateral for liabilities.

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Finished goods	91,507	100,868	104,529	114,122
Raw materials	152,822	143,238	160,213	150,764
Work in progress	69,455	61,958	76,691	69,730
General warehouse	69,853	65,854	70,967	64,774
Advances to suppliers	2,131	8,623	2,233	12,037
Total	385,768	380,541	414,633	411,427

NOTE 7 - INVENTORY

NOTE 8 – RECOVERABLE TAXES AND CONTRIBUTIONS

	Parent company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
CURRENT				
Income tax (IRPJ) and social contribution (CSLL) to be offset	14,692	28,470	22,877	36,787
ICMS, PIS and COFINS on the acquisition of property, plant and equipment(*)	29,566	44,300	31,381	46,889
PIS and COFINS to be offset	5,931	442	13,846	8,749
ICMS and IPI recoverable	9,039	3,502	13,857	6,059
Others	20	-	1,133	-
Total	59,248	76,714	83,094	98,484
Non-Current				
ICMS, PIS and COFINS on the acquisition of property, plant and equipment(*)	44,054	27,536	45,462	29,763
Total	44,054	27,536	45,462	29,763

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

The Company and its subsidiaries have recoverable federal and state tax credits, the composition of which is as follows:

NOTE 9 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contributions are calculated on income tax and social contribution losses, temporary differences between the tax and book bases of assets and liabilities, and adjustments made to comply with CPCs/IFRS. The tax rates applied in this respect are 25% for income tax and 9% for social contributions.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to utilize temporary differences, considering the projections of future income. These projections are prepared on the basis of internal

	Parent company		Consolidated	
	12/31/12	**12/31/11**	**12/31/12**	**12/31/11**
Deferred tax assets to be recovered within 12 months	29,722	21,830	34,327	27,088
Income tax and social contribution losses	-	-	-	57
Temporarily non-deductible provisions:				
Provision for sundry labor charges and costs	12,222	11,275	13,405	12,314
Provisions for losses on inventory	3,326	3,042	3,371	3,106
Provision for adjustment of assets to market value	2,203	1,647	2,205	1,669
Provision for commission payable	1,777	1,514	1,777	1,514
Sundry provisions	10,194	4,352	13,569	8,428
Deferred tax assets to be recovered after 12 months	21,466	24,145	29,328	35,400
Provision for sundry labor charges	9,929	8,653	10,886	9,506
Tax provisions	9,316	9,379	15,118	20,107
Allowance for doubtful accounts	1,209	1,399	1,209	1,455
Provision for loss on investments	469	469	469	469
Sundry provisions	150	895	1,253	895
Effect of business combination – CPCs/IFRS	393	3,350	393	2,968
Total deferred tax assets	51,188	45,975	63,655	62,488
Non-current liabilities				
Income tax and social contributions on:				
Revaluation reserve	(32,685)	(35,317)	(61,510)	(65,237)
Present value adjustment of loans	(8,405)	(11,835)	(8,405)	(11,835)
Swap result (cash vs. accrual basis)	(3,583)	(2,167)	(4,337)	(2,325)
Depreciation (25% credit of social contribution)	(3,272)	(4,185)	(11,885)	(13,826)
Goodwill based on future profitability	(8,936)	(4,302)	(4,199)	(4,302)
Sale of real estate	(6,303)	(9,029)	(8,369)	(11,762)
Income tax of subsidiary located abroad (Deca Piazza)	-	-	(699)	(471)
Income tax and social contributions on other fiscal obligations	(69,585)	(49,235)	(69,620)	(51,454)
Income tax and social contributions on CPC/IFRS adjustments	(119,162)	(143,166)	(316,683)	(339,509)
Total deferred tax liabilities	(251,931)	(259,236)	(485,707)	(500,721)

assumptions and using future economic scenarios, and are, therefore, subject to change.

NOTE 10 – RELATED PARTIES

DESCRIPTION	Controlled companies								Associate
	Duratex Coml. Exportadora		Duraflora		Duratex Empreend.		Indústria Metalúrgica Jacareí		Tablemac
	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12
ASSETS									
Customers	-	-	55	48	-	-	-	-	-
Dividends receivable	472	-	30,801	31,914	-	-	-	-	-
Accounts receivable	-	-	11	65	-	-	-	-	-
Subsidiaries	-	12	-	-	-	-	-	-	-
LIABILITIES									
Suppliers	-	2	21,620	16,457	-	-	-	-	-
Subsidiaries	-	-	5	95	-	-	-	-	-
RESULTS									
Sales	-	-	20	12	-	-	-	-	1,899
Purchases	-	-	(265,299)	(236,680)	-	-	(1,362)	-	-
Financial	-	1	2	(80)	-	8	3	-	-
Others	-	-	35	(43)	-	-	-	-	-

DESCRIPTION	Indirect subsidiaries							
	TCI Trading		Duratex N. America		Duratex Europe		Deca Piazza	
	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
ASSETS								
Customers	-	-	8,863	8,751	-	46	6,788	5,873
Accounts receivable	9	1	-	-	-	-	-	-
LIABILITIES								
Suppliers	1,010	6,151	-	-	-	-	-	1
RESULTS								
Sales	-	-	27,637	20,482	-	7,814	3,508	3,670
Purchases	(80,755)	(111,953)	-	-	-	-	-	-
Financial	-	-	633	683	-	217	635	586

a) Balances and transactions with subsidiaries

DESCRIPTION	Leo Madeiras Maqs.& Fer. Ltda		Leroy Merlin Cia Bras.Bricolagem		Ligna Florestal Ltda.		Elekeiroz S.A.	
	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11
ASSETS								
Customers	16,610	16,551	30,130	24,176		-		-
LIABILITIES								
Suppliers		1		-		-		564
RESULTS								
Sales	91,520	83,875	92,043	76,888		-		394
Purchases		(72)		-		-	(25,550)	(22,103)
Lease costs (*)					(13,446)	(13,308)		-

(*) Refers to the costs of the rural leasing agreement with Durafloora S.A. and Ligna Florestal Ltda. (controlled by Ligna de Investimentos) in connection with land used for reforestation. The monthly charges for this lease are R$1,161. The agreement will expire in July 2036, but may be renewed automatically for a further 15 years, and will be readjusted annually based on the Company's average price for the sale of MDP panels.

DESCRIPTION	Itautec S.A.		Itaúsa Empreendimentos S.A.		Itaúsa Investimentos S.A.		Banco Itaú S.A.		Itaú Seguros	
	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	12/31/12	12/31/11	31/12/12	31/12/11
ASSETS										
Financial investments		-		-		-	532,725	251,825		-
Customers	3	64		-		-	114	-		-
Accounts receivable		-		-		-		-		-
LIABILITIES										
Suppliers		29		-		-		-		-
RESULTS										
Sales	75	66		-		-	350	-	177	-
Rent expenses		-		-	(2,525)	(1,174)	-	(186)		(937)
Insurance espenses		-		-		-		-		(3,187)
Remuneration on financial investments		-		-		-	27,063	15,511		-
Financial expenses		-		-		-		(511)		-
Other operating income (expenses), net	(2,917)	(4,280)	(2,505)	(2,399)		-		-		-

b) Transactions with other related parties

The transactions with related parties correspond to trade purchases and sales, in the normal course of the Company's business, realized in market conditions.

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

c) Management remuneration

The remuneration paid or payable to the executives of the Company and its subsidiaries up to December 31, 2012 was R$12,837 in fees (R$13,581 – December 31, 2011), R$15,645 in the form of profit sharing (R$10,397 – December 31, 2011), and R$5,694 in the form of long-term remuneration based on stock options (R$3,184 – December 31, 2011).

NOTE 11 – INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE

	Direct subsidiaries								
	Duratex Coml. Exp.	Duraflora	Estrela do Sul	Duratex Empreend.	DRI – Res. Industriais	Deca Nordeste	Duratex Europe	Ind. Met. Jacareí	Total
Number of shares/quotas held (Thousand)									
Common	6	182	-	-	-	-	-	-	
Preferred	10	52	-	-	-	-	-	-	
Quotas	-	-	12	2,874	-	-	-	-	
Interest	**100.00**	**100.00**	**99.99**	**100.00**	**-**	**-**	**-**	**-**	
Capital	190,200	700,006	12	2,874	-	-	196,812	-	
Equity	209,159	1,334,301	5,398	6,470	-	-	194,179	-	
Net income (loss) for the period	1,988	127,385	131	391	-	-	(8,432)	-	
CHANGES IN INVESTMENTS									
As at December 31, 2010	**33,748**	**1,226,383**	**5,824**	**5,428**	**78,720**	**-**	**-**	**-**	**1,350,103**
Acquisition of 500 shares of DRI Resinas	-	-	-	-	205	-	-	-	205
Acquisition of Deca Nordeste	-	-	-	-	-	80,000	-	-	80,000
Acquisition of 1 share of Duratex Europe	-	-	-	-	-	-	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
Exchange variation on equity	4,682	-	-	-	-	-	-	-	4,682
Dividends	-	(31,914)	-	-	-	-	(2)	-	(31,916)
Merger of subsidiary on 04.30.2011	-	-	-	-	(80,124)	-	-	-	(80,124)
Merger of subsidiary on 07.29.2011	-	-	-	-	-	(29,511)	-	-	(29,511)
Reclassification of goodwill to intangible assets	-	-	-	-	-	(54,194)	-	-	(54,194)
Elimination of unrealized revenue	1,460	-	-	-	-	-	-	-	1,460
As at December 31, 2011	**36,822**	**1,325,565**	**5,267**	**6,078**	**-**	**-**	**7**	**-**	**1,373,739**
Amortization of goodwill	-	(67)	-	-	-	-	-	(2,894)	(2,961)
Equity in results of investees	1,988	127,385	130	391	-	-	(7)	403	130,290
Acquisition of Indústria Metalúrgica Jacareí	-	-	-	-	-	-	-	46,343	46,343
Variation on unrealized revenue	820	-	-	-	-	-	-	-	820
Capital increase	47,000	-	-	-	-	-	-	-	47,000
Exchange variation on equity	4,802	-	-	-	-	-	-	-	4,802
Dividends	(472)	(123,344)	-	-	-	-	-	-	(123,816)
Merger of subsidiary on 12.28.2012	-	-	-	-	-	-	-	(13,026)	(13,026)
Reclassification of goodwill to intangible assets	-	-	-	-	-	-	-	(16,174)	(16,174)
Reclas. of goodwill to property, plant and equipment	-	-	-	-	-	-	-	(14,652)	(14,652)
Advances for capital increases	118,200	-	-	-	-	-	-	-	118,200
As at December 31, 2012	**209,160**	**1,329,539**	**5,397**	**6,469**	**-**	**-**	**-**	**-**	**1,550,565**

	Indirect subsidiaries						Associate
	Deca Piazza	North America	Duratex Europe	Duratex Belgium	TCI Trading	Jacarandá Mimoso	Tablemac
NUMBER OF SHARES/ QUOTAS HELD (THOUSAND)							
Common	32,545	500	19	1,880	6,069	-	12,529,839
Preferred	-	-	-	-	6,069	-	-
Quotas	-	-	-	-	-	-	-
Interest	**100.00**	**100.00**	**100.00**	**100.00**	**82.00**	**-**	**37.00**
Capital	15,272	885	196,812	46,762	17,634	-	54,332
Equity	6,144	6,737	194,179	47,903	20,135	-	320,147
Net income (loss) for the period	(6,599)	379	(8,432)	(2,218)	2,530	-	4,746 (*)
CHANGES IN INVESTMENTS							
As at December 31, 2010	**5,014**	**7,451**	**22,159**	**-**	**3,102**	**90,229**	**-**
Acquisition of 1 share of Duratex Europe	-	-	(9)	-	-	-	-
Equity in results of subsidiaries	(1,617)	188	(1,682)	-	3,137	99	-
Capital increase	2,461	-	-	-	12,000	4,500	-
Exchange variation on equity	275	800	2,990	-	-	-	-
Dividends	-	(2,640)	(5,983)	-	(1,832)	-	-
As at December 31, 2011	**6,133**	**5,799**	**17,475**	**-**	**16,407**	**94,828**	**-**
Amortization of goodwill	-	-	-	-	-	-	1,078
Equity in results of investees	(6,599)	379	(8,432)	(2,218)	2,296	(5)	2,024
Acquisition of shares of Tablemac	-	-	-	-	-	-	119,541
Goodwill – Tablemac	-	-	-	-	-	-	44,478
Establishment of investee	-	-	-	155	-	-	-
Capital increase	6,888	-	176,908	47,300	-	-	-
Exchange variation on equity	(278)	559	8,221	2,666	-	-	6,583
Dividends	-	-	-	-	(2,193)	-	-
Merger of subsidiary on 04.30.2012	-	-	-	-	-	(94,823)	-
Variation on interest %	-	-	7	-	-	-	-
As at December 31, 2012	**6,144**	**6,737**	**194,179**	**47,903**	**16,510**	**-**	**173,704**

a) Change in investments

b) Acquisition of a significant participation

In August 2012 Duratex S.A., through its indirect subsidiaries Duratex Europe NV. and Duratex Belgium NV., subscribed capital equivalent to 25% of Tablemac S.A. (the market leader in Colombia in the sector of industrialized wooden boards and panels), through a primary issue of shares. This subscription represented an investment of R$116.1 million in the Colombian company, equivalent to R$116.6 as at July 31. Of this, R$107.4 related to the acquired participation and R$9.2 related to a call option to subscribe 15% of additional Tablemac shares. The option has a term of two years (recorded in "Other accounts receivable" under non-current assets). This transaction is covered by CPC 18 R1 - Investments in associates and subsidiaries, approved by CVM Resolution No. 688 of October 4, 2012 and therefore recognized or unrecognized, assets and liabilities of Tablemac were stated at their fair value, resulting in R$27,510 of Goodwill.

In addition to the above acquisition, a public share offer is currently being made in the Colombian market in order to acquire up to 12% of Tablemac's shares, resulting in a total of 37% of Tablemac's share capital. This investment was approximately R$54 million.

Details of the fair value acquired and goodwill are as follow:

FAIR VALUE OF ASSETS AND LIABILITIES OF TABLEMAC S.A.		First acquisition		Second acquisition
Assets		**530,638**		**447,226**
Cash and cash equivalents		116,943		36,420
Trade accounts receivable		25,829		22,584
Inventories		30,646		34,183
Recoverable taxes and contributions		2,834		6,972
Other credits		-		1,498
Property, plant and equipment		305,670		295,373
Biological assets		12,058		12,387
Contractual relation with the customer		36,658		37,809
Liabilities		**211,211**		**136,745**
Suppliers		15,620		12,893
Loans and financing		132,922		71,912
Personnel		1,474		1,805
Accounts payable		33,522		25,780
Taxes and contributions		3,759		7,366
Contingencies		7,357		4,138
Deferred income tax and social contribution		16,557		12,851
Total net assets		**319,427**		**310,480**
Percent acquired =	**25%**	**79,857**	**12%**	**37,258**
Goodwill		**27,510**		**16,968**
Price paid on the acquisition		**107,367**		**54,226**

c) Acquisition and merger of subsidiary

c1) Acquisition

On October 2, 2012 Duratex S.A. completed the acquisition of all of the capital quotas of Indústria Metalúrgica Jacareí Ltda. (MIPEL), for a total of R$46,343 million. This transaction is covered by CPC 15 – "Business combinations" approved by CVM Resolution No. 580 of July 31, 2009 and therefore assets and liabilities were stated at their fair value.

Details of the book value, fair value acquired and goodwill are as follow:

	Fair value	Book value of the acquired entity
Assets	**47,245**	**15,934**
Cash and cash equivalents	75	75
Trade accounts receivable	2,444	2,466
Inventories	9,451	7,404
Recoverable taxes	624	624
Other credits	84	84
Property, plant and equipment	19,610	4,454
Intangible assets	827	827
Contractual relation with the customer	13,000	-
Trademark	1,130	-
Liabilities	**3,304**	**3,311**
Suppliers	1,417	1,424
Personnel	1,355	1,355
Accounts payable	1	1
Taxes and contributions	234	234
Advances from customers	297	297
Total net assets	**43,941**	**12,623**
Goodwill	**2,402**	
Price paid on the acquisition	**46,343**	

c2) Merger of subsidiary

As at December 28, 2012, the Extraordinary General Meeting approved the merger by Duratex S.A. of its subsidiary Indústria Metalúrgica Jacareí Ltda. – Mipel, at book values, aiming to optimize production processes. The main assets and liabilities of the merged subsidiary are as follows:

MERGERED BALANCE SHEET AT DECEMBER 28, 2012
INDÚSTRIA METALÚRGICA JACAREÍ LTDA.

ASSETS	
Current assets	12,037
Cash and cash equivalents	359
Trade accounts receivable	4,183
Inventories	7,107
Recoverable taxes and contributions	314
Other credits	74
Non-current assets	33,629
Other credits	13
Property, plant and equipment	19,844
Contractual relation with the customer	12,783
Trademark	989
Total assets	45,666
LIABILITIES AND STOCKHOLDERS´EQUITY	
Current liabilities	3,861
Suppliers	2,131
Personnel	1,100
Accounts payable	319
Taxes and contributions	311
Non-current liabilities	355
Related parties	355
Stockholders’ equity	41,450
Total liabilities and equity	45,666

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

PARENT COMPANY	Land	Structures and impro-vements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
OPENING BALANCE AS AT 01/01/2011								
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
AS AT 12/31/2011								
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	-
Merger 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 AS AT 12/31/2011								
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
AS AT 12/31/2012								
Opening balance	86,630	378,674	1,563,242	295,245	8,501	7,846	29,622	2,369,760
Acquisitions	220	619	69,141	432,402	1,562	596	6,809	511,349
Write-offs	-	(208)	(15,101)	12,406	(91)	(1,042)	(761)	(4,797)
Depreciation	-	(22,168)	(168,977)	-	(1,430)	(1,998)	(7,175)	(201,748)
Transfers	-	19,891	60,860	(81,281)	418	(1,929)	2,041	-
Merger of Indústria Metalúrgica Jacareí	3,836	3,604	9,852	167	323	21	1,738	19,541
Net book value	90,686	380,412	1,519,017	658,939	9,283	3,494	32,274	2,694,105
BALANCE AS AT 12/31/2012								
Cost	90,686	627,932	2,708,014	658,939	28,693	22,182	102,707	4,239,153
Accumulated depreciation	-	(247,520)	(1,188,997)	-	(19,410)	(18,688)	(70,433)	(1,545,048)
Net book value	90,686	380,412	1,519,017	658,939	9,283	3,494	32,274	2,694,105

CONSOLIDATED	Land	Structures and impro-vements	Machinery, equipment and facilities	Assets in progress	Furnitu-re and fixtures	Vehicles	Other assets	Total
OPENING BALANCE AS AT 01/01/2011								
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
AS AT 12/31/2011								
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	452	20.938	160.237	(199.200)	1.002	96	2.637	(13.838)
Merger of Deca Nordeste and DRI Resinas	3.959	17.380	8.114	4	47	133	78	29.715
Net book value	604.346	389.146	1.591.018	295.543	9.361	18.822	31.599	2.939.835
BALANCE AS AT 12/31/2011								
Cost	604.346	628.237	2.558.737	295.543	34.396	50.984	97.502	4.269.745
Accumulated depreciation	-	(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
AS AT 12/31/2012								
Opening balance	604.346	389.146	1.591.018	295.543	9.361	18.822	31.599	2.939.835
Acquisitions	1.919	1.745	77.181	434.133	1.829	1.068	8.124	525.999
Write-offs	(2.407)	(301)	(15.466)	12.403	(111)	(2.334)	(765)	(8.981)
Depreciation	-	(22.737)	(177.146)	-	(1.593)	(5.361)	(7.475)	(214.312)
Transfers	-	21.317	60.972	(82.081)	418	(2.160)	1.534	-
Merger of Indústria Metalúrgica Jacareí	3.773	2.538	6.896	-	225	20	1.090	14.542
Net book value	607.631	391.708	1.543.455	659.998	10.129	10.055	34.107	3.257.083
BALANCE AS AT 12/31/2012								
Cost	607.631	653.536	2.688.320	659.998	36.757	47.578	107.485	4.801.305
Accumulated depreciation	-	(261.828)	(1.144.865)	-	(26.628)	(37.523)	(73.378)	(1.544.222)
Net book value	607.631	391.708	1.543.455	659.998	10.129	10.055	34.107	3.257.083

Assets in progress refer mostly to expansion of the industrial plants in Itapetininga-SP and Queimados-RJ.

As at December 31, 2012 the Company and its subsidiaries have formalized contracts for the expansion of industrial plants in Itapetininga-SP and Queimados-RJ and for the acquisition of equipment and services totaling approximately R$208.5 million.

As provided for in Technical Interpretation ICPC 10 of the Brazilian Accounting Pronouncements Committee, approved by CVM Resolution No. 619/09 in 2012, 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 forest reserves, which are primarily utilized as raw materials for producing wood panels, floors and components, and also for sale to third parties.

These reserves guarantee supplies to the factories, and also protect the Company against the risk of future wood price increases. Integrated with the manufacturing facilities, these reserves, together with a supply network, provide the Company with a high degree of self-sufficiency in terms of wood supplies.

As at December 31, 2012 the Group had roughly 140 thousand hectares of planted areas (December 31, 2011: 138 thousand hectares), in the States of São Paulo, Minas Gerais, and Rio Grande do Sul.

a) Fair value estimate

The fair value is calculated based on an estimate of the volume of wood ready for harvesting, at the current prices for standing wood. In this respect there is an exception for (i) forests which are up to one year old, which are stated at cost (because the cost approximates the fair value in such cases), and (ii) forests in formation, for which the discounted cash flow method is employed. Biological assets are measured at fair value, less selling costs at the time of harvesting.

Fair value is 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 – the estimated volume of ready-to-harvest wood at current market prices, net of costs still to be incurred and the capital costs of the respective land (brought to present value).

ii. Prices – the cubic meter prices in R$ obtained from market surveys carried out by specialized firms surveying regions and products similar to those of the Company, in addition to prices obtained from third-party transactions in active markets.

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

iv. Volume – the estimated volumes ready for harvesting (i.e. in the 6th year for eucalyptus trees and in the 12th year for pine) were based on the projected average productivity for each region and for the two 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 in arriving at the estimate. Rotating physical inventory is realized from the second year of a forest's life, and the effects are incorporated in the financial statements.

v. Regularity – expectations regarding future wood prices and volumes are reviewed at least every quarter, or when the rotational physical inventory is concluded.

b) Composition of Balance

The biological assets balance is made up of the cost of forest formation and adjustments to fair value, as shown below:

	12/31/12	12/31/11
Cost of formation of biological assets	545,248	518,927
Difference between cost and fair value	557,089	575,293
Fair value of the biological assets	1,102,337	1,094,220

The forests are unencumbered by any third-party liens or pledges, including financial institutions. In addition, none of the Company's forests has a restricted legal title.

c) Changes in balance

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

	12/31/12	12/31/11
Opening balance	1,094,220	1,030,717
Variation in fair value		
Volume/price	144,574	154,009
Depletion	(162,778)	(137,898)
Variation in book value		
Formation	114,811	97,455
Depletion	(88,490)	(57,197)
Acquisitions	-	7,134
Final balance	1,102,337	1,094,220
EFFECT OF THE VARIATION IN FAIR VALUE OF BIOLOGICAL ASSETS IN THE STATEMENT OF INCOME		
Variation in fair value	144,574	154,009
Depletion at fair value	(162,778)	(137,898)

The investments in forests in formation resulted from an increase in planted areas to support the expansion of the Company's operations.

The adjustment related to the variation of the fair value results from higher prices in the present value of standing wood, and higher productivity.

NOTE 14 – INTANGIBLE ASSETS

PARENT COMPANY	Software	Trademarks and patents	Goodwill due to future profitability	Customer portfolio	Total
OPENING BALANCE AS AT 01/01/2011					
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
As at 12/31/2011					
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 contributions on customer portfolio - Deca Nord.	-	-	-	(18,700)	(18,700)
Income tax and social contributions 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 AS AT 12/31/2011					
Cost	43,572	2,653	226,819	383,378	656,422
Accumulated amortization	(19,541)	-	-	(53,916)	(73,457)
Net book value	24,031	2,653	226,819	329,462	582,965
AS AT 12/31/2012					
Opening balance	24,031	2,653	226,819	329,462	582,965
Additions	2,729	243	-	-	2,972
Amortization	(6,743)	-	-	(25,601)	(32,344)
Merger of Indústria Metalúrgica Jacareí	303	989	2,402	12,783	16,477
Net book value	20,320	3,885	229,221	316,644	570,070
BALANCE AS AT 12/31/2012					
Cost	46,604	3,885	229,221	396,161	675,871
Accumulated amortization	(26,284)	-	-	(79,517)	(105,801)
Net book value	20,320	3,885	229,221	316,644	570,070
Average annual amortization rate	20%	0%	0%	6,6%	

CONSOLIDATED	Software	Trademarks and patents	Goodwill due to future profitability	Customer portfolio	Total
OPENING BALANCE AS AT 01/01/2011					
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
As at 12/31/2011					
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)
Merger of Deca Nordeste	-	-	17.092	55.000	72.092
Income tax and social contributions on customer portfolio - Deca Nord.	-	-	-	(18.700)	(18.700)
Income tax and social contributions on transf. to liabilities on merger of Deca Nord.	-	-	-	18.078	18.078
	24.212	2.661	226.819	329.462	583.154
Net book value					
BALANCE AS AT 12/31/2011	43.981	2.661	226.819	383.378	656.839
Cost	(19.769)	-	-	(53.916)	(73.685)
Accumulated amortization	24.212	2.661	226.819	329.462	583.154
Net book value					
AS AT 12/31/2012	24.212	2.661	226.819	329.462	583.154
Opening balance	3.098	245	-	-	3.343
Additions	(111)	-	-	-	(111)
Amortization	(6.807)	-	-	(25.601)	(32.408)
Merger of Indústria Metalúrgica Jacareí	303	989	2.402	12.783	16.477
Net book value	20.695	3.895	229.221	316.644	570.455
BALANCE AS AT 12/31/2012					
Cost	47.271	3.895	229.221	396.161	676.548
Accumulated amortization	(26.576)	-	-	(79.517)	(106.093)
Net book value	20.695	3.895	229.221	316.644	570.455
Average annual amortization rate	20%	0%	0%	6,67%	

The impairment testing was carried out 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 fully recoverable.

NOTE 15 – LOANS AND FINANCING

				12/31/2012		12/31/2011	
TYPE	**CHARGES**	**AMORTIZATION**	**GARANTEES**	**CURRENT**	**NON CURRENT**	**CURRENT**	**NON CURRENT**
PARENT COMPANY - LOCAL CURRENCY							
BNDES	TJLP + 2.3% p.a	Monthly and Quarterly	Surety – Itaúsa	60,045	204,458	57,320	263,579
BNDES	TJLP + 2.7% p.a	Monthly	Guarantee – Ligna	31,606	55,369	29,765	86,106
BNDES	TJLP + 3.3% p.a.	Monthly and Quarterly	Surety – 70% Itaúsa – 30% natural person	19,790	143,652	557	5,018
BNDES	TJLP + 2.8% p.a		-	-	-	1,206	5,425
BNDES REVITALIZA	9 % p.a.	June 2013	Guarantee - Duratex Coml. Exp. S.A.	50,168	-	180	50,000
BNDES REVITALIZA	8 % p.a.	August 2014	-	483	49,974	-	-
BNDES PROGEREN	TJLP + 2.85% p.a	December 2015	Promissory Note	56	50,000	-	-
FINAME	TJLP + 2.3% p.a./ Fixed 5.8 % p.a.	Monthly and Quarterly	Chattel mortgage and PN	999	13,583	565	5,788
INDUSTRIAL CREDIT with Swap	12.7 % p.a	Up to April 2015	Surety – Duratex Coml. Exp. S.A.	110,464	54,706	343,711	150,378
INDUSTRIAL CREDIT	101.3 % of CDI	Up to November 2015	Surety – Duratex Coml. Exp. S.A.	54,946	384,044	-	158,508
BANK CREDIT	105% of CDI	Up to October 2015	-	-	-	5,644	-
FLOATING RATE NOTE	109.3% of CDI	Up to May 2013	-	140,840	-	9,119	135,000
FUNDIEST	30 % IGP-M per month	Up to December 2020	Guarantee – Ligna	4,048	135,801	13,919	125,912
FUNDOPEM	IPCA + 3% p.a	Up to November 2025	Surety – 70% Itaúsa – 30% natural person	-	9,793	-	4,023
PROINVEST / PRO FLORESTA	IGP-M + 4% p.a / IPCA + 6% p.a	Up to January 2018	Surety – Ligna and Mortgage of assets	13,518	21,415	21,047	24,476
Discounted Rural Promissory Note	5.5 % p.a.	Up to April 2013	-	24,893	-	15,219	-
Total Parent Company - Local currency				**511,856**	**1,122,795**	**498,252**	**1,014,213**
PARENT COMPANY - FOREIGN CURRENCY							
BNDES	Basket of currencies + 2.2 % p.a	Monthly	Surety – Itaúsa	5,917	22,342	5,470	25,915
BNDES	Basket of currencies + 2.4 % p.a	Monthly	Guarantee – Ligna	4,066	7,776	3,761	10,889
BNDES	US$ + 1.6 % p.a	Monthly	Surety – Itaúsa	1,037	3,679	955	4,320
BNDES	US$ + L + 2.1 % p.a	Monthly	Surety – 70% Itaúsa – 30% natural person	307	1,086	181	820
RESOLUTION 2770	US$ + 6.6% p.a.	Up to September 2012	-	-	-	15,320	-
RESOLUTION 2770 / Swap	US$ + L + 1.7% p.a.	Up to April 2014	Surety – Ligna – Mortgage and trust	2,894	1,965	2,700	5,577
RESOLUTION 4131 / Swap	US$ + 1.9% p.a.	March 2013	Surety – Duraflora S.A.	33,821	-	234	34,322
RESOLUTION 4131 / Swap	US$ + L + 1.5% p.a.	August 2015	Promissory Note	308	103,194	-	-

TYPE	CHARGES	AMORTIZATION	GARANTEES	12/31/2012 CURRENT	12/31/2012 NON CURRENT	12/31/2011 CURRENT	12/31/2011 NON CURRENT
RESOLUTION 4131 / Swap	US$ + L + 1.3% p.a.	December 2015	Promissory Note	55	118,093	-	-
IMPORT FINANCING	US$ + L + 0.5% p.a	Up to March 2012	Natural person	-	-	689	-
IMPORT FINANCING	US$ + L + 0.9% p.a	Up to February 2012	Surety – Ligna and notes	-	-	102	-
Total Parent company - Foreign currency				**48,405**	**258,135**	**29,412**	**81,843**
TOTAL PARENT COMPANY				**560,261**	**1,380,930**	**527,664**	**1,096,056**
Subsidiaries - Local currency							
RURAL CREDIT NOTE with SWAP	9.6 % p.a.	December 2014	Surety – Duratex	111,159	63,473	100,484	102,512
EXPORT CREDIT NOTE	105.3% of CDI	June 2015	Surety – Duratex	-	114,977	57,912	-
BNDES	TJLP + 3 % p.a	Monthly and Quarterly	Surety – 70% Itaúsa – 30% natural person	2,761	56,701	992	27,632
FINAME	Fixed 7.4 % p.a	Monthly	Chattel mortgage and PN	263	1,130	264	1,388
FUNDAP	1 % p.a.	Monthly	Surety – Duratex Coml. Exp.S.A	65	-	586	-
Total Subsidiaries – Local currency				**114,248**	**236,281**	**160,238**	**131,532**
Subsidiaries – Foreign currency							
Working capital Argentina(HSBC/ Patagonia Bank)	-		-	1,383	-	-	-
TOTAL SUBSIDIARIES				**115,631**	**236,281**	**160,238**	**131,532**
TOTAL CONSOLIDATED				**675,892**	**1,617,211**	**687,902**	**1,227,588**

Sureties and letters of guarantee securing the borrowing of Duratex S.A. were granted by Itaúsa S.A., totaling R$419,717 (R$364,278 as at December 31, 2011), Companhia Ligna de Investimentos, amounting to R$243,525 (R$324,254 as at December 31, 2011), Duratex Comercial Exportadora S.A., totaling R$654,328 (R$717,996 as at December 31, 2011) and Duraflora S.A., totaling R$33,821 (R$34,556 as at December 31, 2011). In the case of loans and financing obtained by subsidiaries, sureties were granted by Itaúsa S.A., totaling R$41,623 (R$20,036 as at December 31, 2011), Duratex S.A., totaling R$289,609 (R$260,908 as at December 31, 2011) and Duratex Comercial Exportadora S.A., totaling R$65 (R$586 as at December 31, 2011).

Restrictive clauses

Loans 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) The 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 maintain a debt coverage limit by means of a ratio of net bank debt vs. Ebitda (*) of not more than 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 revenue 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 2012 were met.

* Ebitda (Earnings Before Interest, Taxes, Depreciation and Amortization) .

Loans and financing designated at fair value

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

DEBT WITH FINANCIAL INSTITUTIONS - MATURITIES

12/31/12	Parent company			Consolidated		
YEAR	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2014	485,005	13,126	498,131	613,649	13,126	626,775
2015	367,033	234,848	601,881	421,167	234,848	656,015
2016	119,649	8,797	128,446	121,813	8,797	130,610
2017	56,632	1,364	57,996	58,002	1,364	59,366
2018	42,385	-	42,385	57,296	-	57,296
2019	23,600	-	23,600	48,085	-	48,085
2020	22,151	-	22,151	32,272	-	32,272
2021	2,424	-	2,424	2,876	-	2,876
Other	3,916	-	3,916	3,916	-	3,916
Total	1,122,795	258,135	1,380,930	1,359,076	258,135	1,617,211

31/12/11						
YEAR	Parent company			Consolidated		
	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

NOTE 16 – DEBENTURES CONVERTIBLE INTO SHARES

As at February 8, 2012 the first private issue of debentures, with a floating guarantee, and convertible into common shares of the company were approved. These were and are to be issued through private subscription. The proceeds from the debentures are to be allocated as follows:

(i) Fixed investment at the company's industrial unit in Itapetininga – SP in a new production line for the manufacture of medium density reconstituted wood fiber panels (MDF), a new low pressure coating line, and a new low pressure line for the impregnation of laminated paper;

(ii) The acquisition by the company of locally manufactured machinery and equipment needed for (i).

The fair value of the liability component, included in non-current borrowing, was calculated using the market interest rate for an equivalent bond without conversion rights. The residual amount, representing the subscription bonus, is included in the stockholders' equity as a carrying value adjustment.

COMPOSITION	Issue date	Type of debenture	Maturity date	Qty debentures	Face value	Price as of issue date	Annual finance charge	Short term	Long term	Total
								Balance as at December 31, 2012		
1st Issue	01/15/12	private convertible into shares	01/15/17	777,000	128.70	99,999.9	IPCA index + interest of 6% p.a. 252 working days in the year annual payments, on January 15 of each year	5,882	102,802	108,684

NOTE 17 – CONTINGENCIES

The Company and its subsidiaries are parties to judicial and administrative processes relating to labor, civil, and tax matters which arise in the normal course of business.

The provision for contingencies in relation to these processes takes into consideration an evaluation of the likelihood of loss, performed 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 relating to these processes:

PARENT COMPANY	Tax	Labor	Civil	Total
Balance as at December 31, 2010	**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 as at December 31, 2011	**66,281**	**18,400**	**7,050**	**91,731**
Judicial deposits	(1,805)	(1,897)	(4,746)	(8,448)
Balance as at December 31, 2011 after offsetting of judicial deposits	**64,476**	**16,503**	**2,304**	**83,283**

CONSOLIDATED	Tax	Labor	Civil	Total
Balance as at December 31, 2010	**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 as at December 31, 2011	**127,307**	**21,207**	**7,050**	**155,564**
Judicial deposits	(13,211)	(2,170)	(4,746)	(20,127)
Balance as at December 31, 2011 after offsetting of judicial deposits	**114,096**	**19,037**	**2,304**	**135,437**

PARENT COMPANY	Tax	Labor	Civil	Total
Balance as at December 31, 2011	**66,281**	**18,400**	**7,050**	**91,731**
Monetary variance and interest	2,693	3,096	288	6,077
Constitution	11,665	17,553	423	29,641
Reversal	(13,650)			(13,650)
Payments	(1,101)	(10,671)	(6,937)	(18,709)
Closing balance as at December 31, 2012	**65,888**	**28,378**	**824**	**95,090**
Judicial deposits	(2,152)	(3,618)	(551)	(6,321)
Balance as at December 31, 2012 after offsetting of judicial deposits	**63,736**	**24,760**	**273**	**88,769**

CONSOLIDATED	Tax	Labor	Civil	Total
Balance as at December 31, 2011	**127,307**	**21,207**	**7,050**	**155,564**
Monetary variance and interest	5,873	3,479	288	9,640
Constitution	15,889	18,985	423	35,297
Reversal	(34,994)	-	-	(34,994)
Payments	(1,101)	(12,180)	(6,937)	(20,218)
Closing balance as at December 31, 2012	**112,974**	**31,491**	**824**	**145,289**
Judicial deposits	(15,433)	(3,861)	(551)	(19,845)
Balance as at December 31, 2012 after offsetting of judicial deposits	**97,541**	**27,630**	**273**	**125,444**

a) Decrease in provision for contingencies

The decrease in the provision for contingencies occurred due to:

(i) Favorable decisions from the Administrative Board of Fiscal Resources (CARF) related to PIS – six-monthly amounting of R$20,952. Have been retained the provisions of installments of amounts regarding the interpretation as to updating credit;

(ii) Revision of the predictions regarding certain contingencies, considering the recent judgments issued by the Superior Court in similar cases. Consequently there was a reversal of the amount of R$10,028 related to the process for which there is no expectation of loss and R$4,014 related to the reversal of decline and other casualties.

b) Summer Plan

Refers to a lawsuit demanding the right to update the 1989 fiscal year balance sheet by utilizing the full IPC inflation index (gross rate) of 70.28%, thereby avoiding distortions to the Company's balance sheet and the related income tax due to the non-recognition of the actual inflation rate. A judgment 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 appeal in the Superior Court of Justice (STF), and the judgment was upheld. As at December 31, 2012 there was a provision of R$51,485 (R$50,340 at December 31, 2011) relating to the offsetting of income tax and social contributions on net income.

c) Contingencies not subject to provision

The Company and its subsidiaries are involved in other tax lawsuits which total R$81,633. Of this total, R$53,969 is related to the question of incidence and credit of State Value-Added Tax (ICMS) which, in the opinion of the legal advisors, represents a possible chance of loss. No provision has, therefore, been constituted.

d) Contingent Assets

The Company and its subsidiaries have filed legal actions for the refunding of certain taxes and contributions. According to legal counsel the likelihood of success in these cases is high. Because the amounts, presented below, represent contingent assets, they have not been recognized in the Company's financial information:

	12/31/12	12/31/11
IPI credit premium from 1960 to 1985	104,201	96,365
Monetary Restatement of Federal Power Company (Eletrobás) credits	10,254	58,160 (*)
Refund of withholding Tax on Net Income (ILL) paid on dividend distributions from 1989 to 1992	10,783	9,973
INSS (Social Security) - Accident Insurance (SAT), alteration of rural tax rate, transport benefits (fares and passes) and health insurance plan	5,444	8,044
COFINS judicial deposit	3,408	3,229
PIS – calculation basis	2,125	2,401
PIS and COFINS – Manaus Free-Trade Zone	1,486	1,928
PIS and COFINS – remittance of commission on overseas sales	1,952	2,253
Other	1,128	1,306
Total	140,781	183,659

(*) In 2012 R$11,971 was received, holding the expectation of receiving R$10,254 and the remaining amount reclassified as possible.

NOTE 18 – RURAL LEASE

Amounts involved

The rural lease is 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 Minas Gerais and Rio Grande do Sul, where the Company's forests are located. The monthly charges for this lease are R$1,161. The agreement will expire in July, 2036, may be renewed automatically for a further 15 years, and will be readjusted annually with reference to the average price charged by the Company for the sale of MDP panels.

The minimum future payments are as follow:

LINEARIZATION	
2013	13,932
2014 to 2018	69,660
2019 onwards	244,971
Total	328,563

In compliance with CPC 06 – "Leases", the subsidiary Duraflora S.A. records the costs of the rural lease agreements using the straight line method.

NOTE 19 – STOCKHOLDERS' EQUITY

a) Capital

The Company's authorized capital is 920,000,000 (nine hundred and twenty million) shares and the fully subscribed and paid-up capital is R$1,550,246, represented by 550,054,041 registered common shares with no par value.

During the fiscal year 2012 the capital was increased through the issue of common shares subscribed and paid-up by debenture holders, as shown below:

PRIOR AMOUNT	Prior Qty.	Corporate Action	Issued shares	Increased value	Current Qty.	Current value
1,550,000	550,035,331	MBD - 06/12/2012	2,600	34	550,037,931	1,550,034
1,550,034	550,037,931	MBD - 07/17/2012	15,590	206	550,053,521	1,550,240
1,550,240	550,053,521	MBD - 10/11/2012	20	1	550,053,541	1,550,241
1,550,241	550,053,541	MBD - 26/10/2012	500	5	550,054,041	1,550,246

b) Treasury Shares

Based on the most recent market quotation as at December 28, 2012, the value of the Company's treasury shares is R$12,306 (R$16,854 as at December 31, 2011).

	nº of shares	Amount
Balance as at December 31, 2011	1,889,486	23,032
Sale of treasury shares	(1,060,809)	(12,931)
Balance as at December 31, 2012	828,677	10,101

PRICES

Minimum	Maximum	Weighted Average	Lastest Quotation
2.86	14.85	12.19	14.85

c) Equity Reserves

	Parent company and Consolidated	
	12/31/12	12/31/11
Capital Reserves	314,984	307,932
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	77,089	69,857
Options granted to be appropriated (Note 26)	(12,956)	(12,776)
Revaluation Reserves	83,332	89,721
Revenue Reserves	1,665,920	1,355,588
Legal	119,016	96,053
Statutory	1,524,389	1,251,785
Additional proposed dividend	4,863	-
Tax incentives	17,652	7,750
Treasury shares	(10,101)	(23,032)
Carrying Value Adjustments	423,423	416,823

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

The amounts of Options Granted in the Capital Reserves balance represent the recognition of the awarding of the options on the grant date.

As provided for in the bylaws, the balance appropriated to the statutory reserve will be utilized for: (i) the Reserve for Dividend Equalization, (ii) the Reserve for Increasing Working Capital, (iii) the Reserve for Capital Increases in Investees.

Through a proposal to be effected by the Board of Directors, the excess of revenue reserves in relation to the capital will be capitalized in 2013.

Tax incentives refer to: R$10,730 (R$5,567 in 2011) of PRODEPE - Pernambuco State Development Program, R$3,361 (R$948 in 2011) of the FAIN - Paraíba Industrial Development Support Fund and R$3,561 (R$1,235 in 2011) SUDENE - The Superintendency for the Development of the Northeast.

d) Dividends and interest on capital

Under the bylaws, the stockholders are assured a minimum mandatory dividend corresponding to 30% of net income. Presented below is the dividend calculation, the amounts paid/credited and the balance payable.

Dividends as at December 31, 2012 were calculated as follow:

Net income for the year	**459,256**
(-) Legal reserve	(22,963)
(-) Tax incentives	(9,902)
(-) Realization of revaluation reserve	6,389
Adjusted net income	**432,780**
Minimum compulsory dividend (30%)	**129,834**

DIVIDENDS DECLARED IN THE YEAR	**Gross amount**	**Withholding tax (IRRF)**	**Net amount**
The Board of Directors at a meeting held on July 26, 2012 resolved to credit interest on capital, on account of the compulsory dividend for 2012, the amount of R$0.113163373 per share totaling R$62,032, which payment was made by August 15, 2012.	62,032	(9,305)	52,727
The Board of Directors at a meeting held on November 30, 2012 decided to pay, on December 28, 2012, ad referendum of the General Meeting, interest on own capital on account of the compulsory dividend of 2012 an amount of R$0.1639 per share totaling R$89,963, which payment will be made by April 30, 2013.	89,963	(13,494)	76,469
Dividends proposed at 12.31.2012	5,501		5,501
Stockholders remuneration	**157,496**	**(22,799)**	**134,697**
Exceed minimum mandatory dividend	4,863		4,863

As described in the Note 2.21, any dividend portion in excess of the minimum mandatory dividend which is declared by management after the accounting period of the financial statements, but before the date of authorization for the disclosure of the financial statements, is not recorded as a liability and its effects are disclosed in the notes.

As at December 31, 2012 the total of R$4,863, the portion in excess of the minimum mandatory dividend, under the bylaws, was recorded in the caption "Proposed additional dividends" in the stockholders' equity.

NOTE 20 – INSURANCE COVERAGE

As at December 31, 2012, the Company and its subsidiaries had insurance coverage against fire and various risks relating to property, plant and equipment, inventory and civil liabilities totaling R$3,297 million. The Company does not have insurance coverage for its forests. To minimize the risk in this regard it maintains an internal fire brigade, fire trucks and motorized forest guards. The Company has not suffered losses in relation to forest fires.

NOTE 21 – NET SALES REVENUE

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

	Parent Company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Gross sales revenue	4,142,437	3,664,522	4,308,655	3,828,277
Domestic market	4,017,842	3,563,070	4,159,083	3,693,306
Foreign market	124,595	101,452	149,572	134,971
Taxes and contributions on sales	(897,033)	(835,134)	(914,256)	(857,912)
Net sales revenue	3,245,404	2,829,388	3,394,399	2,970,365

NOTE 22 – EXPENSES, BY NATURE

	Parent Company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Variation in fair value of biological assets	-	-	(144,574)	(154,009)
Variations in the inventories of finished products and work in process	(441,166)	(373,428)	(430,379)	(349,680)
Raw materials and consumption materials	1,898,440	1,647,963	1,742,364	1,515,983
Remuneration, charges and benefits to employees	557,389	529,246	616,121	581,348
Depreciation charges, amortization and impairment	206,385	191,479	470,342	402,519
Transport expenses	197,353	173,396	200,005	177,634
Advertising expenses	58,503	53,435	58,851	53,724
Other expenses	232,103	216,835	187,341	181,633
Total	2,709,007	2,438,926	2,700,071	2,409,152

NOTE 23 – FINANCIAL INCOME AND EXPENSES

	Parent Company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
FINANCIAL INCOME				
Remuneration on financial investments	30,393	35,915	61,323	70,172
Foreign exchange variances	3,727	7,015	6,290	8,365
Indexation adjustment	6,373	6,396	10,638	7,942
Interest and discounts obtained	4,733	4,497	5,073	5,053
Operations with subsidiaries	-	68	-	-
Fair value	-	(44)	-	(45)
Fundap Discount	-	-	5,817	6,634
Others	(84)	10	(91)	10
Total	45,142	53,857	89,050	98,131
FINANCIAL EXPENSES				
Charges on financing – Local currency	(137,709)	(140,548)	(170,949)	(171,042)
Charges on financing – Foreign currency	(9,877)	(18,361)	(9,877)	(19,381)
Foreign exchange variances	(4,911)	(3,764)	(7,319)	(4,853)
Indexation adjustment	(2,340)	(2,547)	(4,722)	(5,887)
Derivatives	8,376	7,585	14,400	7,916
Bank charges	(4,820)	(4,874)	(5,476)	(5,647)
Tax on financial operations	(2,635)	(2,939)	(3,703)	(3,248)
Other	(1,323)	(1,807)	(20,804)	(17,895)
Total	(155,239)	(167,255)	(208,450)	(220,037)
Total financial result	(110,097)	(113,398)	(119,400)	(121,906)

NOTE 24 – OTHER OPERATING INCOME (EXPENSES), NET

	Parent Company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Amortization of customer portfolio	(25,817)	(25,294)	(26,103)	(25,294)
Profit sharing and Stock Option	(19,385)	(15,226)	(19,385)	(15,226)
Pension plan credits	12,465	10,367	14,124	11,306
Tax recovered as a result of the PIS six-monthly credits, Complementary Law No. 7/70	-	-	10,729	-
Sale of the Jundiaí hardboard unit	-	28,929	-	28,929
Sale of the Boa Esperança farm of the subsidiary Duraflora	-	-	-	13,442
Sale of the Monte Alegre farm of the parent company	-	570	-	570
Reversal of tax contingencies	10,028	7,875	10,028	7,875
Reversal of provision for income tax on customer portfolio of merger subsidiary	16,311	-	16,311	-
Gain (Loss) on disposal of assets and other operating income and expenses	52	7,714	3,347	7,132
	(6,346)	14,935	9,051	28,734

NOTE 25 – INCOME TAX AND SOCIAL CONTRIBUTIONS

Reconciliation of income tax and social contribution expenses

The reconciliation of income and social contribution tax expenses, at nominal and effective rates is as follows:

	Parent Company		Consolidated	
	12/31/12	12/31/11	12/31/12	12/31/11
Profit before Income tax and social contribution	537.538	413.276	573.166	454.460
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(182.763)	(140.514)	(194.876)	(154.516)
Income tax and social contribution on additions and deductions from the result	104.481	101.450	81.421	74.916
Income from foreign investments	-	-	(6.506)	(788)
Interest on capital	53.225	51.426	53.225	51.426
Equity in results of investees	44.298	45.690	688	-
Other additions and exclusions	6.958	4.334	34.014	24.278
Income tax and social contribution on profit for the period	(78.282)	(39.064)	(113.455)	(79.600)
In the results:				
Current income tax and social contribution	(74.445)	(24.661)	(112.483)	(59.421)
Deferred income tax and social contribution	(3.837)	(14.403)	(972)	(20.179)

NOTE 26 – STOCK OPTION PLAN

As provided for in the bylaws, the Company has a Stock Option Plan, the objective of which is to integrate executives into the Company's medium- and long--term development process, enabling them to benefit from the value that their work and dedication brings to Duratex's shares.

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

The rules and operating procedures of the Plan are proposed by a Committee designated by the Company's Board of Directors. This Committee submits to the Board of Directors proposals regarding the implementation of the Plan.

Options will only be granted for fiscal years during which sufficient profits are 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 for a period of five to ninety days prior to the options' issue date. This will be at the discretion of the Committee, which may 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	2012
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	1,875,322	1,315,360
Exercise price on the grant date	11.16	11.82	15.34	9.86	16.33	13.02	10.21
Fair value on the grant date	9.79	8.88	7.26	3.98	7.04	5.11	5.69
Deadline to exercise	10 years	10 years	10 years	8 years	8 years	8.5 years	8.8 years
Vesting period	1.5 years	1.5 years	1.5 years	3 years	3 years	3.5 years	3.8 years

The following economic assumptions were utilized to determine these amounts:

	2006	2007	2008	2009	2010	2011	2012
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%	37.91%
Dividend yield	2.00%	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%	4.38%
Actual exercise rate	96.63%	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	Vesting Date	Term for Maturity	Grant price	Balance to be exercised dec/11 *	Balance to be exercised dec/12 *
03/30/2006	2,659,180	from 06/30/2007	to 12/31/2016	11.16	48,856	48,856
01/31/2007	2,787,050	from 06/30/2008	to 12/31/2017	11.82	2,535,227	1,588,612
02/13/2008	2,678,901	from 06/30/2009	to 12/31/2018	15.34	2,932,193	1,649,682
06/30/2009	2,517,951	from 06/30/2012	to 12/31/2017	9.86	1,983,285	922,476
04/14/2010	1,333,914	from 12/31/2013	to 12/31/2018	16.33	1,464,818	1,464,818
06/29/2011	1,875,322	from 12/31/2014	to 12/31/2019	13.02	1,875,322	1,868,298
04/09/2012	1,315,360	from 12/31/2015	to 12/31/2020	10.21	-	1,315,360
Total	15,167,678				10,839,701	8,858,102
Effective exercise rate						
Value established						

			Competência							
	Option Price	Total Value	from 2007 to 2010		2011		2012		Other Periods	
03/30/2006	11.42	586	586		-		-		-	
01/31/2007	10.36	24,758	24,758		-		-		-	
02/13/2008	8.47	19,456	19,456		-		-		-	
06/30/2009	4.64	9,194	6,957		1,490		747		-	
04/14/2010	8.21	8,716	2,319		2,132		2,250		2,015	
06/29/2011	5.11	9,583	-		1,374		2,809		5,400	
04/09/2012	5.69	7,484	-		-		1,492		5,992	
Total	15,167,678	79,777	54,076		4,996		7,298		13,407	
Effective exercise rate		96.63%	96.63%		96.63%		96.63%		96.63%	
Value established		77,089	52,252	(1)	4,829	(2)	7,052	(3)	12,956	(4)

(1) Amount recorded against income from 2007 to 2010
(2) Amount recorded against income for 2011
(3) Amount recorded against income for 2012
(4) amount to be recorded against income until December 2015
(*) Includes stock dividend of 20% as provided in the Ordinary and Extraordinary General Meeting held on April 29, 2011

As at December 31, 2012, the Company had 828,677 treasury shares that could be utilized for the exercise of options.

NOTE 27 – 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 providing pensions or supplementary income benefits, similar to those of the National Social Security. The Fundação 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 as at December 31, 2012 had 6,159 participants (5,856 as at December 31, 2011).

In the DC Plan - PAI (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, an independent actuary, according to the projected unit credit method, was recognized in the December 31, 2012 financial statements under "Pension Plan Credits" in the amount of R$92,232 (R$78,108 as at December 31, 2011). The increase of R$14,124 was recognized in the Statement of income under "Other net operating income (expenses)". Presented below is the reconciliation with the recognized amounts in the financial statements:

ASSETS AND LIABILITIES RELATING TO DB PLAN	12/31/12	12/31/11
Present value of the actuarial obligations	(622,119)	(629,390)
Fair value of assets	847,690	851,052
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	225,571	221,662
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(133,339)	(143,554)
Assets and liabilities relating to DB Plan	92,232	78,108

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 the plan's regulations. This plan is being discontinued and enrollment 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 a 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. Due to 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), as at December 31, 2012 the Company management opted not to recognize the asset (see Note 30, item b).

Presented below is the DB plan position as at December 31, 2012 and 2011:

ASSETS AND LIABILITIES RELATING TO DB PLAN	12/31/12	12/31/11
Assets and liabilities relating to DB Plan	(71,533)	(66,269)
Present value of the actuarial obligations	145,198	124,965
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	73,665	58,696
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(73,665)	(58,696)
Assets and liabilities relating to DB Plan	-	-

Actuarial assumptions

ECONOMIC ASSUMPTIONS	12/31/12	12/31/11
Discount rate	8.16%	9.52%
Estimated rate of return on assets	10.37%	10.37%
Future salary increases	7.12%	7.43%
Growth of benefits	4.00%	4.30%
Inflation	4.00%	4.30%
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%

ECONOMIC ASSUMPTIONS	12/31/12	12/31/11
Mortality Table	AT - 2000	AT – 2000
Mortality table for disabled	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	AT - 2000
% of participation of married active participants on retirement date	95%	95%
Age difference between participant and spouse	Wives are 4 years younger than husbands	Wives are 4 years younger than husbands
Actuarial method	Projected Unit Credit	Projected Unit Credit

NOTE 28 – EARNINGS PER SHARE

(a) Basic

The basic earnings per share are 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 common shares purchased by the Company as treasury shares.

	12/31/12	12/31/11
Earnings attributable to the Company's stockholders	459,256	374,212
Weighted average number of common shares issued (In thousands)	550,054	550,035
Weighted average of treasury shares (In thousands)	(1,666)	(1,377)
Weighted average number of common shares outstanding (In thousands)	548,388	548,658
Basic earnings per share	0.8375	0.6820

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding, assuming the conversion of all potential diluted common shares, resulting from the Stock Option Plan:

	12/31/12	12/31/11
Earnings attributable to the Company's stockholders	459,256	374,212
Weighted average number of common shares issued (In thousands)	550,054	550,035
Call options for shares	16,609	10,840
Weighted average of treasury shares (In thousands)	(1,666)	(1,377)
Weighted average number of diluted common shares outstanding (In thousands)	564,997	559,498
Diluted earnings per share	0.8128	0.6688

NOTE 29 – INFORMATION ON BUSINESS SEGMENTS

Management defines the Company's operating segments with reference to the areas which report to the Board of Directors in order for it to make strategic decisions.

The 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 different goods and services. There are no sales between the segments.

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.

	12/31/12			12/31/11		
	Wood	Deca	Consolidated	Wood	Deca	Consolidated
Net sales revenue	2,216,095	1,178,304	3,394,399	1,875,979	1,094,386	2,970,365
Domestic market	2,113,785	1,131,788	3,245,573	1,780,982	1,054,987	2,835,969
Foreign market	102,310	46,516	148,826	94,997	39,399	134,396
Variation in the fair value of the biological assets	144,574	-	144,574	154,009	-	154,009
Cost of goods sold	(1,209,715)	(681,708)	(1,891,423)	(1,085,975)	(629,900)	(1,715,875)
Depreciation, amortization and depletion	(248,303)	(53,328)	(301,631)	(212,454)	(46,216)	(258,670)
Depletion of adjustment in the biological assets	(162,778)	-	(162,778)	(137,898)	-	(137,898)
Gross profit	739,873	443,268	1,183,141	593,661	418,270	1,011,931
Selling expenses	(208,701)	(169,577)	(378,278)	(188,387)	(155,568)	(343,955)
Administrative and general expenses	(62,090)	(48,445)	(110,535)	(69,386)	(37,377)	(106,763)
Management expenses	(8,347)	(4,490)	(12,837)	(8,786)	(4,795)	(13,581)
Other operating income (expenses)	(5,933)	14,984	9,051	26,472	2,262	28,734
Equity in the results of investees	2,024	-	2,024	-	-	-
Operating income before Financial result	456,826	235,740	692,566	353,574	222,792	576,366

NOTE 30 – SUBSEQUENT EVENTS

a-) Acquisition of Thermosystem Indústria Eletro Eletrônica Ltda

Duratex S.A. signed, on January 2, 2013, the contract for the acquisition of all quotas of the capital of Thermosystem Indústria Eletro Eletrônica Ltda., for R$ 58.1 million. This value can be adjusted upwards or downwards according to the working capital that will be calculated from the financial statements of the year end 2012. The payment conditions were as follow: 50% in January 2013, 20% in February 2013 (five working days from the closing of the year end of 2012), and the final 30% will be paid in three successive annual installments, maturing on April 30, 2014, 2015 and 2016.

b-) Private pension plan - Revision of Defined benefit Plan (DB Plan)

On 28 January 2013 the National Superintendence of Pension Funds (Previc) approved the revision of the Defined benefit Plan (DB Plan) solving the surplus and restoring the technical balance of the plan by reversing the sponsors of the amount of R$ 42 million (R$ 28 million net of tax) on the special reserve in stockholders' equity. This amount will be available in accordance with Resolution CGPC 26, in 36 months from 2013.

c-) Capital increases

In the Board of Directors Meetings, as provided in the table below, it was decided that the Company's capital was increased through the issue of common shares, without par value, subscribed and paid-up by debenture holders, who acquired debentures under the Private Deed of First Private Issue of Debentures Convertible into Shares.

Prior amount of capital	Prior Qty. of shares	Corporate Action	Convertible debentures	Issued shares	Increased value	Current Qty. Of shares	Current value of capital
1,550,246,461.69	550,054,041	RCA – 01/23/2013	3	30	409.56	550,054,071	1,550,246,871.25
1,550,246,871.25	550,054,071	RCA – 02/14/2013	1	10	137.33	550,054,081	1,550,247,008.58

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL AND SUSTAINABILITY REPORT FOR 2012

Independent auditor's limited assurance report on the social and environmental information included in the Annual and Sustainability Report for 2012

To the Board of Directors
Duratex S.A.
São Paulo- SP

INTRODUCTION

We have been engaged by Duratex S.A. ("Duratex") to present our limited assurance report on the compilation of the social and environmental information included in the Annual and Sustainability Report for 2012 of Duratex S.A. for the year ended December 31, 2012.

MANAGEMENT'S RESPONSIBILITY FOR THE ANNUAL AND SUSTAINABILITY REPORT FOR 2012

The management of Duratex S.A. is responsible for the preparation and presentation of the social and environmental information included in the Annual and Sustainability Report for 2012, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3.1) and for such internal control as that it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' RESPONSIBILITY

Our responsibility is to express a conclusion on the social and environmental information included in the Annual and Sustainability Report for 2012, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issue of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the social and environmental information included in the Annual and Sustainability Report for 2012, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the social and environmental information taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the social and environmental information included in the Annual and Sustainability Report for 2012, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Annual and Sustainability Report for 2012 of Duratex;

(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the personnel in charge of the preparation of the information;

(c) interviews with the managers responsible for the information through visits to the administrative unit of Duratex;

(d) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the Annual and Sustainability Reports for 2012; and

(e) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included the application of procedures to assess compliance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3) applied in the preparation of the social and environmental information included in the Annual and Sustainability Report for 2012.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the social and environmental information included in the Annual and Sustainability Report for 2012. Consequently, we were unable to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the social and environmental information included in the Annual and Sustainability Report for 2012. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, the materiality and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement data reported for prior years, nor future projections and goals.

CONCLUSION

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the social and environmental information included in the Annual and Sustainability Report for 2012 of Duratex S.A. has not been compiled, in all material respects, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3.1).

São Paulo, April 15, 2013

PRICEWATERHOUSECOOPERS AUDITORES INDEPENDENTES
CRC 2SP000160/O-5

MANUEL LUIZ DA SILVA ARAÚJO
Contador CRC 1RJ039600/O-7 "SP"

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Duratex S.A.** has presented its report “Annual and Sustainability Report 2012” 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 G3.1 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 G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 11 April 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+ GRI REPORT GRI CHECKED

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 28 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

GRI REPORTING INDEX

GRI 3.12

The structure of Duratex's 2012 Annual and Sustainability Report was based on significant themes identified by the materiality matrix assessment carried out in 2010. These items are represented in the section "How to Read This Report", and are highlighted in a visual manner throughout the report. Therefore, the other indicators do not form part of this reporting index, having not been considered material in the view of the Company and its stakeholders.

PROFILE INDICATORS

1. STRATEGY AND ANALYSIS		Pages RA	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.	07-12		
1.2	Description of the principal impacts, risks and opportunities.	30-32	118-120	

2. ORGANISATIONAL PROFILE		Pages RA	Pages DCs	Global Compact
2.1	Name of the organisation.	13	107	
2.2	Principal brand names, products and/or services.	13	107	
2.3	Operational structure of the organisation, including principal divisions, operational units, subsidiaries and joint ventures.	15	107	
2.4	Location of organisation's headquarters.	15	107	
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 relevant to questions of sustainability covered by the report.	13 and 15	107	
2.6	Type and legal nature of ownership.	15	107	
2.7	Markets served (including geographical breakdown, sectors served, and type of client/beneficiaries).	13	107	
2.8	Size of organisation.	13-17 and 78-82	90-98	
2.9	Principal changes during the period covered by the report, with respect to size, structure or shareholding participation.	3	90-98	
2.10	Awards received during the period covered by the report.	34 and 35		

3. PARAMETERS FOR THE REPORT		Pages RA	Pages DCs	Global Compact
3.1	Period covered by the report (such as fiscal/calendar year) for the information presented.	3		
3.2	Date of the most recent previous report (if there is one).	3		
3.3	Report publication cycle (annual, biennial, etc.).	3		
3.4	Contact data in the case of questions related to the report, or its content.	3		
3.5	Process for the compilation of report content, including: a) determination by materiality, b) prioritisation of report themes and c) identification of which stakeholders the organisation expects to use the report.	4-5		
3.6	Scope of the report (such as countries, divisions, subsidiaries, leased installations, joint ventures and suppliers).	3		
3.7	Declaration on any specific limitations with respect to scope and limit of the report.	3		
3.8	Basis for the compilation of the report with respect to joint ventures, subsidiaries, leased installations, outsourced operations and other organisations which could significantly affect comparison between periods and/or other organisations.	3		
3.9	Techniques for data measurement and calculation bases, including hypotheses and techniques which support the estimates applied to the compilation of the indicators and other information in the report.	3		
3.10	Explanation of the consequences of any reformulation of information provided in previous reports, and the reasons for such reformulations (such as mergers or acquisitions, changes in base-year period, in the nature of the business, or in measurement methods).	3		
3.11	Significant changes in comparison to previous years with respect to scope, limit or measurement methods applied to the report.	3		
3.12	Table that identifies the location of the information in the report.	161-169		
3.13	Current policy and practice with respect to seeking external verification of the report.	3 and 158-159		
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT		**Pages RA**	**Pages DCs**	**Global Compact**
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as the establishment of strategy or supervision of the organisation.	23-29		
4.2	Indication of whether the president of the highest governance body is also the chief executive officer (and if this is the case, his or her functions in the administration of the organisation, and the reasons for such make-up).	24		
4.3	Organisations with a unit based administration structure, declaration of the number of independent members or non-executive members of the highest governance body.	24		
4.4	Mechanisms whereby shareholders employees make recommendations, or provide guidelines to the highest governance body.	25 and 43-47		
4.5	Relationship between the remuneration for members of the highest governance body, executive board, and other executives (including contract termination agreements) and the performance of the organisation (including social and environmental performance).	19 and 20	126-128	
4.6	Processes in force within the highest governance body to ensure that conflicts of interest are avoided.	20 and 23		
4.7	Process for the determination of the make up, the qualifications and the knowledge base of the members of the highest governance body, and their committees, including any consideration with respect to gender and other diversity indicators.	29		

4.8	Declaration of mission and values, codes of conduct, and significant internal principles with respect to economic, environmental and social performance and this stage of their implementation.	16
4.9	Procedures of the highest governance body for the supervision and identification and management by the organisation of economic, environmental and social performance, including significant risks and opportunities, as well as adhesion or compliance with internationally agreed standards, codes of conduct and principles.	24
4.10	Processes for performance self-evaluation of the highest governance body, especially with respect to economic, environmental and social performance.	25
4.11	Explanation of whether and how the organisation applies the precaution principle.	30-32
4.12	Letters, principles or other initiatives developed externally of an economic, environmental and social nature, which the organisation subscribes to or endorses.	20 and 36-38
4.13	Participation in associations (such as industry federations) and/or national/international defence organisms in which the organisation: a) has a seat within groups responsible for corporate governance, b) is part of project or committees, c) contributes funds of an amount above the basic rate payable as an associate member and d) considers its membership as operationally strategic.	55
4.14	Relationship of stakeholder groups engaged by the organisation.	39-55
4.15	Basis for the identification and selection of stakeholders with which it engages.	4-5 and 39-55
4.16	Approaches for the engagement of stakeholders, including the frequency of engagement by type and stakeholder group.	39-55
4.17	Principal themes and concerns that had been raised through the engagement of stakeholders, and what measures the organisation has adopted to deal with them.	4-5 and 39-55

INDICES OF ECONOMIC PERFORMANCE

METHOD OF MANAGEMENT

Aspect: Economic Performance			Pages RA	Pages DCs	Global Compact
Essential	**EC1**	Direct economic value generated and distributed, including revenues, operating costs, employee remuneration, donations and other investments in the community, accumulated profit, and payments to capital providers and governments.	68-70 and 78-82	106	
Essential	**EC2**	Financial implications and other risks and opportunities for the activities of the organisation as a result of climate change.	32		7, 8 and 9
Essential	**EC3**	Coverage of obligations of the pension fund, and defined benefit that the organisation offers.	49	151 and 152	
Essential	**EC4**	Significant financial assistance received from the government.	70	85 and 86	
Aspect: Market Presence			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	**EC5**	Variation in the proportion of the lowest salary with respect to the local minimum salary at important operational units.	Non Material		
Essential	**EC6**	Policies, practices and proportion of expenditure with local suppliers in important operational units.	Non Material		
Essential	**EC7**	Procedures for local hiring and the proportion of members of top management recruited from the local community, in important operational units.	Non Material		

Aspect: Indirect Economic Impacts			Pages RA	Pages DCs	Global Compact
Essential	EC8	Development and impact of investments in infrastructure and services offered, principally for the public benefit, through commercial engagement by type or *pro-bono* activity.	Non Material		
Additional	EC9	Identification and description of significant indirect economic impactss, including the extent of these impacts.	Non Material		
ENVIRONMENTAL PERFORMANCE INDICES					
METHOD OF MANAGEMENT					
Aspect: Materials			Pages RA	Pages DCs	Global Compact
Essential	EN1	Materials used, by weight or volume.	Non Material		
Essential	EN2	Percentage of materials used outcome from recycling.	Non Material		
Aspect: Power			Pages RA	Pages DCs	Global Compact
Essential	EN3	Direct power consumption, broken down by primary energy source.	Non Material		
Essential	EN4	Indirect power consumption, broken down by primary energy source.	Non Material		
Additional	EN5	Energy saved due to improvements in conservation and efficiecy.	Non Material		
Additional	EN6	Initiatives for the providing of products and services with low energy consumption, or which use energy generated from renewable resouces. and the reduction in energy needs resulting from these initiatives.	Non Material		
Additional	EN7	Initiatives for the reduction in the consumption of indirect energy and the reductions obtained.	Non Material		
Aspect: Water			Pages RA	Pages DCs	Global Compact
Essential	EN8	Total water drawn off, by source.	60		7, 8 and 9
Additional	EN9	Water sources significantly affected by water drawn off.	38 and 60		7, 8 and 9
Additional	EN10	Percentage and total volume of water recycled and reused.	60		7, 8 and 9
Aspect: Biodiversity			Pages RA	Pages DCs	Global Compact
Essential	EN11	Location and size of area a owned, leased or administrated within protected areas, or adjacent to them, and areas with a high index of biodiversity outside these protected areas.	Non Material		
Essential	EN12	Description of significant impacts on biodiversity from activities, products and services in protected areas, and areas with a high incidence of biodiversity outside protected areas.	Non Material		
Additional	EN13	Protected or restored habitats.	Non Material		
Additional	EN14	Strategies, measures in force, and future plans for the management of impacts on biodiversity.	Non Material		
Additional	EN15	Number of species on the IUCN red list, and national conservation lists with habitats in areas affected by operations, broken down by level of extinction risk.	Non Material		

Aspect: Emissions, Effluents and Residues			Pages RA	Pages DCs	Global Compact
Essential	**EN16**	Total direct and indirect greenhouse gas emissions, by weight.	62-63		7, 8 and 9
Essential	**EN17**	Other significant indirect greenhouse gas emissions, by weight.	62-63		7, 8 and 9
Additional	**EN18**	Initiatives to reduce greenhouse gas emissions, and reductions obtained.	62-63		7, 8 and 9
Essential	**EN19**	Emission of substances harmful to the ozone layer, by weight.	62-63		7, 8 and 9
Essential	**EN20**	NOx, SOx and other significant atmospheric emissions, by type and weight	62-63		7, 8 and 9
Essential	**EN21**	Total water discharged, by quality and destination.	61		7, 8 and 9
Essential	**EN22**	Total weight of residues, by type and method of disposal.	61		7, 8 and 9
Essential	**EN23**	Number and total volume of significant spillages.	61		7, 8 and 9
Additional	**EN24**	Weight of residues transported, imported, exported, or treated as being considered dangerous, under the terms of the Basel Convention, – Annexes I, II, III and VIII – and percentage of residue loads transported internationally.	61		7, 8 and 9
Additional	**EN25**	Identification, size, protection status and biodiversity index of bodies of water and related habitats significantly affected by discharges of water and drainage carried out by the reporting organisation.	38		7, 8 and 9
Aspect: Products and Services			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**EN26**	Initiatives to mitigate the environmental impacts of products and services, and the extent of the reduction of these impacts.	74		7, 8 and 9
Essential	**EN27**	Percentage of products and their packaging recovered in relation to the total products sold, by product category.	72		7, 8 and 9
Aspect: Compliance			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**EN28**	Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance to environmental laws and regulations.	Non Material		
Aspect: Transport			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	**EN29**	Significant environmental impact of the transport of products and other goods, and material used in the operations of the organisation, as well as the transport workers.	Non Material		
Aspect: General			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	**EN30**	Total investment and expenditure on environmental measures, by type.	Não material		

PERFORMANCE INDICATORS WITH RESPECT TO LABOUR PRACTICES AND DECENT WORK

METHOD OF MANAGEMENT

Aspect: Employment			Pages RA	Pages DCs	Global Compact
Essential	**LA1**	Total number of employees by type of employment, work contract and region, broken down by gender.	Non material		
Essential	**LA2**	Total number and rate of employee turnover by age group, gender and region.	Non material		
Additional	**LA3**	Benefits offered to full-time employees and which are not offered to temporary employees, or half-time employees, broken down by principal operations.	Non material		
Aspect: Relations between Workers and Governance			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**LA4**	Percentage of employees covered by collective wage negotiation agreements.	Non material		
Essential	**LA5**	Minimum period for advance notification of operational changes, including whether this procedure is specified in the collective wage negotiation agreements.	Non material		
Aspect: Occupational Health and Safety			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	**LA6**	Percentage of employees represented on formal health and safety committees, composed of management and workers, which assist in monitoring and providing advice on occupational health and safety.	Non material		
Essential	**LA7**	Rate of lesions, occupational diseases, days lost, absenteeism and work-related deaths, by region.	Non material		
Essential	**LA8**	Ongoing programs for education, training, the providing of advice, and the prevention and control of risks, to provide assistance to employees, their families, are members of the community with respect to serious diseases.	Non material		
Additional	**LA9**	Themes related to health and safety covered by formal union agreements.	Non material		
Aspect: Training and Education			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**LA10**	Average number of training hours per year and employee, broken down by functional category.	Non material		
Additional	**LA11**	Programs for skill management and continuous learning, which provide support for continuity of employment for employees, and for managing the end of their career.	Non material		
Additional	**LA12**	Percentage of employees that regularly receive performance analyses, and career development advice.	48		
Aspect: Diversity and Equality of Opportunity			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**LA13**	Make-up of groups responsible for corporate governance, and employee discrimination, by category in accordance with gender, age group, minorities, and other diversity indices.	Non material		
Aspect: Equality of Remuneration for Men and Women			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	**LA14**	Proportion of salary base and remuneration between men and women, by functional category.	Non material		
Essential	**LA15**	Rates of return to work and retention rates after maternity leave/paternity leave, by sex.	Non material		

PERFORMANCE INDICATORS WITH RESPECT TO HUMAN RIGHTS

METHOD OF MANAGEMENT

Aspect: Investment Practices and Buying Processes			Pages RA	Pages DCs	Global Compact
Essential	HR1	Percentage and total number of investment agreements and contracts that include clauses referring to human rights, or which have been submitted to human rights evaluations.	Non Material		
Essential	HR2	Percentage of suppliers, contractors and other significant business partners that have been submitted to evaluations with respect to human rights, and measures that were taken.	Non Material		
Additional	HR3	Total number of training hours for employees in policies and procedures related to aspects of human rights relevant to the operations, including percentage of employees that have received training.	Non Material		
Aspect: Non-discrimination			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR4	Total number of cases of discrimination and measures taken.	Non Material		
Aspect: Freedom of association and collective wage bargaining			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR5	Operations and significant suppliers identified for which the exercising of freedom of association and collective bargaining may be violated or running a significant risk of being violated, and measures taken to support these rights.	Non Material		
Aspect: Child Labour			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR6	Operations and significant suppliers identified with a significant risk of the occurrence of child labour and the measures taken to contribute to the abolition of child labour.	Non Material		
Aspect: Forced labour or labour analogous to slave labour			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR7	Operations and significant suppliers identified with a significant risk of the occurrence of forced labour or labour analogous to slavery, and measures taken to contribute to the eradication of all forms of forced or slave labour.	Non Material		
Aspect: Safety Practices			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	HR8	Percentage of security personnel submitted to training in be policies or procedures of the organisation related to aspects of human rights, which are relevant to its operations .	Non Material		
Aspect: Indigenous Rights			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	HR9	Total number of cases of violation of the rights of indigenous people and measures taken .	Non Material		
Aspect: Evaluation			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR10	Percentage and total number of operations analysed related to the review of human rights and/or impact evaluations.	Non Material		
Aspect: Repair			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	HR11	Number of complaints related to human rights filed, dealt with and resolved through formal complaint mechanisms.	Non Material		

SOCIAL PERFORMANCE INDICATORS WITH RESPECT IN SOCIETY

METHOD OF MANAGEMENT

Aspect: Local Community			Pages RA	Pages DCs	Global Compact
Essential	SO1	Nature, scope and efficiency of any program or practices to evaluate and manage impacts on the operations in the communities, including entry, operation and exit.	52-54		
Aspect: Corruption			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	SO2	Percentage and total number of business units submitted to evaluation for risks related to corruption.	20-23		10
Essential	SO3	Percentage of employees trained in anticorruption policies and procedures in the organisation.	20-23		10
Essential	SO4	Measures taken in response to cases of corruption.	20-30		10
Aspect: Public Policies			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	SO5	Positions with respect to public policies and participation in the drawing up of public policies and lobbying.	Non material		
Additional	SO6	Total number of financial contributions and in cash for political parties, politicians or related institutions, broken down by country.	Non material		
Aspect: Unfair Competition			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	SO7	Total number of court cases due to unfair competition, anti-trust practices and monopolies, and their results.	Non material		
Aspect: Compliance			**Pages RA**	**Pages DCs**	**Global Compact**
Essencial	SO8	Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance to laws and regulations.	Non material		
Essential	SO9	Operations with potential significant impacts, or negative impacts effective in local communities.	Non material		
Essential	SO10	Prevention and mitigation measures implemented in operations with potential significant impacts or negative impacts effective in the local communities.	Non material		

PERFORMANCE INDICATORS REFERRING TO RESPONSIBILITY FOR THE PRODUCT

TYPE OF MANAGEMENT

Aspect: Customer Health and Safety			Pages RA	Pages DCs	Global Compact
Essential	PR1	Phases of the product and service life-cycle for which health and safety impacts are evaluated bearing in mind percentage improvement of products and services subject to these procedures.	72		
Additional	PR2	Number of total cases of non-compliance with regulations and voluntary codes related to impacts caused by products and services, with respect to health and safety during the life cycle, broken down by type of result.	72 and 75		
Aspect: Product Labelling and Services			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	PR3	Type of information on products and services required by labelling procedures and percentage of products and services subject to these requirements.	72 and 75		
Additional	PR4	Total number of cases of non-compliance with regulations and voluntary codes related to information and product labelling and services, broken down by type of result.	72 and 75		

Additional	PR5	Practices related to customer satisfaction including results of research that measures this level of satisfaction.	40-42 and 75		
Aspect: Marketing Communication			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including publicity, promotion and sponsorship.	Non Material		
Additional	PR7	Number of total cases of non-compliance with regulations and voluntary codes related to marketing communications including publicity, promotion and sponsorship, broken down by type of result.	Non Material		
Aspect: Conformity			**Pages RA**	**Pages DCs**	**Global Compact**
Additional	PR8	Total number of proven complaints related to a violation of privacy and loss of client data.	Non Material		
Aspect: Compliance			**Pages RA**	**Pages DCs**	**Global Compact**
Essential	PR9	Monetary value of significant fines for non-compliance with laws and regulations related to the supply and use of products and services.	Non Material		

CORPORATE INFORMATION

INVESTOR RELATIONS DIRECTORSHIP

Director: Flavio Marassi Donatelli

Tel.: 11 3179-7148 || Fax: 11 3179-7300 ||
diretoria-ri@duratex.com.br

Executive manager: Alvaro Penteado de Castro

Tel.: 11 3179-7259 || Fax: 11 3179-7355 ||
investidores@duratex.com.br

CORPORATE SUSTAINABILITY MANAGEMENT

Executive Manager: João Carlos Redondo

Tel.: 11 3543-4072 || Fax: 11 3543-3017 ||
sustentabilidade@duratex.com.br

DURATEX

Av. Paulista, 1938 – 5th floor –
Bela Vista – São Paulo (SP)
Tel.: 11 3179-7733
CEP: 01310-942
P.O Box : 7611
www.duratex.com.br

SUBSIDIARIES IN BRAZIL

Duraflora S.A.

Av. Paulista, 1938
Bela Vista – São Paulo (SP)
CEP: 01310-942

SUBSIDIARIES ABROAD

Deca Piazza

Zavaleta, 190 – 1.437
Buenos Aires, Argentina
Tel.: 005411 4909-0900 || Fax: 005411 4909-0992

Deca North America

1208 Eastchester Drive, Suite 202 High Point
NC 27265 3165 – USA
Toll free number: 877-802 1250 || Tel.: 001-336-885-1225
Fax: 001-336-885-1501

Duratex North America

1208 Eastchester Drive, Suite 202 High Point
NC 27265 3167 – USA
Tel.: 001-336-885-1500 || Fax: 001-336-885-1501

Duratex Europe

Xavier de Cocklaan, 66, Unit 8 Latem Business Park
9831 Sint – Martens – Latem – Belgium
Tel.: 0032-15-28-60-70 || Fax: 0032-15-28-60-79

CONSUMER SERVICES (SAC)

Deca: deca@deca.com.br ou 0800-011-7073 (SAC)
Wood Panels: rino.responde@duratex.com.br
or 0800-055-7474 (SAC)
Durafloor: sac@durafloor.com.br or
0800-770-3872 (SAC)

CREDITS

EDITING AND GENERAL COORDINATION
Investor Relations Management Executive

CONTENT AND GRAPHICS PROJECT CONSULTANCY
TheMediaGroup

PHOTOS
Duratex Collection

TRANSLATION FROM THE ORIGINAL PORTUGUESE
Ashley Huggins

Our special thanks to those internal partners
who have contributed to the drawing-up of this report.

Duratex