

SCENARIO AND MARKET

During the last period the domestic economy has been affected by the slowdown in industrial activity, mainly due to the implementation of measures to contain inflation, adopted by the monetary authority. Among these measures is increase of the basic interest rate, the Tax on Financial Operations (IOF) and increase of the level of compulsory deposit required on demand. In this new scenario, the predicted expansion of Brazil's GDP was revised down and the availability of credit to the retail became more expensive and was offered with an option of fewer installments.

On the external front, a series of bad news contributed to uncertainty about the condition of more developed economies liquidity. The European Union, in its current configuration, is threatened. Greece, Italy, Portugal and Spain have caused concerns in global markets due to the high level of existing and recurrent debt, as well as high levels of fiscal deficits. The financial system's exposure to sovereign debt of these same countries also have caused concerns, probably downgraded, by ratings agencies, of important European institutions credit notes, which creates speculation for the existence of systemic risk. Not only that, the U.S. risk grade was downgraded to AA by S&P Ratings in the wake of a poorly conducted negotiations between Democrats and Republicans on raising the debt ceiling of the state, which is already considered high.

The growing nervousness of the markets indirectly affects Brazil. Although it had its rating improved by Fitch and Moody's Ratings to BBB and BBB +, respectively, the country now faces a steep devaluation of the Real, in a short time, that may be a source of additional pressure on inflation. The currency price closed in September at R\$1.8544 per dollar, devaluation equivalent to 18.8% and 11.3% to its share price at the end of June 2011 and December 2010 respectively, R\$1.5611 and R\$1.6662.

STRATEGIC MANAGEMENT

Although set in a more challenging scenario, the Company remains attentive to the present opportunities in its segment, and maintains the planned investments. This is possible by the high level of employment rate in the country coupled with increased real income and the existence of structural conditions favorable to stimulate domestic consumption.

Altogether, year to date, the company invested R\$423.3 million, highlights: (i) the down payment made for acquisition of equipment geared to the installation of new lines of MDF and execution of infrastructure works in the unit Itapetininga / SP, a location, where will be implemented the first of two projected plants, (ii) completion of the installation and start-up of a new low pressure finishing line (BP), located in Agudos / SP, which already contributed to the increase in the mix sale of panels, (iii) opening of a new line of laminate flooring in Agudos / SP, which allows meeting the growing demand for this type of product, (iv) completion of the acquisition of Elizabeth Louças Sanitárias, and (v) beginning completion process of the assembly and activity of a new equipment for electroplating, metal fittings segment in Jundiá

/ SP, and a new furnace with a burning capacity of 800 thousand pieces annual of sanitary wares, in united of Cabo de Santo Agostinho / PE. In progress, also in Deca Division, there are works in Queimados/RJ unit, which will allow greater geographic diversification in the segment of bathroom fixtures and with addition of 2.4 million pieces annual production capacity by the end of 2012.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Financial statements made available today, with the CVM and BM&FBovespa, contemplate the international reporting standard IFRS (International Financial Reporting Standards) in accordance with CVM Instructions 457/07 and 485/10 CVM.

As will be seen throughout this report, the result of the 3Q11 and accumulated year to date, was strongly affected by inflation, especially on the cost side, and economic measures, that inhabited further growth of consumption of panels, mainly. This is due to the fact that these panels are widely used in furniture manufacturing and sold to the retail, that depends on credit, which has become more expensive and has been offered with reduced number of installments.

In addition, two non-cash factors affected the outcome of 2011 result compared with 2010 period. The first one is related to the impact on the result in biological assets changes due to an increase in wood price, especially in the third quarter of 2010. This factor contributed to the result of biological assets that was R\$27.9 million higher than in the 3Q11, and year to date, R\$35.6 million above the 2011 result (respectively (+)R\$42.3million and (+) 53.9 million before the effect of income tax. It is worthy to mention that in this year, 2011, there was an increase of depreciation (+) R\$7,5 million in 3Q11 over the same quarter in the past year, and (+) R\$22.9 million year to date (R\$11.3 million and R\$3.7 million before the effect of income tax). This increase results from the entry of Low Pressure finishing line, paper saturation machine and laminate flooring line, which are aimed at enriching the sales mix of panels. In Deca Division the highlights of the nine months period are, besides the acquisition of Elizabeth Louças Sanitárias, the entry of a new furnace in Pernambuco, as well as other equipment that is aimed at improving production capacity of metal fittings. All of the above events should help in understanding the variation between 2010 and 2011 results.

The main changes in the financial statements, resulting from the adoption of IFRS, are related to the following events: Business Combinations, Biological Assets and Employee Benefits. Below are made available the reconciliation tables of Total Assets, Equity and Net Income due to the adoption of new accounting standard. It is worth noting that the analysis contained herein are characterized spontaneous, in line with best governance practices and transparency. However, they do not replace the official statements, available at CVM, pursuant to applicable law, therefore, should be examined together.

TOTAL ASSETS	3Q11	2Q11	3Q10
Before IFRS	5,553,312	5,503,248	4,821,099

adjustments (in R\$'000)			
Business Combination	733,919	744,274	763,790
Biological Assets	327,275	326,188	329,614
Employee Benefits	77,274	69,881	64,061
Others Adjusts	2,873	2,873	(8,473)
After IFRS adjustment	6,694,653	6,646,464	5,970,091
Variation	1,141,341	1,143,216	1,148,992

EQUITY	3Q11	2Q11	3Q10
Before IFRS adjustments (in R\$'000)	2,800,726	2,732,339	2,544,143
Business Combination	550,514	549,068	560,191
Biological Assets	216,001	215,284	217,545
Employee Benefits	51,001	46,121	42,280
Others Adjusts	19,795	19,450	37,109
After IFRS adjustment	3,638,037	3,562,262	3,401,268
Variation	837,311	829,923	857,125

NET INCOME	3Q11	2Q11	3Q10	Jan-Sep/11	Jan-Sep/10
Before IFRS adjustments (in R\$'000)	117,257	108,268	118,385	303,420	310,878
Business Combination	(4,639)	(2,919)	(3,931)	(11,630)	(11,264)
Biological Assets	717	(5,481)	28,611	(3,228)	32,368
Employee Benefits	4,879	515	1,808	6,911	5,426
Others Adjusts	0	0	7,564	0	(13,614)
After IFRS adjustment	118,214	100,383	152,437	295,473	323,794
Extraordinary Events	(15,881)	(9,284)	(3,962)	(25,165)	(3,962)
IFRS Recurrent Net Income	102,333	91,099	148,475	270,308	319,832

In order to make a transparent transition between accounting standards, we provide below a comparative table containing values before IFRS.

Before IFRS Adjustments (in R\$ '000, unless otherwise indicated)	3Q11	2Q11	3Q10	Jan-Sep/11	Jan-Sep/10
BALANCE SHEET					
Total Assets	5,553,312	5,503,248	4,821,099	5,553,312	4,821,099
Stockholders' Equity	2,800,726	2,732,339	2,544,143	2,800,726	2,544,143
INCOME STATEMENT					
Gross Profit	283,003	267,559	281,331	776,013	788,687
Gross Margin	35.8%	35.6%	40.0%	35.3%	39.0%
EBITDA	260,221	231,966	245,432	681,675	666,249
EBITDA Margin	32.9%	30.9%	34.9%	31.0%	32.9%

Net Income	117,258	108,268	118,385	303,420	310,878
INDICATORS					
ROE	17.0%	16.0%	18.9%	14.9%	17.1%

Following are the financial highlights in IFRS for the period ended September of 2011, as well as the comparison with the previous nine months period, quarter, and the same quarter of the previous year.

(in IFRS and R\$ '000)	3Q11	2Q11	3Q10	Jan-Sep11	Jan-Sep10
BALANCE SHEET					
Cash	710,992	759,763	452,899	710,992	452,899
Current assets	1,958,858	1,924,822	1,493,094	1,958,858	1,493,094
Total assets	6,694,653	6,646,464	5,970,091	6,694,653	5,970,091
Current liabilities	998,666	945,373	749,165	998,666	749,165
Total Financial Debt	1,907,769	1,929,836	1,500,800	1,907,769	1,500,800
Stockholders' Equity	3,638,037	3,562,262	3,401,268	3,638,037	3,401,268
INCOME STATEMENT					
Net Revenue	789,775	751,181	703,313	2,200,821	2,022,196
Domestic Market	754,725	718,134	674,534	2,104,159	1,938,753
Foreign Market	35,050	33,047	28,779	96,662	83,443
Gross Profit	276,644	253,856	322,790	755,518	829,229
Gross Margin	35.0%	33.8%	45.9%	34.3%	41.0%
EBITDA (1)	242,094	225,954	231,812	650,568	637,994
EBITDA Margin	30.7%	30.1%	33.0%	29.6%	31.5%
Net Income	118,214	100,383	152,437	295,473	323,794
Net Margin	15.0%	13.4%	21.7%	13.4%	16.0%
INDICATORS					
Current ratio (2)	1.96	2.04	1.99	1.96	1.99
Net Debt (3)	1,196,777	1,170,073	1,047,901	1,196,777	1,047,901
Net Debt / EBITDA last 12 months	1.32	1.31	1.28	1.32	1.28
Average Equity	3,600,150	3,541,398	3,355,646	3,543,340	3,264,806
ROE (4)	13.1%	11.3%	18.2%	11.1%	13.2%
SHARES					
Earnings per share (R\$) (5)	0.2156	0.1828	0.2774	0.5390	0.5893
Closing Price(R\$) (6)	8.61	13.21	15.29	8.61	15.29
Book Value per Share (R\$)	6.61	6.48	6.18	6.61	6.18
Treasury shares	1,849,486	1,199,486	579,257	1,849,486	579,257
Market Value (R\$1.000) (7)	4,719,880	7,250,121	8,401,183	4,719,880	8,401,183

- (1) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization): measurement of operational performance provided by Earnings before Interest, Taxes, Depreciation and Amortization (LAJIDA).
- (2) Current liquidity: result from the division of current assets by current liabilities and reflects the amount of Reais available to face the short-term requirements.
- (3) Net Indebtedness: Total Financial Debts (–) Cash.
- (4) ROE (Return on Equity): performance measurement provided by the division of Net Income for the period annualized by average Net Equity.
- (5) Earnings per share: calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares issued during the year, net of shares held in treasury. This indicator was adjusted for periods prior to the second quarter of 2011 as a result of the 20% stock dividends, occurred on May 5th 2011, allowing thereby, comparability between periods.
- (6) The share price prior to June 2011 was adjusted due to stock dividend of May 5th 2011, equivalent to 20%.

- (7) The Market Value was calculated from the share price at the end of the period multiplied by the number of shares (550,035,331), net of treasury shares and adjusted from stock dividend, for periods prior to June 2011.

Extraordinary events that affected the results (not included in the tables above):

. **3Q11:** the period results have non-recurrent events of (+) R\$25,820 thousand in EBITDA, equivalent to an effect of (+) R\$15,881 thousand in Net Income. These values derive from the fixed asset sale, mainly.

. **2Q11:** (+) R\$14,068 thousand in EBITDA, equivalent to an effect of (+) R \$ 9,284 thousand in Net Income. These values derive from the fixed asset sale, mainly.

. **3Q10:** (+) R\$6,004 thousand in EBITDA and (+) R\$3,962 thousand in Net Income due to recovery of allowance for doubtful accounts and sales of assets.

EBITDA

The basic difference between the results before and after the adoption of IFRS, disregarding the non-cash events linked to the biological assets and employees benefits, is in the reclassification of profit sharing and stock options, previously allocated after the operating result, benefiting therefore EBITDA. After the adoption of IFRS, these events are allocated proportionally on cost of goods sold, selling, general and administrative expenses, thus, reducing the EBITDA.

Before IFRS adjustments R\$ '000	3Q11	2Q11	%	3Q10	%	Jan- Sep/11	Jan- Sep/10	%
Operational profit before Financial Results	194,471	163,524	18.9	190,668	2.2	489,859	507,781	(3.5)
Depreciation/Amortization/Depletion	65,750	68,442	(3.9)	54,764	20.1	191,816	158,468	21.0
EBITDA	260,221	231,966	12.2	245,432	6.0	681,675	666,249	2.3
EBITDA Margin	32.9%	30.9%	-	34.9%	-	31.0%	32.9%	-
Extraordinary Events ⁽¹⁾	(25,820)	(14,068)	-	(6,004)	-	(39,888)	(6,004)	-
Recurrent EBITDA	234,401	217,898	7.6	239,428	(2.1)	641,787	660,245	(2.8)
Recurrent EBITDA Margin	29.7%	29.0%	-	34.0%	-	29.2%	32.6%	-

⁽¹⁾ 2Q11, 3Q11, and 3Q10: fixed asset sale, mainly.

In IFRS, the company's operating profit, measured as EBITDA, underwent major changes with the adoption of the new accounting standards. The main changes are related to biological assets and the benefit to employees. Since they are accounting events with non-cash nature, they will be disregarded for the purpose of formation of this indicator. In order to give a greater transparency to the calculation, a table below provides a reconciliation of operating performance.

Note that, unlike in Gross Profit and Net Income, which results were impacted by a change of the biological assets, besides the effect of depreciation, amortization and depletion that are not taken into account in the formation of EBITDA, the result was stable compared to the 2010 year. The margins of 2011, on the other hand, were pressured by increased cost of inputs and labor.

After IFRS adjustments R\$ '000	3Q11	2Q11	%	3Q10	%	Jan- Sep/11	Jan- Sep/10	%
Operational profit before Financial Results	178,560	143,411	24.5	217,182	(17.8)	445,148	518,939	(14.2)
Depreciation/Amortization/Depletion	72,013	75,018	(4.0)	60,720	18.6	211,000	176,319	19.7
Change in the Fair Value of Biological Assets	(37,194)	(27,693)	34.3	(72,509)	(48.7)	(100,490)	(149,411)	(32.7)
Depletion portion of Biological Assets	36,108	35,998	0.3	29,159	23.8	105,381	100,369	5.0
Employee Benefits	(7,393)	(780)	-	(2,740)	-	(10,471)	(8,222)	-
EBITDA	242,094	225,954	7.1	231,812	4.4	650,568	637,994	2.0
EBITDA Margin	30.7%	30.1%	-	33.0%	-	29.6%	31.5%	-
Extraordinary Events ⁽¹⁾	(25,820)	(14,068)	-	(6,004)	-	(39,888)	(6,004)	-
Recurrent EBITDA	216,274	211,886	2.1	225,808	(4.2)	610,680	631,990	(3.4)
Recurrent EBITDA Margin	27.4%	28.2%	-	32.1%	-	27.7%	31.3%	-

⁽¹⁾ 2Q11, 3Q11, and 3Q10: fixed asset sale, mainly.

OPERATIONS

Wood Division

The year over year performance showed progress in the level of shipped volume and in Net Revenue result. In comparison with the previous quarter there was an increase of 5,1%, of shipped panels, totaling 611,7 mil m³ in the 3Q11, and increase of 4,5% of Net Revenue to R\$502,1 million in relation to the previous quarter of 2011. During nine months period, there was 1,713,200 m³ wood panels shipped, which is equivalent to a revenue of R\$1,396.5 million. The Company credits a gradual improvement in volumes since the end of the first quarter for the year to date performance. At that time, in response to the inflationary pressure in 1Q11, there was a reduction of inventory levels in the chain of furniture manufacturers, in addition to the shortening of the financing terms offered to the retail.

The increase in Unit Net Revenue was insufficient to offset the cost pressure associated mainly with the price of resin, which is based on methanol and urea. There was also pressure associated with the existing energy contracts indexed to IGPM, and labor, whose annual negotiation with unions implied increases in real wages. These factors are evidenced in the comparative evolution, in relation to the previous quarter and the same period in 2010, Unit Cash Cost increased 2,3% and 7.8% respectively. During the year, this indicator has evolved 9.6%.

In this environment, the operating result measured by EBITDA totaled R\$173.1 million in the 3Q11 and R\$443.3 million in nine months period of this year equivalent of respective margins of 34.5% and 31.7%. Events of an extraordinary nature, associated with the sale of fixed assets, contributed to these results, mainly. Excluding them, the 3Q11 EBITDA is R\$147.3 million, with margin of 29.3%, and for the 9M11 is R\$403.4 million with a margin of 28.9%. The nominal result of the 3rd quarter of 2011 remained stable compared to the previous quarter and the same period in 2010.

One way to alleviate cost pressures is associated with the constant search for improvement of sales. In this regard have been completed investments that allowed the growth of capacity of coating panels and production of laminate flooring, Durafloor. The main strategy of this action is to expand and strengthen the product line in order to meet an increasing number of consumers. This should happen when the degree of occupation of these new lines increases.

Among the recognitions in the period, we highlight the award for best company in the Plant Exploration and Reforestation of the 7th Best Awards of Agro Business 2011. It is worth mentioning that Duratex has a business model that has a high degree of integration of timber production and supply of its panel production lines. There are approximately 230 thousand hectares of land, of which 140 thousand planted forests, mainly eucalyptus.

AFTER IFRS ADJUSTMENTS	3Q11	2Q11	%	3Q10	%	Jan-Sep/11	Jan-Setp10	%
SHIPMENT (in m³)								
STANDARD	364,054	346,908	4.9	372,331	(2.2)	1,031,837	1,055,354	(2.2)
COATED	247,642	235,238	5.3	217,788	13.7	681,328	687,599	(0.1)
TOTAL	611,696	582,146	5.1	590,119	3.7	1,713,165	1,742,953	(1.7)
FINANCIAL HIGHLIGHTS (R\$1.000)								
NET REVENUE	502,085	480,680	4.5	472,566	6.2	1,396,473	1,356,229	3.0
DOMESTIC MARKET	478,066	457,031	4.6	453,824	5.3	1,328,300	1,301,230	2.1
FOREIGN MARKET	24,019	23,649	1.6	18,742	28.2	68,173	54,999	24.0
Unit Net Revenue (in R\$ per m³ shipped)	820.81	825.70	(0.6)	800.80	2.5	815.14	778,12	4.8
Unit Cash Cost ⁽¹⁾ (in R\$ per m³ shipped)	468.60	458.14	2.3	434.52	7.8	465.97	425.15	9.6
Operational Profit before Financial Results	119,165	90,353	31.9	150,017	(20.6)	271,688	338,616	(19.8)
Change in the Fair Value of Biological Assets	(37,194)	(27,693)	34.3	(72,509)	(48.7)	(100,490)	(149,411)	(32.7)
Depletion portion of Biological Assets	36,108	35,998	0.3	29,159	23.8	105,381	100,369	5.0
Depreciation/Amortization/Depletion	59,872	61,802	(3.1)	50,728	18.0	173,522	146,836	18.2
Employee Benefits	(4,808)	(546)	-	(1,841)	-	(6,795)	(5,519)	-
EBITDA	173,143	159,914	8.3%	155,554	11.3	443,306	430,891	2.9
Extraordinary Events	(25,820)	(14,068)	-	(6,004)	-	(39,888)	(6,004)	-
Recurrent EBITDA	147,323	145,846	1.0	149,550	(1.5)	403,418	424,887	(5.1)
Recurrent EBITDA Margin	29.3%	30.3%	-	31.6%	-	28.9%	31.3%	-

BEFORE IFRS ADJUSTMENTS								
Recurrent EBITDA	158,052	147,930	6.8	157,789	0.2	420,182	441,555	(4.8)
Recurrent EBITDA Margin	31.5%	30.8%	-	33.4%	-	30.1%	32.6%	-

(1) Unit Cash Cost is given by the ratio of cost of goods sold net of depreciation, amortization, and depletion over the volume shipped.

Deca Division

Deca's performance remains strong. There was an increase in shipments when compared to the previous quarter and to the same period of 2010 of 8,3% and 22.6%, respectively, to 6.780 million pieces. The accumulated annual sales expanded by 15.7% and the volume reached 18.776 million parts. Net revenues followed this movement increasing 6.4% and 24.7% in the quarter, to R\$287.7 million. The accumulated annual revenue reached R\$ 804.3 million, an increase of 20.8%. This performance is based on the strong pace of construction, which sector in turn, finds support in offering secured credit lines and terms of funding. It is noteworthy that this performance in the year and in the 3Q11, is a record. In comparison, Deca superior performance, of twice the industry, according to the ABRAMAT Index. This index measures the performance of domestic sales of a selection of manufacturers of finishing building materials. From January to September, this index showed change of 9.1% over 2010, while Deca's Net Sales in the domestic market grew by 21.7%.

Operating performance, EBITDA totaled R\$68.9 million in the quarter, equivalent to a margin of 24.0%, and R\$ 207.3 million in nine months period, with a margin of 25.8%. With regard to the annual comparison of EBITDA margin, there was a decrease due to unfavorable cost environment, mainly due to the level of copper prices and wage replacements, as a result of an inflationary environment. There was also the conclusion of acquisition of Elizabeth Louças Sanitárias, which presents a composite of sales of products focused on the specific economic sector and, therefore, lower operating margins. The opening of a new furnace in Pernambuco and the subsequent hiring of labor, also contributed to the observed decline.

It is worth noting that while the EBITDA margin for the nine months period of the 2011 has presented retraction, there were marginal changes in nominal cash generation, which reinforces the positioning of Deca in the market.

The highlight of the period is recognition for Deca. *The brand won another year in the raw the award of Top of Mind Home & Market magazine, in the category of brand projection, as the most remember brand in the segments of sanitary wares and metals, and has been elected a Company of the 2011 Year.*

AFTER IFRS ADJUSTMENTS	3Q11	2Q11	%	3Q10	%	Jan-Sep/11	Jan-Setp10	%
SHIPMENT (in 1,000 pieces)								
BASIC	2,321	2,224	4.4	2,058	12.8	6,522	6,113	6.7
FINISHING	4,459	4,035	10.5	3,471	25.5	12,254	10,113	21.2
TOTAL	6,780	6,259	8.3	5,529	22.6	18,776	16,226	15.7

FINANCIAL HIGHLIGHTS (R\$1.000)								
NET TREVENUE	287,690	270,501	6.4	230,747	24.7	804,348	665,967	20.8
DOMESTIC MARKET	276,659	260,103	6.4	220,940	25.2	775,859	637,523	21.7
FOREIGN MARKET	11,031	9,398	17.4	9,807	12.5	28,489	28,444	0.2
Unit Net Revenue (in R\$ per piece shipped)	42.43	43.22	(1.8)	41.73	3.2	42.84	41.04	4.4
Unit Cash Cost (in R\$ per piece shipped)	24.17	24.90	(2.9)	20.23	21.3	24.30	21.12	15.1
Operational Profit before Financial Results	59,395	53,057	11.9	67,165	(11.6)	173,460	180,323	(3.8)
Depreciation/Amortization/Depletion	12,141	13,216	(8.1)	9,992	21.5	37,478	29,483	27.1
Employee Benefits	(2,585)	(233)	-	(899)	-	(3,676)	(2,703)	-
EBITDA	68,951	66,040	4.4	76,258	(9.6)	207,262	207,103	0.1
Extraordinary Events	0	0	-	0	-	0	0	-
Recurrent EBITDA	68,951	66,040	4.4	76,258	(9.6)	207,262	207,103	0.1
Recurrent EBITDA Margin	24.0%	24.4%	-	33.0%	-	25.8%	31.1%	-
BEFORE IFRS ADJUSTMENTS								
Recurrent EBITDA	76,349	69,968	9.1	81,639	(6.5)	221,605	218,693	1.3
Recurrent EBITDA Margin	26.5%	25.9%	-	35.4%	-	27.6%	32.8%	-

ADDED VALUE

The value added in the third quarter of 2011 totaled R\$481.1 million, 19.2% higher than in the previous quarter. In the year to date were generated R\$1,226.6 million. Of this amount, R\$379.4 million, representing 12.7% of revenues and 30.9% of total value added, were intended to federal, state and municipal governments in the form of taxes and contributions.

CAPITAL MARKETS

At the end of September 2011, Duratex had a market value equivalent to R\$4,719.9 million, based on the share price R\$ 8.61.

Year to date, 524,5 thousand negotiations were performed that handled 253.1 million DTEX3 shares, which represented a financial turnover equivalent to R\$3,401.2 million, which corresponds to an average daily trading volume equivalent to R\$18.1 million in the period. This level of liquidity ensured the presence of the share in the portfolio of the Ibovespa Index, composed of approximately 60 stocks, which main criterion for inclusion is the liquidity of the shares. Another important index that has included in its portfolio shares of the Company is the ISE - Corporate Sustainability Index. This index is comprised of approximately 40 stocks that stand out in the international application of the concept of Triple Bottom Line sustainability, assessing, in an integrated manner, social, environmental and economic-financial aspects, which were incorporated into practices related to corporate governance, business practices, nature of the product and climate change.

Duratex shares are listed on Novo Mercado of BM&FBovespa differentiated segment list that includes those companies that spontaneously stand out in adopting the highest standards of corporate governance. In this context, the

company is subject to arbitration in the Chamber of Arbitration of the Novo Mercado of BM&FBovespa to solve any dispute or controversy arising between the Company, shareholders and directors.

In addition to the prerequisites of the Novo Mercado, the Company has a differentiated policy of dividends distribution, equivalent to 30% of adjusted net income, holds 1/3 of independent board member, and adopts level A from the international reporting standard known as GRI (Global Reporting Initiative). This report is available on the Company's website: www.duratex.com.br. It should be noted that the Company site has been redesigned to incorporate navigation solutions and most modern search tools, and programming language that allows access on portable devices like smart phones and iPad. Please visit it and leave your opinion, so that we can make it even more interesting and catered to your needs.

In order to strengthen its commitment to best governance practices, Duratex pre adhered ABRASCA Code of Self-Regulation, which entered into force on August 15, 2011, and established within the Board, a Committee for Evaluation of Transactions with Related Parties, composed only of independent Board members. Recall that the Company has three other committees led by independent Board members, namely: (i) Audit and Risk Management, (ii) Sustainability and (iii) People, Governance and Nominating Committee.

Gráfico pizza: Shareholder Structure in September 2011

Itaúsa: 39.9%

Ligna: 17.8%

Local Pension Funds: 2.2%

Foreign Investors: 26.3%

Others: 13.5%

Treasury: 0.3%

60 YEARS OF DURATEX

During the last two month Duratex promoted the Rino Mania Project which meet several rino-sculptures decorated by artists in exhibition in São Paulo and other 11 cities, where the Company has its operation units. The Rino Mania aimed to bring art to everyone, with easy access, viewing, and promote interaction between people and their cities. All works were auctioned on October 27, and the money was donated to charities.

Also included in the celebrations of 60 years, the Company has been promoting concerts with the Philharmonic Bachiana SESI - SP, conducted by João Carlos Martins, in the cities of its operations. The concerts were opened to the public, with a focus on employees and the local communities. Up to the end of September 2011, events had taken place in São Leopoldo and Taquari in Rio Grande do Sul, Estrela do Sul and Uberaba, in Minas Gerais, Botucatu, Agudos, Lençóis Paulista and Jundiaí, in the state of São Paulo. In all, this events reached an audience of

about 27 000 people, at each concert, were everyone was invited to donate books or food to local institutions.

SOCIAL AND ENVIRONMENTAL RESPONSABILITY

At the end of the 3Q11, the Company had 10.806 employees, Who were paid the amount of R\$ 90.8 million, 3,4% higher than for the previous quarter and 24.8% above that for the third quarter of 2010.

(Amounts in R\$´000)	3Q11	2Q11	3Q10	Jan-Sep/11	Jan-Sep/10
EMPLOYEES (number)	10,806	10,545	9,624	10,806	9,624
Remuneration	90,765	87,765	72,742	256,257	211,241
Mandatory legal charges	45,609	44,842	40,016	134,321	115,557
Differentiated benefits	15,288	14,188	12,558	43,538	35,009

The company invested R\$18.6 million in actions directed to the environment during the year, of which highlight are the treatment of effluents, waste collection and maintenance of forest areas. Compared to 2010, this figure is roughly 50% above the R\$12.3 million invested in that year.

In the social-environmental scope and culture and sport incentives, from the estimated budget estimated in the budget of R\$ 2.5 million, R\$1.7 million were invested , highlights being: (i) conducting 11 concerts of the Philharmonic Bachiana SESI-SP, under the baton of a conductor João Carlos Martins, approximately 27 thousand viewers, (ii) Morada Ecológica exposure, which offered the public the opportunity to follow the latest developments in relations between architecture and ecology at the Museum of Modern Art of São Paulo, (iii) environmental education project "Water Planet- The Sustainable World ", that through play conveyed notions of sustainability for children in public schools in the municipality of Estrela do Sul – MG and other neighboring municipalities, and (iv) project "Arrastão Esportes ", which aims to meet 850 students 2-24 years of age, promoting skills development from education through sport.

Additionally, the Company has invested approximately R\$3.0 million in new projects of the same nature, which will run in the second half of 2011 and throughout 2012, highlights being: (i) establishment of three new Community Libraries "Reading is Necessary" in public schools in Botucatu / SP, Uberaba / MG and Cabo de Santo Agostinho / PE, and rehabilitation of two existing libraries, located in Estrela do Sul/ MG and Taquari / RS, (ii) project" Singing for a Better World "composed of a workshop on music and musical affective memory, designed by students of public schools, and 12 musical events conducted by the Urban Troubadours in the capital and towns of the state of São Paulo, (iii) release of the book art "Forest Trail", which illustrates and rescues the history of forest development in Brazil, (iv) donation of a library Ecological "Corner of Knowledge" to EMEF Prof. Zelia Camargo Prandini, located in the city of Paulista / SP, collection of 500 books and space for puppet theater and literary soiree, (v) project "Educational MAM", with educational activities that contribute to the learning

process and stimulate the construction of new knowledge, enabling access to the exhibition and its contents to all public profiles, such as students, school groups, teachers, artists and researchers, (vi) project "Theatre in the Square" in four cities in the state of Sao Paulo, performing arts, theater, theater for children, stories quotations , exhibits and film presentations by local artists, (vii) project "Circus ... The World for All", which includes documentary about the ability to overcome the disabled and the importance of their cultural background to break barriers, and book children about the history of the circus, emotions, joys and difficulties in assembling the shows, with emphasis on social responsibility, respect for diversity and inclusion, (viii) project "EX4 in Schools", which aims, through music, to present new perspective of life, social integration, a form of drug use prevention and eradication of violence, with better use of the school environment for artistic presentations.

In June was released an electronic journal entitled Sustainability Duratex. This newsletter will be used for disclosure of issues related to sustainable practices by the Company in the social, economic and environmental levels.

As reported earlier in the Management Report, referring to the performance of the 1 semester 2011, the Company completed the process of defining the new Mission, Vision and Values. As of June also began an internal program called *Somos Assim* that is being spread through presentations and distribution of explanatory booklets.

INDEPENDENT AUDITORS

In compliance with CVM Instruction 381, dated January 14, 2003, and the circular letter CVM/SNC/SEP nº 02/2006, of December 28th , Duratex and its subsidiaries reports that did not hire other services, that are not related to the audit company PricewaterhouseCoopers, responsible for external audit of the Company for the period ended September 30th, 2011.

The policy of the Company's contracting services not related to external audit with our independent auditors is based on internationally accepted principles that preserve the independence of auditors and consist of: (a) the auditor should not audit their own work, (b) The auditor should not perform management functions in your client, and (c) the auditor must not promote the interests of his client.

ACKNOWLEDGEMENTS

We appreciate the support from our shareholders, the dedication and commitment o four employees, the partnership with suppliers, and the confidence o four costumers placed in the company.

The Management



BALANCE SHEET
(In thousands of reais)

ASSETS		Parent Company		Consolidated (IFRS)		LIABILITIES AND STOCKHOLDERS' EQUITY		Parent Company		Consolidated (IFRS)	
		09/30/2011	12/31/2010	09/30/2011	12/31/2010			09/30/2011	12/31/2010	09/30/2011	12/31/2010
CURRENT ASSETS	note	1.539.261	1.345.406	1.958.858	1.676.028	CURRENT LIABILITIES	note	784.239	723.735	998.666	856.245
Cash and cash equivalents	5	357.784	309.000	710.992	616.549	Loans and financing	15	409.066	303.255	584.854	431.608
Trade accounts receivable	6	686.287	578.661	700.378	564.810	Suppliers		119.613	169.108	122.232	126.238
Inventories	7	379.340	322.491	404.639	362.293	Personnel		108.487	80.143	116.488	86.105
Other receivables		25.821	56.108	31.867	27.300	Accounts payable		41.412	44.778	52.459	55.091
Recoverable taxes and contributions	8	74.406	73.301	92.299	96.715	Taxes and contributions		61.866	36.777	78.836	59.347
Other credits		15.623	5.845	18.683	8.361	Dividends payable		43.795	89.674	43.797	97.856
NON-CURRENT ASSETS		4.406.575	4.111.519	4.735.795	4.494.839	NON-CURRENT LIABILITIES		1.527.655	1.281.324	2.057.950	1.862.094
Related parties	10	169	444			Loans and financing	15	1.202.157	989.512	1.322.915	1.162.354
Linked deposits		16.449	10.807	18.789	12.908	Provisions	16	82.515	81.443	142.743	142.423
Other credits		50.588	26.635	76.416	39.514	Deferred income tax and social contribution	9	237.826	207.192	472.422	443.071
Pension plan credits		71.830	62.035	77.274	66.802	Related parties	10		17		
Recoverable taxes and contributions	8	25.499	28.506	27.874	35.605	Other		5.157	3.160	119.870	114.246
Deferred income tax and social contribution	9	61.315	52.957	77.642	69.866	STOCKHOLDERS' EQUITY	18	3.633.942	3.451.866	3.638.037	3.452.528
Investments in subsidiaries	11	1.365.642	1.350.103			Capital		1.550.000	1.288.085	1.550.000	1.288.085
Other investments		179	179	652	652	Costs on issue of shares		(7.823)	(7.823)	(7.823)	(7.823)
Property, plant and equipment	12	2.241.913	2.039.934	2.825.717	2.698.783	Capital reserves		306.701	303.103	306.701	303.103
Biological assets	13			1.058.358	1.030.717	Revaluation reserves		90.714	104.590	90.714	104.590
Intangible assets	14	572.991	539.919	573.073	539.992	Revenue reserves		1.300.601	1.360.660	1.300.601	1.360.660
						Treasure shares		(22.712)	(8.890)	(22.712)	(8.890)
						Carrying value adjustments		416.461	412.141	416.461	412.141
						Equity attributable to equity holders of the parent company		3.633.942	3.451.866	3.633.942	3.451.866
						Minority interest				4.095	662
TOTAL ASSETS		5.945.836	5.456.925	6.694.653	6.170.867	TOTAL LIABILITIES AND EQUITY		5.945.836	5.456.925	6.694.653	6.170.867

The accompanying notes are an integral part of these financial statements

STATEMENT OF INCOME

Quarters ended September 30

(In thousands of reais, except for net income per share)

	note	Parent Company		Consolidated (IFRS)	
		09/30/2011	09/30/2010	09/30/2011	09/30/2010
Net sales revenue	20	2.099.212	1.932.451	2.200.821	2.022.196
Domestic market		2.024.452	1.880.127	2.104.159	1.938.753
Foreign market		74.760	52.324	96.662	83.443
Variation in fair value of biological assets				100.490	149.411
Cost of products sold		(1.474.632)	(1.293.083)	(1.545.793)	(1.342.378)
Gross profit		624.580	639.368	755.518	829.229
Selling expenses		(248.326)	(203.757)	(255.501)	(220.551)
General and administrative expenses		(70.322)	(71.387)	(78.691)	(78.756)
Management expenses		(10.133)	(7.157)	(10.513)	(7.646)
Other operating income (expenses), net	23	19.608	(2.124)	34.335	(3.337)
Operating profit before financial result and result on investments		315.407	354.943	445.148	518.939
Financial income	22	41.053	22.995	74.714	35.790
Financial expenses	22	(125.617)	(99.610)	(165.410)	(109.834)
Equity in the results of investees		94.819	119.207		
Profit before income tax and social contribution		325.662	397.535	354.452	444.895
Income tax and social contribution - current	24	(35.139)	(44.798)	(63.973)	(77.458)
Income tax and social contribution - deferred	24	4.425	(29.226)	4.994	(43.643)
Net income for the year		294.948	323.511	295.473	323.794
Net income attributable to:					
Owners of the company				294.948	323.511
Minority interest				525	283

The accompanying notes are an integral part of these financial statements

(A free translation of the original in Portuguese)

DURATEX S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF COMPREHENSIVE INCOME

Quarters ended September 30
(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Net income for the year	294.948	323.511	295.473	323.794
Other components of comprehensive income				
Participation in comprehensive income of subsidiaries	4.320	(1.883)	4.320	(1.883)
Comprehensive income for the year, net of tax	299.268	321.628	299.793	321.911
<u>Attributable to:</u>				
Owners of the company	299.268	321.628	299.268	321.628
Minority interest			525	283

(A free translation of the original in Portuguese)

DURATEX S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Consolidated

Quarters ended September 30, 2011

(In thousands of reais)

	Capital	Costs on issue of shares	Capital reserves	Revaluation reserves	Revenue reserves	Carrying value adjustments	Treasury shares	Retained earnings	Total	Minority interest	Total Stockholders' equity
Balances at 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 period											
Net Income for the period								294.948	294.948	525	295.473
Participation in the comprehensive income of subsidiaries						4.320			4.320		4.320
Total comprehensive income for the period	-	-	-	-	-	4.320	-	-	299.268	1.187	299.793
Share options granted			3.598						3.598		3.598
Acquisition of treasury shares							(13.822)		(13.822)		(13.822)
Capital increase by revenue reserves	261.915							(261.915)		2.634	2.634
Realization of revaluation reserve				(13.876)				13.876			
Appropriation of net income:											
Allocated to the legal reserve					14.747			(14.747)			
Dividends					(106.968)				(106.968)		(106.968)
Appropriation to reserves					32.162			(32.162)		274	274
Balances at June 30, 2011	1.550.000	(7.823)	306.701	90.714	1.300.601	416.461	(22.712)	-	3.633.942	4.095	3.638.037

The accompanying notes are an integral part of these financial statements

(A free translation of the original in Portuguese)

DURATEX S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Consolidated

Quarters ended September 30, 2010
(In thousands of reais)

	Capital	Costs on issue of shares	Capital reserves	Revaluation reserves	Revenue reserves	Carrying value adjustments	Treasury shares	Retained earnings	Total	Minority interest	Total Stockholders' equity
Balances at December 31, 2009	1.288.085	(7.823)	295.753	112.919	1.039.747	414.679	(2.177)		3.141.183	717	3.141.900
Comprehensive Income for the period											
Net Income for the period								323.511	323.511	283	323.794
Participation in the comprehensive income of subsidiaries						(1.883)			(1.883)		(1.883)
Total comprehensive income for the period	-	-	-	-	-	(1.883)	-		321.628	1.000	321.911
Share options granted			6.475						6.475		6.475
Acquisition of treasury shares							(3.158)		(3.158)		(3.158)
Realization of revaluation reserve				(7.261)				7.261			
Appropriation of net income:											
Allocated to the legal reserve					16.176			(16.176)			
Dividends					(65.624)				(65.624)		(65.624)
Appropriation to reserves					314.596			(314.596)		(236)	(236)
Balances at September 30, 2010	1.288.085	(7.823)	302.228	105.658	1.304.895	412.796	(5.335)		3.400.504	764	3.401.268

The accompanying notes are an integral part of these financial statements

DURATEX S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF CASH FLOWS

Quarters ended September 30

(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Operating activities:				
Net income for the year	294.948	323.511	295.473	323.794
Items not affecting cash:				
Depreciation, amortization and depletion	161.103	138.941	316.499	276.689
Variation in the fair value of biological assets			(100.490)	(149.411)
Interest, foreign exchange and monetary variations, net	117.216	87.913	136.961	95.591
Equity in the results of investees	(94.819)	(119.207)		
Provisions, disposal of assets	(24.716)	26.598	(12.936)	44.905
Investments in working capital:				
(Increase) Decrease in Assets				
Trade accounts receivable	(77.754)	(153.908)	(136.105)	(159.794)
Inventories	(49.717)	(48.002)	(39.936)	(59.785)
Other Assets	45.603	50.360	(3.918)	48.950
Increase (Decrease) in Liabilities				
Suppliers	(52.442)	34.350	(5.341)	(1.941)
Personnel Liabilities	29.526	19.924	34.016	21.594
Accounts Payable	2.381	(9.429)	3.672	97.642
Taxes and contributions	14.395	52.106	11.328	64.848
Other liabilities	1.435	376	10.502	5.380
Cash provided by operating activities	367.159	403.533	509.725	608.462
Investing activities:				
Investment in biological, fixed and Intangible assets	(326.340)	(90.189)	(423.317)	(363.351)
Advance for future capital increase in subsidiaries		(162.300)		
Net cash received in the Merger of companies	1.720	228.471		
Cash used in investing activities	(324.620)	(24.018)	(423.317)	(363.351)
Financing activities:				
Financing	476.199	415.183	510.231	517.528
Amortization of financing	(311.672)	(468.073)	(333.249)	(494.869)
Interest on capital	(144.443)	(112.140)	(159.427)	(112.140)
Loans in subsidiaries	(17)	21.615		
Treasury shares and others	(13.822)	(3.159)	(10.915)	(3.159)
Cash provided by (used in) financing activities	6.245	(146.574)	6.640	(92.640)
Exchange variation on cash and cash equivalents			1.395	(496)
Increase (Decrease) in cash for the period	48.784	232.941	94.443	151.975
Opening Balance	309.000	16.098	616.549	300.924
Closing Balance	357.784	249.039	710.992	452.899

The accompanying notes are an integral part of these financial statements

(A free translation of the original in Portuguese)

(Demonstration mandatory by accounting practices adopted in Brazil and supplementary information under IFRS)

Duratex S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF VALUE ADDED

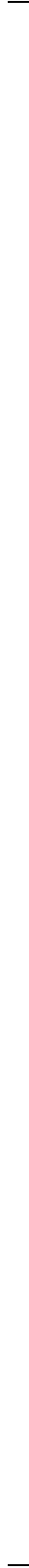
Quarters ended September 30

(In thousands of reais)

	Parent Company		Consolidated	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Revenue	2.745.131	2.510.480	2.980.113	2.788.964
Gross sales revenue	2.721.911	2.501.201	2.841.990	2.608.935
Other revenue	24.503	9.198	39.200	30.806
Allowance for doubtful accounts	(1.283)	81	(1.567)	(188)
Variation in fair value of biological assets			100.490	149.411
Inputs acquired from third parties	(1.615.220)	(1.446.634)	(1.511.714)	(1.396.927)
Cost of sales	(1.437.369)	(1.292.578)	(1.323.821)	(1.190.431)
Materials, energy, outsourced services and others	(177.851)	(154.056)	(187.893)	(206.496)
Gross value added	1.129.911	1.063.846	1.468.399	1.392.037
Depreciation, amortization and depletion	(161.103)	(138.941)	(316.499)	(276.689)
Net value added	968.808	924.905	1.151.900	1.115.348
Value added received through transfer	135.872	142.202	74.714	35.790
Financial income	41.053	22.995	74.714	35.790
Equity in the results of investees	94.819	119.207		
Value added to be distributed	1.104.680	1.067.107	1.226.614	1.151.138

DISTRIBUTION OF VALUE ADDED

Personnel compensation	348.263	287.145	388.608	323.812
Direct compensation	292.241	242.155	321.496	269.189
Benefits	34.388	27.332	43.488	35.009
Severance indemnity fund (FGTS)	20.030	16.532	22.003	18.436
Other	1.604	1.126	1.621	1.178
Government compensation (taxes)	337.905	357.978	379.365	350.912
Federal	215.957	226.041	255.367	216.197
State	119.719	130.389	120.317	131.660
Municipal	2.229	1.548	3.681	3.055
Financing remuneration (interest)	123.564	98.473	163.168	108.245
Stockholders' remuneration	294.948	323.511	295.473	368.169
Interest on capital / dividends	106.968	65.624	106.968	98.995
Retained earnings	187.980	257.887	187.980	268.891
Minority interest			525	283
Total value added distributed	1.104.680	1.067.107	1.226.614	1.151.138



(A free translation of the original in Portuguese)

NOTES TO THE QUARTERLY FINANCIAL INFORMATION AT SEPTEMBER 30, 2011

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

Note 1 – General information

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

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

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

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

Note 2 – Summary of significant accounting policies

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

2.1 – Basis of preparation

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

(a) Consolidated quarterly financial statements

The consolidated quarterly 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), applied in the preparation of quarterly financial information (ITR).

(b) Individual quarterly financial statements

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

2.2 – Consolidation

2.2.1 – Consolidated quarterly financial statements

(a) Subsidiaries

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

The consolidated quarterly 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., TCI Trading S.A., Jacarandá Mimoso Participações Ltda. and Deca Piazza S.A.

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

(b) Business combination

The business combination is accounted for under the acquisition method. The cost of an acquisition is measured, on the acquisition date, at the consideration amount transferred, evaluated on the fair value basis, including the value of any ownership interest held by non-controlling shareholders in the acquired company, regardless of the proportion.

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

(c) Transactions and participation of non-controlling entities

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

2.2.2 - Individual quarterly financial statements

Subsidiaries are accounted for under the equity method. The same adjustments are made both in the individual and consolidated quarterly 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 quarterly financial information differ from the IFRS applicable to separate financial quarterly statements only in respect of the valuation of investments in subsidiaries under the equity method of accounting. IFRS requires the valuation at cost or fair value.

2.3 – Presentation of segment information

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

2.4 – Foreign currency translation

(a) Functional currency and presentation currency

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

(b) Transactions and balances

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

(c) Companies of the group

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

- Assets and liabilities, translated at the exchange rate on the balance sheet date;
- Income and expenses, translated at the average exchange rate;
- All resulting exchange-related differences are recognized in stockholders' equity, in the caption "accumulated conversion adjustments".

2.5 – Cash and cash equivalents

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

2.6 – Financial assets

2.6.1 – Classification

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

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

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

(b) Loans and receivables

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

2.6.2 – Recognition and measurement

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

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

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

2.6.3 – Offsetting of financial instruments

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

2.6.4 – Impairment of financial assets

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

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

- Issuer's or debtor's relevant financial difficulties;
- A breach of contract, such as a default or delay in the payment of interest or principal;
- The disappearance of an active market for that financial asset due to financial difficulties;
- Observable data indicating a measurable reduction in the estimated future cash flows from a financial asset portfolio since the initial recognition of those assets, even if the decrease cannot yet be identified in respect of the individual financial assets in the portfolio, including:
 - a) adverse changes in the payment situation of the portfolio's borrowers;
 - b) national or local economic conditions correlating with adverse changes in the payment situation of the portfolio's borrowers;
 - c) national or local economic conditions correlating with defaults on the portfolio's assets.

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

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

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

2.7 – Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date the derivative agreement is entered into, and are subsequently re-measured 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, as from the transition date (January 1, 2009), because of the existence of derivative financial assets directly related to loans, as a manner of eliminating the recognition of gains and losses in different periods.

2.8 – Trade accounts receivable

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

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

2.9 – Inventories

Inventories are stated at average purchase or production costs, not exceeding replacement costs or realizable amounts, less an allowance to cover potential losses, when applicable. Imports in transit are stated at the cost of each import.

2.10 – Intangible assets

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

Goodwill

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

Trademarks and patents

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

Contractual relationships with customers – customer portfolio

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

Software

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

2.11 – Property, plant and equipment

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

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

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

2.12 – Impairment of non-financial assets

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

2.13 – Biological assets

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

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

2.14 – Loans and financing

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

2.15 – Accounts payable to suppliers and provisions

Accounts payable to suppliers are obligations to pay for goods or services that were purchased in the ordinary course of business and are classified as current liabilities if the payment is due in a period of up to one year. Otherwise, the accounts payable are presented as non-current liabilities.

They are initially recognized at nominal value which is equivalent to fair value and subsequently measured at amortized cost using the effective interest rate method.

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

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

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

of revenues, are temporary differences and, generate the recognition of deferred tax assets or liabilities.

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

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

2.17 – Employee benefits

a) Pension plans

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

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

(b) Share-based compensation

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

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

(c) Profit sharing

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

2.18 – Capital

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

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

2.19 – Revenue recognition

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

(a) Sales of goods

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

(b) Financial income

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

2.20 – Leases

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

2.21 – Distribution of dividends and interest on capital

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

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

Note 3 – Critical accounting judgments and estimates

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

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

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

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

b) Estimated loss (impairment) of goodwill

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

c) Pension plan benefits

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

Note 4 – Financial risk management

4.1 Financial risk factors

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

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

(a) Market risk

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

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

(II) Derivatives

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

The outstanding contracts at September 30, 2011 were as follows:

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

The Company had four agreements of this nature, with an aggregate notional amount of US\$ 24,496,000, with varying maturities up to April 10, 2014, and an asset (purchase) position in US dollars and a liability (sale) position in CDI.

The Company contracted the transactions for the purpose of converting 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 nine agreements with an aggregate amount of R\$ 475,562, maturing through April 28, 2015, with an asset position in fixed rate and a liability position in a percentage of CDI.

The subsidiary Duraflora S.A. had two agreements with an aggregate amount of R\$ 190,000, maturing on December 12, 2012 with an asset position in fixed rate and a liability position in a percentage of CDI.

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

c - Non-Deliverable Forward (NDF) Agreement

The Company had one agreement of this type, the total contractual amount of which was US\$ 17,500,000, maturing on October 31, 2011, which represented a long (purchase) position in US dollars.

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

d - Calculation of the fair value of positions

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

Statement of consolidated position of derivative financial instruments						
	Reference Value (notional)		Fair Value		Accumulated Effect (current period)	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	Amount receivable/ received	Amount payable/ paid
I. Swap contracts						
Asset position						
Foreign currency (USD)	41,802	14,139	41,800	10,189	-	-
Fixed rate	665,562	660,000	759,305	699,451	16,063	-
Liability position						
CDI	(707,364)	(674,139)	785,803	(711,165)	-	(762)
II. Future contracts (NDF)						
Commitment to purchase						
Foreign currency (USD)	32,015	36,269	1,049	(1,012)	1,049	-

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

e - Sensitivity analysis

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

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

Sensitivity analysis table					
Risk	Instrument/Operation	Description	Amounts in thousands of R\$		
			Probable Scenario	Possible Scenario	Remote Scenario
Interest rate risk	SWAP - FIXED / CDI	Increase CDI	16,306	(4,918)	(26,632)
	Subject to hedge: fixed rate loans.		(16,306)	4,918	26,632
	Net Effect		-	-	-
Foreign exchange	SWAP - US\$ / CDI (Res.2770 e Res. 4131)	Decrease US\$	2,624	(10,480)	(23,585)
	Subject to hedge: foreign currency debt (US\$)	(increase US\$)	(2,624)	10,480	23,585
	Net Effect		-	-	-
Foreign exchange	NDF (US\$)	Decrease US\$	-	(8,303)	(16,607)
	Subject to hedge: foreign currency debt (US\$)	(increase US\$)	-	8,303	16,607
	Net Effect		-	-	-
Total			-	-	-

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

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

(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 diversification of its portfolio of receivables, the selection of its customers, and the monitoring of sales financing terms and individual position limits are procedures adopted to minimize defaults or realization losses in accounts receivable.

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

(b) Liquidity risk

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

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

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

	Parent company				Consolidated			
	Less than 1 year	2012 and 2013	From 2014 to 2018	over 2019	Less than 1 year	2012 and 2013	From 2014 to 2018	over 2019
09/30/2011								
Loans	409,066	520,970	646,409	34,778	584,854	619,473	654,581	48,861
Suppliers and other liabilities	119,613	-	-	-	122,232	-	-	-
Total	528,679	520,970	646,409	34,778	707,086	619,473	654,581	48,861

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

4.2 Capital management

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

	Parent company		Consolidated	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
A -Loans and financing	1,611,223	1,292,767	1,907,769	1,593,962
short - term	409,066	303,255	584,854	431,608
long - term	1,202,157	989,512	1,322,915	1,162,354
B-(-) Cash and cash equivalents	357,784	309,000	710,992	616,549
C=(A-B) Net debt	1,253,439	983,767	1,196,777	977,413
D- Stockholders' equity	3,633,942	3,451,866	3,638,037	3,452,528
C/D=Financial leverage index	34%	28%	33%	28%

4.3 Fair value estimate

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

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

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

The financial instruments by category / level are presented below:

	Loans and Receivables		Derivative financial instruments		Other financial assets and liabilities		Total	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
ASSETS								
Cash and cash equivalents	710,992	616,549	-	-	-	-	710,992	616,549
Trade accounts receivable	700,378	564,810	-	-	-	-	700,378	564,810
Total	1,411,370	1,181,359	-	-	-	-	1,411,370	1,181,359
LIABILITIES								
Loans and financing	1,907,769	1,593,962	-	-	-	-	1,907,769	1,593,962
Derivative financial instruments (*)	-	-	(8,686)	2,537	-	-	(8,686)	2,537
Suppliers	-	-	-	-	122,232	126,238	122,232	126,238
Total	1,907,769	1,593,962	(8,686)	2,537	122,232	126,238	2,021,315	1,722,737

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

Note 5 – Cash and cash equivalents

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Cash and banks	5,114	13,193	16,792	26,713
Fixed income securities	96	92	96	1,229
Bank deposit certificates	352,574	295,715	694,104	588,607
TOTAL	357,784	309,000	710,992	616,549

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

Note 6 – Trade accounts receivable

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Domestic customers	669,014	583,072	683,155	567,768
Foreign customers	45,047	28,390	45,445	30,397
Allowance for doubtful accounts	(27,774)	(32,801)	(28,222)	(33,355)
TOTAL	686,287	578,661	700,378	564,810

The balances of accounts receivable by maturity are as follows:

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Falling due	674,014	558,765	687,974	544,929
Due up to 30 days	5,323	8,679	5,423	8,947
From 31 to 60 days	2,783	5,822	2,925	5,828
From 61 to 90 days	1,318	409	1,455	409
From 91 to 180 days	1,808	3,272	1,861	3,281
More than 180 days	28,815	34,515	28,962	34,771
TOTAL	714,061	611,462	728,600	598,165

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

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

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

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

Classification	Length of relationship	Payment history	% of customer portfolio	
			Sep/11	Dec/10
A	over 5 years	Punctual	46%	53%
B	over 3 years	Up to 1 day late, on average	10%	11%
C	below 3 years	Over 1 day late, on average	41%	30%
D		Defaulted	4%	6%

The maximum credit risk exposure on the report presentation date is the book value of each class of trade accounts receivable listed above. The Group has no securities as guarantee.

Note 7 - Inventories

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Finished goods	98,705	86,343	113,589	103,684
Raw materials	143,515	119,589	151,275	120,191
Work in progress	66,200	60,988	73,590	70,477
General warehouse	61,492	50,239	61,166	51,505
Advances to suppliers	9,428	5,332	5,019	16,436
Total	379,340	322,491	404,639	362,293

Note 8 – Recoverable taxes and contributions

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

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Current				
Income tax (IRPJ) and social contribution (CSLL) to be offset	22,762	15,479	28,866	19,237
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	48,059	48,639	50,713	57,781
PIS and COFINS to be offset	0	550	7,968	11,001
ICMS and IPI recoverable	3,585	8,633	4,752	8,696
Total	74,406	73,301	92,299	96,715
Non-Current				
ICMS, PIS and COFINS on the acquisition of property, plant and equipment (*)	25,499	28,506	27,874	35,605
Total	25,499	28,506	27,874	35,605

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

Note 9 – Deferred income tax and social contribution

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

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

	Parent company		Consolidated - according to IFRS	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Deferred tax asset - short term	37,172	25,853	42,044	30,561
Tax losses and social contribution losses	-	-	79	-
Temporarily non-deductible provisions:				
Provision for sundry labor charges and costs	7,366	8,845	8,050	9,470
Provisions for losses on inventory	2,937	3,264	3,023	3,337
Provision for adjustment of assets to market value	7,215	6,996	7,237	7,019
Provision for commissions payable	1,410	1,254	1,410	1,254
Sundry provisions	18,244	3,658	22,245	7,645
Result of swap (cash vs. accrual basis)	-	1,836	-	1,836
Deferred tax asset - long-term	24,143	27,104	35,598	39,305
Provision for sundry labor charges	8,341	6,380	9,209	7,396
Tax provisions	9,673	8,925	20,268	19,330
Allowance for doubtful accounts	1,364	789	1,371	847
Provision for loss on investments	492	492	492	492
Sundry provisions	859	566	859	566
Effect of business combination - CPCs / IFRS	3,414	9,952	3,399	10,674
Total deferred tax assets	61,315	52,957	77,642	69,866
Non-current liabilities				
Income tax and social contribution on revaluation reserve	(35,962)	(42,030)	(66,018)	(73,633)
Income tax and social contribution on present value adjustment of loans	(12,552)	(13,916)	(12,552)	(13,916)
Income tax and social contribution on swap result (cash vs. accrual basis)	(1,908)	-	(2,806)	(657)
Income tax and social contribution on depreciation (25% credit of social contribution)	(4,185)	(4,565)	(13,188)	(13,568)
Income tax and social contribution on unsettled exchange rate variations - cash basis	-	(3,494)	-	(3,494)
Income tax and social contribution on goodwill based on future profitability	(2,700)	(753)	(2,700)	(753)
Income tax and social contribution on sale of real estate	(9,679)	-	(12,612)	-
Income tax of subsidiary company located abroad (Deca Piazza)	-	-	(495)	(525)
Income tax and social contribution on other fiscal obligations	(36,619)	-	(36,094)	-
Income tax and social contribution on CPC/IFRS adjustments	(134,221)	(142,434)	(326,157)	(336,525)
Total deferred tax liabilities	(237,826)	(207,192)	(472,422)	(443,071)

Note 10 – Related parties

a) Transactions with subsidiaries

Description	Controlled companies					
	Duratex Coml. Exportadora		Duraflora		Duratex Empreend.	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Assets						
Trade accounts receivable	-	17	117	16	-	-
Dividends receivable	-	1,175	-	22,167	-	-
Accounts receivable	1	-	99	-	-	-
Subsidiaries	7	-	162	261	-	183
Liabilities						
Suppliers	2	-	20,721	27,163	-	-
Accounts payable	-	17	-	-	-	-
	09/30/2011	09/30/2010	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Results						
Sales	-	21,743	11	-	-	-
Purchases	-	-	181,735	183,405	-	-
Financial	1	(158)	(78)	776	8	8
Other	-	-	33	-	-	-

Description	Indirect subsidiaries							
	TCI Trading		Duratex North America		Duratex Europe		Deca Piazza	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Assets								
Trade accounts receivable	-	-	12,990	8,108	6,063	6,100	4,780	1,627
Accounts receivable	3	-	-	-	-	-	-	-
Liabilities								
Suppliers	1,037	2,424	-	-	-	-	1	-
Accounts payable	-	-	-	-	-	-	-	-
	09/30/2011	09/30/2010	09/30/2011	09/30/2010	09/30/2011	09/30/2010	01/00/1900	09/30/2010
Results								
Sales	-	-	16,181	8,175	7,849	4,930	2,701	745
Purchases	87,083	49,796	-	-	-	-	-	-
Financial	-	(35)	690	-	292	-	461	(4)

b) Other related parties

Description	Leo Madeiras Maqs. & Fer. Ltda		Leroy Merlin Cia Bras. Bricolagem		Ligna Florestal Ltda.		Elekeiroz S.A.	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
	Assets							
Trade accounts receivable	23,395	10,846	25,701	16,411	-	-	-	-
Liabilities								
Suppliers	2	3	-	5	-	-	606	467
	09/30/2011	09/30/2010	09/30/2011	09/30/2010	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Results								
Sales	59,497	64,189	57,562	42,925	-	-	-	31
Purchases	59	74	-	-	-	-	15,450	9,860
Lease costs (*)	-	-	-	-	9,981	10,263	-	-

Description	Itaotec S.A.		Itaúsa Empreendimentos S.A.		Itaúsa Investimentos S.A.		Banco Itaú S.A.		Itaú Seguros	
	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010	09/30/2011	12/31/2010
Assets										
Financial investments	-	-	-	-	-	-	178,198	296,490	-	-
Trade accounts receivable	69	84	-	-	-	-	49	-	-	-
Accounts receivable	-	-	-	42	-	-	-	-	-	-
Property, plant and equipment	3,507	1,058	-	-	-	-	-	-	-	-
Liabilities										
Suppliers	52	89	-	-	-	-	-	-	-	116
Results										
Sales	182	2,607	-	-	-	-	-	-	-	-
Rent expenses	-	-	-	-	579	-	-	-	938	995
Insurance expenses	-	-	-	-	-	-	-	-	2,985	3,501
Remuneration on financial investments	-	-	-	-	-	-	9,826	15,894	-	-
Financial expenses	-	-	-	-	-	-	2,589	723	-	-
Other operating income (expenses), net	4	6	(1,367)	(716)	-	-	-	-	-	-

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

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

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

c) Management remuneration

The remuneration paid or payable to the executives of the Company and its subsidiaries for the third quarter of 2011 was R\$10,513 in fees (R\$ 7,646 – September 30, 2010), R\$ 7,008 as profit sharing (R\$ 10,524 - September 30, 2010), and R\$ 2,285 as long-term remuneration based on Stock Options (R\$ 4,046 - September 30, 2010).

Note 11 – Investments in subsidiaries

	Direct									Indirect				
	Duratex Coml. Exp.	Duraflora	Estrela do Sul	Duratex Empreend.	Deca Ind. Comércio	Cerâmica Monte Carlo	DRI - Res. Industriais	Deca Nordeste	Total	Deca Piazza	North America	Duratex Europe	TCI Trading	Jacaranda Mimoso
Number of shares/quotas held (Thousand)														
Common	1	182	-	-	-	-	-	-	-	16,446	500	3	6,069	-
Preferred	2	52	-	-	-	-	-	-	-	-	-	-	6,069	-
Quotas	-	-	12	2,874	-	-	-	-	-	-	-	-	-	88,700
Interest %	100	100	100	100	-	-	-	-	-	100	100	100	82	100
Capital	25,000	700,000	12	2,874	-	-	-	-	-	8,384	886	19,904	17,634	94,807
Equity	38,120	1,321,153	5,770	5,971	-	-	-	-	-	7,364	8,555	24,356	22,748	88,700
Net income (loss) for the period	(2,072)	89,992	(55)	543	-	-	-	-	-	(509)	227	(68)	2,920	78
Movement of investments														
At December 31, 2009	91,944	977,826	5,395	5,099	126,757	116,322	71,339	-	1,394,682	5,452	7,208	22,945	3,021	84,840
Equity in results of subsidiaries	6,382	86,751	429	329	7,470	13,326	3,581	-	118,268	17	589	1,278	1,856	3,039
Equity in results of subsidiaries - CPCs/IFRS	60	33,498	-	-	-	-	-	-	33,558	-	-	-	-	-
Reflex of equity	(46)	-	-	-	-	-	-	-	(46)	-	-	-	-	-
Amortization of goodwill	-	(69)	-	-	-	(243)	-	-	(312)	-	-	-	-	-
Advances for capital increases	-	158,500	-	-	-	-	3,800	-	162,300	-	-	-	-	2,350
Exchange variation on equity	(2,537)	-	-	-	-	-	-	-	(2,537)	(455)	(346)	(2,064)	-	-
Dividends	(1,189)	(30,123)	-	-	-	-	-	-	(31,312)	-	-	-	(1,775)	-
Capital decrease with quotas of Deca Ind. E Comercio	(59,703)	-	-	-	59,703	-	-	-	-	-	-	-	-	-
Merger of subsidiary on 06.30.2010	-	-	-	-	(179,326)	(91,548)	-	-	(270,874)	-	-	-	-	-
Goodwill distributed in originating accounts	-	-	-	-	(14,604)	(15,703)	-	-	(30,307)	-	-	-	-	-
Goodwill due to expectation of future profitability transferred to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elimination of unrealized revenue	(1,163)	-	-	-	-	(22,154)	-	-	(23,317)	-	-	-	-	-
At December 31, 2010	33,748	1,226,383	5,824	5,428	-	-	78,720	-	1,350,103	5,014	7,451	22,159	3,102	90,229
Acquisition of 500 shares of DRI Resinas	-	-	-	-	-	-	205	-	205	-	-	-	-	-
Acquisition of Deca Nordeste	-	-	-	-	-	-	-	80,000	80,000	-	-	-	-	-
Amortization of goodwill	-	(48)	-	-	-	-	-	(1,290)	(1,338)	-	-	-	-	-
Equity in results of subsidiaries	(2,378)	90,515	(55)	543	-	-	1,199	4,995	94,819	(509)	227	(68)	2,163	78
Capital increase	-	-	-	-	-	-	-	-	-	2,461	-	-	12,000	4,500
Exchange variation on equity	5,682	-	-	-	-	-	-	-	5,682	398	877	2,265	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	1,389	-
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)	-	-	-	-	-
At September 30, 2011	37,052	1,316,850	5,769	5,971	-	-	-	-	1,365,642	7,364	8,555	24,356	18,654	94,807

Merger of subsidiary

1- DRI – Resinas Industriais S.A

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

Merger Balance Sheet at April 30, 2011 DRI - Resinas Industriais S.A.

Assets	
Current assets	33,738
Cash and cash equivalents	918
Trade accounts receivable	20,227
Inventories	4,182
Other credits	8,411
Non-current assets	3,961
Property, plant and equipment	80,413
Total assets	118,112
Liabilities and stockholders' equity	
Current liabilities	8,388
Loans and financing	5,748
Suppliers	671
Personnel	501
Other	1,468
Non-current liabilities	29,600
Loans and financing	29,600
Stockholders' equity	80,124
Total liabilities and equity	118,112

2- Deca Nordeste Louças Sanitárias Ltda.

At July 29, 2011, the Extraordinary General Meeting approved the merger by Duratex S.A. of its subsidiary Deca Nordeste Louças Sanitárias Ltda., to book values, aiming to optimize and rationalize the number of subsidiaries, as well as the reduction of administrative activities and annual accessory obligations.

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

Assets	
Current assets	14,114
Cash and cash equivalents	802
Trade accounts receivable	10,928
Inventories	2,124
Taxes recoverable	117
Other credits	143
Non-current assets	39
Property, plant and equipment	29,908
Total assets	44,061
Liabilities and stockholders' equity	
Current liabilities	5,602
Suppliers	2,276
Personnel	1,646
Taxes and contributions	1,090
Other	590
Non-current liabilities	8,948
Provisions	28
Deferred income tax and social contribution	7,511
Related parties	1,409
Stockholders' equity	29,511
Total liabilities and equity	44,061

Note 12 – Property, plant and equipment

Parent Company	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 12/31/2010								
Cost	88,724	562,868	2,292,481	140,599	22,663	18,381	70,822	3,196,538
Accumulated depreciation	-	(203,847)	(865,554)	-	(16,693)	(14,230)	(56,280)	(1,156,604)
Net book value	88,724	359,021	1,426,927	140,599	5,970	4,151	14,542	2,039,934
At 03/31/2011								
Opening balance	88,724	359,021	1,426,927	140,599	5,970	4,151	14,542	2,039,934
Acquisitions	-	98	9,527	69,422	212	219	1,530	81,008
Write-offs	-	(13)	(233)	-	(27)	(27)	(41)	(341)
Depreciation	-	(5,226)	(35,163)	-	(304)	(632)	(1,490)	(42,815)
Transfers	-	1,469	12,126	(17,381)	934	237	2,543	(72)
Net book value	88,724	355,349	1,413,184	192,640	6,785	3,948	17,084	2,077,714
Balance at 03/31/2011								
Cost	88,724	564,422	2,313,901	192,640	23,782	18,810	74,854	3,277,133
Accumulated depreciation	-	(209,073)	(900,717)	-	(16,997)	(14,862)	(57,770)	(1,199,419)
Net book value	88,724	355,349	1,413,184	192,640	6,785	3,948	17,084	2,077,714
At 06/30/2011								
Opening balance	88,724	355,349	1,413,184	192,640	6,785	3,948	17,084	2,077,714
Acquisitions	-	133	22,557	65,460	425	3,806	1,205	93,586
Write-offs	-	-	(42)	1	(30)	-	(815)	(886)
Depreciation	-	(5,402)	(37,842)	-	(305)	(511)	(1,565)	(45,625)
Transfers	-	15,871	54,806	(69,596)	75	58	(1,341)	(127)
Acquisitions of DRI Resinas Industriai	51	10,615	61,783	7,351	34	29	550	80,413
Net book value	88,775	376,566	1,514,446	195,856	6,984	7,330	15,118	2,205,075
Balance at 06/30/2011								
Cost	88,775	591,041	2,453,005	195,856	24,286	22,703	74,453	3,450,119
Accumulated depreciation	-	(214,475)	(938,559)	-	(17,302)	(15,373)	(59,335)	(1,245,044)
Net book value	88,775	376,566	1,514,446	195,856	6,984	7,330	15,118	2,205,075
At 09/30/2011								
Opening balance	88,775	376,566	1,514,446	195,856	6,984	7,330	15,118	2,205,075
Acquisitions	-	491	15,125	49,187	568	1,284	1,579	68,234
Write-offs	(7,456)	(6,535)	(680)	(66)	(1)	(10)	-	(14,748)
Depreciation	-	(5,592)	(40,017)	-	(321)	(656)	(1,756)	(48,342)
Acquisitions of Deca Nordeste Louças Sanitárias Ltda.	3,959	17,076	7,758	2,020	163	409	309	31,694
Transfers	-	3,129	61,616	(65,818)	233	29	811	-
Net book value	85,278	385,135	1,558,248	181,179	7,626	8,386	16,061	2,241,913
Balance at 09/30/2011								
Cost	85,278	605,202	2,536,824	181,179	25,249	24,415	77,152	3,536,299
Accumulated depreciation	-	(220,067)	(978,576)	-	(17,623)	(16,029)	(61,091)	(1,293,386)
Net book value	85,278	385,135	1,558,248	181,179	7,626	8,386	16,061	2,241,913

Consolidated	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 12/31/2010	-	-	-	-	-	-	-	-
Cost	602,216	594,678	2,314,754	165,742	31,397	42,421	73,749	3,824,957
Accumulated depreciation	-	(216,407)	(802,454)	-	(23,573)	(24,972)	(58,768)	(1,126,174)
Net book value	602,216	378,271	1,512,300	165,742	7,824	17,449	14,981	2,698,783
At 03/31/2011	-	-	-	-	-	-	-	-
Opening balance	602,216	378,271	1,512,300	165,742	7,824	17,449	14,981	2,698,783
Acquisitions	5,191	31	11,355	74,343	274	1,262	1,587	94,043
Write-offs	-	(13)	(161)	-	(27)	(135)	(123)	(459)
Depreciation	-	(5,627)	(38,853)	-	(339)	(1,751)	(1,554)	(48,124)
Transfers	900	1,540	15,627	(19,212)	(716)	561	1,229	(71)
Acquisitions of Louças Elizabetl	3,512	14,662	13,610	4	679	80	86	32,633
Net book value	611,819	388,864	1,513,878	220,877	7,695	17,466	16,206	2,776,805
Balance at 03/31/2011	-	-	-	-	-	-	-	-
Cost	611,819	610,898	2,355,185	220,877	31,607	44,189	76,528	3,951,103
Accumulated depreciation	-	(222,034)	(841,307)	-	(23,912)	(26,723)	(60,322)	(1,174,298)
Net book value	611,819	388,864	1,513,878	220,877	7,695	17,466	16,206	2,776,805
At 06/30/2011	-	-	-	-	-	-	-	-
Opening balance	611,819	388,864	1,513,878	220,877	7,695	17,466	16,206	2,776,805
Acquisitions	1,005	168	24,126	65,782	531	5,177	1,376	98,165
Write-offs	-	-	(145)	-	(30)	(108)	(3,855)	(4,138)
Depreciation	-	(5,780)	(40,761)	-	(354)	(1,753)	(1,627)	(50,275)
Transfers	-	17,614	57,507	(74,043)	81	86	(1,368)	(123)
Net book value	612,824	400,866	1,554,605	212,616	7,923	20,868	10,732	2,820,434
Balance at 06/30/2011	-	-	-	-	-	-	-	-
Cost	612,824	628,680	2,436,673	212,616	32,189	49,344	72,681	4,045,007
Accumulated depreciation	-	(227,814)	(882,068)	-	(24,266)	(28,476)	(61,949)	(1,224,573)
Net book value	612,824	400,866	1,554,605	212,616	7,923	20,868	10,732	2,820,434
At 09/30/2011	-	-	-	-	-	-	-	-
Opening balance	612,824	400,866	1,554,605	212,616	7,923	20,868	10,732	2,820,434
Acquisitions	397	1,832	17,457	50,803	591	1,776	2,996	75,852
Write-offs	(10,514)	(6,535)	(696)	(66)	(1)	(538)	-	(18,350)
Depreciation	-	(5,819)	(42,414)	-	(370)	(1,877)	(1,739)	(52,219)
Transfers	-	3,433	63,386	(68,060)	233	145	863	-
Net book value	602,707	393,777	1,592,338	195,293	8,376	20,374	12,852	2,825,717
Balance at 09/30/2011	-	-	-	-	-	-	-	-
Cost	602,707	627,410	2,516,820	195,293	33,012	50,727	76,540	4,102,509
Accumulated depreciation	-	(233,633)	(924,482)	-	(24,636)	(30,353)	(63,688)	(1,276,792)
Net book value	602,707	393,777	1,592,338	195,293	8,376	20,374	12,852	2,825,717

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

The Company and its subsidiaries have formalized contracts for the acquisition of equipment and services totaling approximately R\$ 325.3 million in obligations assumed until September 30, 2011.

As provided for in Technical Interpretation ICPC 10 of the Brazilian Accounting Pronouncements Committee, approved by CVM Resolution No. 619/09, 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 Duraflores S.A., the Company is the owner of eucalyptus and pine forestry reserves, which are principally utilized as raw materials to produce wood panels, floors and components, and also for sale to third parties.

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

At September 30, 2011 the Group had roughly 136 thousand hectares of planted areas (June 30, 2011: 136 thousand hectares), maintained in the states of São Paulo, Minas Gerais, and Rio Grande do Sul.

a) Fair value estimate

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

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

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

- i. Discounted cash flow - estimated volume of ready-to-harvest wood considering current market prices, net of planting costs to be realized and the capital cost of land utilized for planting (brought to present value).
- ii. Prices - Cubic meter prices in R\$ are obtained by market surveys which are disclosed by specialized firms in regions and for products similar to those of the Company, in addition to prices practiced in third-party transactions, also in active markets.
- iii. Differentiation - the volumes harvested were segregated and valued according to: (a) species-pine and eucalyptus, (b) region, (c) destination: sawmill and processing.
- iv. Volumes - estimate of volumes ready for harvesting (6th year for eucalyptus and 12th year for pine), based on projected average productivity for each region and species. Average productivity may vary based on age, rotation, climatic conditions, quality of seedlings, fires, and other natural risks. In the case of mature forests, the actual volumes of wood are utilized. Rotating physical inventories are realized as of the second year of a forest's life, and the effects are incorporated in the financial statements.
- v. Regularity - expectations with regard to future wood prices and volumes are reviewed at least every quarter, or as rotational physical inventories are concluded.

b) Composition of Balances

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

	<u>09/30/2011</u>	<u>12/31/2010</u>
Cost of formation of biological assets	504,066	471,536
Difference between cost and fair value	554,292	559,181
<u>Fair value of the biological assets</u>	<u>1,058,358</u>	<u>1,030,717</u>

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

c) Changes in balances

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

	<u>09/30/2011</u>	<u>12/31/2010</u>	<u>09/30/2010</u>
Opening balance	1,030,717	870,446	870,446
Variation in fair value			
Volume price	100,490	183,765	149,411
Depletion	(105,380)	(132,173)	(100,369)
Variation in book value			
Formation	62,303	86,334	64,095
Depletion	(30,521)	(36,110)	(26,160)
Acquisitions	749	58,455	58,455
Closing balance	1,058,358	1,030,717	1,015,878

Effect of the variation in fair value of biological assets in the Statement of Income

Variation in fair value	100,490	183,765	149,411
Depletion in fair value	(105,380)	(132,173)	(100,369)

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

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

Note 14 – Intangible assets

Parent Company	Software	Trademarks and patents	Goodwill due to future profitability	Customer portfolio	Total
Opening balance at 12/31/2010					
Cost	40,774	2,456	209,727	329,000	581,957
Accumulated amortization	(12,794)	-	-	(29,244)	(42,038)
Net book value	27,980	2,456	209,727	299,756	539,919
At 03/31/2011					
Opening balance	27,980	2,456	209,727	299,756	539,919
Additions	1,132	26	-	-	1,158
Amortization	(1,645)	-	-	(5,483)	(7,128)
Transfers	72	-	-	-	72
Net book value	27,539	2,482	209,727	294,273	534,021
Balance at 03/31/2011					
Cost	41,978	2,482	209,727	329,000	583,187
Accumulated amortization	(14,439)	-	-	(34,727)	(49,166)
Net book value	27,539	2,482	209,727	294,273	534,021
At 06/30/2011					
Opening balance	27,539	2,482	209,727	294,273	534,021
Additions	653	51	-	-	704
Amortization	(1,674)	-	-	(5,483)	(7,157)
Transfers	129	-	-	-	129
Net book value	26,647	2,533	209,727	288,790	527,697
Balance at 06/30/2011					
Cost	42,760	2,533	209,727	329,000	584,020
Accumulated amortization	(16,113)	-	-	(40,210)	(56,323)
Net book value	26,647	2,533	209,727	288,790	527,697
At 09/30/2011					
Opening balance	26,647	2,533	209,727	288,790	527,697
Additions	641	61	-	-	702
Amortization	(1,706)	-	-	(7,622)	(9,328)
Transfers	-	-	-	(18,174)	(18,174)
Acquisition of Deca Nordeste Louças Sanitárias Ltda.	2	-	17,092	55,000	72,094
Net book value	25,584	2,594	226,819	317,994	572,991
Balance at 09/30/2011					
Cost	43,403	2,594	226,819	384,000	656,816
Accumulated amortization	(17,819)	-	-	(47,832)	(65,651)
Transfers	-	-	-	(18,174)	(18,174)
Net book value	25,584	2,594	226,819	317,994	572,991
Average amortization rate	20%	0%	0%	6.67%	

Consolidated	Software	Trademarks and patents	Goodwill due to future profitability	Customer portfolio	Total
Opening balance at 12/31/2010					
Cost	41,044	2,459	209,727	329,000	582,230
Accumulated amortization	(12,994)	-	-	(29,244)	(42,238)
Net book value	28,050	2,459	209,727	299,756	539,992
At 03/31/2011					
Opening balance	28,050	2,459	209,727	299,756	539,992
Additions	1,132	29	-	-	1,161
Amortization	(1,649)	-	-	(6,706)	(8,355)
Transfers	72	-	-	-	72
Acquisition of Louças Elizabeth	-	-	17,092	55,000	72,092
Net book value	27,605	2,488	226,819	348,050	604,962
Balance at 03/31/2011					
Cost	42,248	2,488	226,819	384,000	655,555
Accumulated amortization	(14,643)	-	-	(35,950)	(50,593)
Net book value	27,605	2,488	226,819	348,050	604,962
At 06/30/2011					
Opening balance	27,605	2,488	226,819	348,050	604,962
Additions	672	52	-	-	724
Amortization	(1,680)	-	-	(5,789)	(7,469)
Transfers	129	-	-	-	129
Net book value	26,726	2,540	226,819	342,261	598,346
Balance at 06/30/2011					
Cost	43,049	2,540	226,819	384,000	656,408
Accumulated amortization	(16,323)	-	-	(41,739)	(58,062)
Net book value	26,726	2,540	226,819	342,261	598,346
At 09/30/2011					
Opening balance	26,726	2,540	226,819	342,261	598,346
Additions	644	61	-	-	705
Amortization	(1,712)	-	-	(6,294)	(8,006)
Transfers	-	-	-	(17,972)	(17,972)
Net book value	25,658	2,601	226,819	317,995	573,073
Balance at 09/30/2011					
Cost	43,693	2,601	226,819	384,000	657,113
Accumulated amortization	(18,035)	-	-	(48,033)	(66,068)
Transfers	-	-	-	(17,972)	(17,972)
Net book value	25,658	2,601	226,819	317,995	573,073
Average amortization rate	20%	0%	0%	6.67%	

Note 15 – Loans and financing

Financial Institutions

Type	Charges	Amortization	Guarantees	09/30/2011		12/31/2010	
				Current	Non Current	Current	Non Current
BNDES	TJLP + 2.3% p.a.	monthly and quarterly	Surety - Itaúsa	54,744	279,762	43,772	261,368
BNDES	TJLP + 2.6 p.a.	monthly and quarterly	Guarantee - Ligna	26,937	93,884	28,484	115,275
BNDES	TJLP + 3.1 p.a.	monthly and quarterly	Surety - 70% Itaúsa and 30% others	1,371	9,638	521	4,980
FINAME	TJLP + 2.1% p.a. / Fixed 4.5% p.a.	monthly	Chattel mortgage and PN	461	5,098	562	1,031
Industrial credit with swap	11.9% p.a.	up to April 2015	Surety - Duratex Coml. Exp.S.A	232,498	287,853	145,405	345,337
Industrial credit	98.5% of CDI	uo to June 2014	Surety - Duratex Coml. Exp.S.A	-	154,445	-	-
Industrial credit	selic + 2% p.a.	up to December 2011	Surety - Ligna	-	-	11,682	778
Bank credit	107.7% of CDI	up to September 2012	-	8,773	-	7,974	5,537
Floating rate note	109.3 % of CDI	up to December 2014	-	5,028	135,000	-	-
FUNDIEST	30% IGP-M per month	up to November 2020	Guarantee - Ligna	11,165	124,441	4,757	126,511
FUNDOPEM	IPCA + 3% p. a	up to August 2024	Surety - 70% Itaúsa and 30% others	-	3,207	-	1,300
PROIM / PROINVEST /PRO FLORESTA	IGP-M + 4.0%p. a /IPCA + 6% p. a	up to January 2018	Surety - Ligna and Mortgage of assets	21,879	26,262	11,818	43,089
Discounted Rural Promissory Note	6.75% p.a	up to January 2012	Guarantee - Duratex Coml.Exp. S.A	15,217	-	16,000	-
Financial leasing	CDI + 1.6% p.a.	up to September 2011	Promissory Note	-	-	159	-
LOCAL CURRENCY				380,073	1,119,590	271,134	925,206
BNDES	Basket of currencies + 2.1% p.a.	monthly and quarterly	Surety - Itaúsa	5,185	25,947	4,731	27,016
BNDES	US\$ +1.7% p.a	monthly and quarterly	Surety - Itaúsa	1,123	5,358	-	-
BNDES	Basket of currencies + 2.4% p.a.	monthly and quarterly	Guarantee - Ligna	3,670	11,528	2,837	13,456
BNDES	Basket of currencies + 3.8% p.a.	monthly and quarterly	Surety - 70% Itaúsa and 30% others	159	626	58	607
Resolution 2770	US\$ + 6.6% p.a	up to September 2012	-	14,895	-	13,862	13,329
Resolution 2770 / SWAP	Libor + 1.75% p.a	up to March 2014	Surety - Ligna - Mortgage and trust	2,604	5,517	8,188	9,198
Resolution 4131 / SWAP	US\$ +1.99% p.a	up to March 2013	Surety - Duraflora S.A.	9	33,591	-	-
Import financing	Libor + 0.5%p.a	up to March 2012	Natural person	679	-	1,132	90
Import financing	Libor + 0.9%p.a	up to February 2012	Surety - Ligna and notes	669	-	1,313	610
FOREIGN CURRENCY				28,993	82,567	32,121	64,306
TOTAL PARENT COMPANY				409,066	1,202,157	303,255	989,512
Rural Credit Note	11.1% p.a	up to December 2012	Surety -Duratex	118,398	98,179	120,516	89,972
Export Credit Note	104.5% of CDI	up to September 2012	Surety - Duratex	56,339	-	1,640	50,000
BNDES	TJLP + 2.3 p.a.	monthly and quarterly	Surety -70% Itaúsa and 30% others	-	-	4,697	26,337
BNDES	TJLP + 2.6 p.a.	monthly and quarterly	Surety -70% Itaúsa and 30% others	387	21,126	-	-
FINAME	Fixed 7.4% p.a.	monthly	Chattel mortgage and PN	264	1,453	162	972
FUNDAP	1% p.a.	monthly	Surety - Duratex Coml. Exp.S.A	400	-	325	-
LOCAL CURRENCY				175,788	120,758	127,340	167,281
BNDES	US\$ + 1.7% p.a.	monthly and quarterly	Surety - Itaúsa	-	-	1,013	5,561
FOREIGN CURRENCY				-	-	1,013	5,561
TOTAL SUBSIDIARIES				175,788	120,758	128,353	172,842
TOTAL CONSOLIDATED				584,854	1,322,915	431,608	1,162,354

Sureties and letters of guarantee securing loans and financing to Duratex S.A. were granted by Itaúsa S.A., totaling R\$ 382,620 (R\$ 362,113 at December 31, 2010), Companhia Ligna de Investimentos, in the amount of R\$ 330,556 (R\$ 377,996 at December 31, 2010), Duratex Comercial Exportadora S.A., totaling R\$ 690,013 (R\$ 506,742 at December 31, 2010) and Duraflora S.A., totaling R\$ 33,600. In the case of loans and financing obtained by the subsidiaries, the sureties were granted by Itaúsa S.A., totaling R\$ 15,059 (R\$ 37,608 at December 31, 2010), Duratex S.A., totaling R\$ 272,916 (R\$ 262,128 at December 31, 2010) Duratex Comercial Exportadora S.A., in the amount of R\$ 400 (R\$ 325 at December 31, 2010).

Restrictive clauses

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

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

b) HDF plant in Botucatu, MDFII plant in Agudos, industrial resins in Agudos, ceramics in Jundiá, Deca sanitary metals in São Paulo and Jundiá, and forestry area - during the contractual period, maintain the following ratios in the Duratex S.A. annual audited balance sheet: (i) EBITDA (*) / Net

Financial Expenses: above or equal to 3.0 (ii) EBITDA (*) / Net operating revenues equal to or above 0.20: and (iii) Stockholders' Equity / Total Assets equal to or above 0.45.

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

These contractual requirements were being complied with as of September 30, 2011.

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

Loans and financing designated at fair value

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

Debt with financial institutions - Maturities

09/30/2011						
Year	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2012	169,043	2,486	171,529	267,287	2,486	269,773
2013	303,309	46,132	349,441	303,567	46,132	349,699
2014	307,820	12,861	320,681	308,079	12,861	320,940
2015	169,727	12,097	181,824	169,986	12,097	182,083
2016	84,619	7,816	92,435	84,878	7,816	92,694
2017	27,448	1,175	28,623	27,706	1,175	28,881
2018	22,846	-	22,846	29,983	-	29,983
2019	16,700	-	16,700	27,263	-	27,263
Other	18,078	-	18,078	21,599	-	21,599
Total	1,119,590	82,567	1,202,157	1,240,348	82,567	1,322,915

12/31/2010						
Year	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2012	407,336	24,500	431,836	552,184	25,496	577,680
2013	101,065	10,472	111,537	105,942	11,468	117,410
2014	110,547	12,667	123,214	115,424	13,663	129,087
2015	154,263	10,094	164,357	159,140	11,090	170,230
2016	77,439	6,093	83,532	82,316	7,089	89,405
2017	22,437	480	22,917	25,349	1,061	26,410
2018	20,940	-	20,940	20,953	-	20,953
2019	15,210	-	15,210	15,210	-	15,210
Other	15,969	-	15,969	15,969	-	15,969
Total	925,206	64,306	989,512	1,092,487	69,867	1,162,354

Note 16 - Contingencies

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

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

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

Parent company					Consolidated				
	Tax	Labor	Civil	Total		Tax	Labor	Civil	Total
Opening balance at January 01, 2011	68,586	13,827	4,936	87,349	Opening balance at January 01, 2011	129,013	17,114	4,936	151,063
Monetary variance and interest	827	498	256	1,581	Monetary variance and interest	1,562	614	256	2,432
Constitution	1,015	1,029	-	2,044	Constitution	1,014	1,188	-	2,202
Reversal	(3,254)	-	-	(3,254)	Reversal	(3,431)	-	-	(3,431)
Payments	-	(259)	-	(259)	Payments	-	(840)	-	(840)
Balance at March 31, 2011 before offsetting of judicial deposits	67,174	15,095	5,192	87,461	Balance at March 31, 2011 before offsetting of judicial deposits	128,158	18,076	5,192	151,426
Judicial deposits	(3,609)	(2,082)	(4,494)	(10,185)	Judicial deposits	(6,154)	(2,340)	(4,494)	(12,988)
Balance at March 31, 2011 after offsetting of judicial deposits	63,565	13,013	698	77,276	Balance at March 31, 2011 after offsetting of judicial deposits	122,004	15,736	698	138,438
Balance at March 31, 2011	67,174	15,095	5,192	87,461	Balance at March 31, 2011	128,158	18,076	5,192	151,426
Monetary variance and interest	850	808	181	1,837	Monetary variance and interest	1,831	898	181	2,910
Constitution	1,849	1,663	-	3,512	Constitution	1,849	1,795	-	3,644
Reversal	(3,295)	-	(210)	(3,505)	Reversal	(3,295)	-	(210)	(3,505)
Payments	-	(1,143)	-	(1,143)	Payments	(419)	(1,449)	-	(1,868)
Balance at June 30, 2011 before offsetting of judicial deposits	66,578	16,221	5,163	87,962	Balance at June 30, 2011 before offsetting of judicial deposits	127,924	19,120	5,163	152,207
Judicial deposits	(3,681)	(2,377)	(4,603)	(10,661)	Judicial deposits	(6,271)	(2,692)	(4,603)	(13,566)
Balance at June 30, 2011 after offsetting of judicial deposits	62,897	13,844	560	77,301	Balance at June 30, 2011 after offsetting of judicial deposits	121,653	16,428	560	138,641
Balance at June 30, 2011	66,578	16,221	5,163	87,962	Balance at June 30, 2011	127,924	19,120	5,163	152,207
Monetary variance and interest	917	688	230	1,835	Monetary variance and interest	1,738	779	230	2,747
Constitution	1,141	3,101	-	4,242	Constitution	1,503	3,425	-	4,928
Reversal	(354)	(32)	-	(386)	Reversal	(354)	(37)	-	(391)
Payments	-	(840)	-	(840)	Payments	(1,997)	(1,297)	-	(3,294)
Balance at September 30, 2011 before offsetting of judicial deposits	68,282	19,138	5,393	92,813	Balance at September 30, 2011 before offsetting of judicial deposits	128,814	21,990	5,393	156,197
Judicial deposits	(3,758)	(1,847)	(4,693)	(10,298)	Judicial deposits	(6,642)	(2,119)	(4,693)	(13,454)
Balance at September 30, 2011 after offsetting of judicial deposits	64,524	17,291	700	82,515	Balance at September 30, 2011 after offsetting of judicial deposits	122,172	19,871	700	142,743

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

a) Summer Plan

Refers to the lawsuit demanding the right to update for inflation the 1989 fiscal year balance sheet by utilizing the full IPC inflation index (gross rate) of 70.28%, thereby avoiding distortions that the non-recognition of the actual inflation rate would cause to the Company's balance sheet and also the taxation on income. A sentence was obtained acknowledging the right to adjust the balance sheet in accordance with the rate of 42.72%, which was effected in the fiscal years of 1994 to 1996. Though the Regional Federal Court (TRF) was opposed to the sentence, the Company obtained, by means of a writ of prevention, the suspension of the appeals in the Superior Court of Justice (STF), and the sentence was maintained. At September 30, 2011 there was a provision of R\$ 49,971 (R\$ 48,794 at December 31, 2010) relating to the offsetting of income tax and social contribution on net income.

b) PIS - Six-monthly payments

Refers to the appeal intended to acknowledge the right of paying PIS pursuant to Complementary Law No. 7/70. A final favorable and unappealable sentence was obtained in the lawsuit in 1997, which led the Company and its subsidiaries to offset the amounts in connection with the credits

computed in accordance with the legal procedure. However, the discussions with the authorities are in progress in respect of the expiry of these credits and the abandonment of execution of the lawsuit. The credits are also subject to approval by the tax authorities. Because of these discussions, the amounts compensated against IRPJ, CSLL, IPI, and COFINS have been provisioned and totaled R\$ 20,151 (R\$ 19,380 at December 31, 2010).

c) Contingencies not provisioned

The Company and its subsidiaries are involved in other tax lawsuits which total R\$ 45,945, which, in the opinion of the legal advisors, present a possible chance of loss. No provision has, therefore, been constituted.

d) Program for Payment or Installment Payment of Federal Taxes - Law 11.941/09 (REFIS)

The Company and its subsidiaries have enrolled in the Program for Payment or Installment Payment of Federal Taxes, established by Law 11,941 of 05/27/2009. The Program includes debts administered by the Federal Revenue Service and the Attorney General of the National Treasury, with maturities until November 30, 2008. The principal disputed taxes and contributions included in this program were:

- Accident Insurance (SAT), in which the discussion was focused on classification by company rather than or by location, with the salaries of the central office administration to be taxed at a rate of 1%.
- Allocation of IPI credits on the purchase of raw materials and packaging not subject to tax.

Based on this law, the Company's management decided to pay on sight the Accident Insurance (SAT) and pay over 12 installments the IPI credits on the purchase of raw materials and packaging not subject to tax.

As a result of the enrollment in REFIS, the Company is obliged to make the installment payments on their due dates and to desist from the lawsuits in progress, as well as to renounce all the alleged rights on which the lawsuits were based. Otherwise, the installment payment program will be immediately rescinded and the benefits lost.

e) Contingent Assets

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

	09/30/2011	12/31/2010
IPI credit premium from 1980 to 1985	94,194	88,238
Monetary Restatement of Federal Power Company (Eletrobás) credits	57,087	52,533
Refund of withholding Tax on Net Income (ILL) paid on dividend distributions from 1989 to 1992	8,395	7,800
Accident Insurance (SAT) from 1975 to 1978 and October 89	-	3,842
COFINS judicial deposit	3,188	3,023
PIS - calculation basis	-	1,191
PIS and COFINS - Manaus Free-Trade Zone	1,623	1,508
PIS and COFINS - remittance of commissions on overseas sales	1,810	1,385
Other	3,167	2,941
Total	169,464	162,461

Note 17 – Rural lease

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

The minimum future payments are as follows:

2011	3,327
2012 to 2016	66,540
2017 onwards	260,615
Total	330,482

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

Note 18 – Stockholders' equity

a) Capital

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

As provided in the Ordinary and Extraordinary General Meeting held on April 29, 2011, the capital was increased from R\$ 1,288,085 to R\$ 1,550,000, through capitalization of revenue reserves and, at the same time, a stock dividend, allocating to shareholders 2 new shares for each lot of 10 shares which they owned at the end of the date April 29, 2011.

b) Treasury Shares

	nº of shares	Amount
Balance at December 31, 2010	524,572	8,890
Acquisitions	1,150,000	13,822
Utilized in the Stock Option process	174,914	-
Balance at September 30, 2011	1,849,486	22,712

Prices			
Minimum	Maximum	Weighted Average	Lastest Quotation
2.86	15.65	12.26	8.61

Based on the most recent market quotation on September 30, 2011, the value of treasury shares is R\$ 15,924 (R\$ 9,363 at December 31, 2010).

c) Equity Reserves

	Parent company and	
	09/30/2011	12/31/2010
Capital Reserves	306,701	303,103
Premium on the subscription of shares	218,720	218,720
Tax incentives	13,705	13,705
Prior to Law 6404	18,426	18,426
Options granted	74,152	60,596
Options granted to be appropriated	(18,302)	(8,344)
Revaluation Reserves	90,714	104,590
Revenue Reserves	1,300,601	1,360,660
Legal	92,363	77,616
Statutory	1,205,966	1,280,772
Tax incentives	2,272	2,272
Treasury shares	(22,712)	(8,890)
Carrying Value Adjustments	416,461	412,141

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

The amounts for Options Granted in Capital Reserves refer to the recognition of the award of the options on the grant date.

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

d) Dividends

Under the by-laws, the shareholders are assured a minimum mandatory dividend corresponding to 30% of net income.

Note 19 – Insurance coverage

At September 30, 2011, the Company and its subsidiaries had insurance coverage against fire and various risks of property, plant and equipment, inventories and civil liability totaling R\$ 2,440 million.

Note 20 – Net sales revenue

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

	Parent Company		Consolidated - According to IFRS	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Gross sales revenue	2,721,911	2,501,201	2,841,990	2,608,835
Domestic market	2,647,151	2,448,877	2,744,916	2,525,390
Foreign market	74,760	52,324	97,074	83,445
Taxes and contributions on sales	(622,699)	(568,750)	(641,169)	(586,639)
Net sales revenue	2,099,212	1,932,451	2,200,821	2,022,196

Note 21 – Expenses by nature

	Parent Company		Consolidated - according to IFRS	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Variation in fair value of biological assets	-	-	(100,490)	(149,411)
Variations in the inventories of finished products and work in process	(278,235)	(70,552)	(264,355)	(123,990)
Raw materials and consumption materials	1,219,506	926,781	1,116,305	833,379
Remuneration, charges and benefits to employees	387,193	325,543	427,523	366,827
Depreciation charges, amortization and impairment	140,405	120,681	295,463	257,946
Transport expenses	128,551	110,077	131,955	121,448
Advertising expenses	40,192	29,149	40,416	29,405
Other expenses	155,668	126,548	132,678	156,670
Total	1,793,280	1,568,227	1,779,495	1,492,274

Note 22 – Financial income and expenses

	Parent company		Consolidated - according to IFRS	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Financial income				
Remuneration on financial investments	25,917	13,788	51,088	30,976
Foreign exchange variances	7,231	(87)	9,155	(1,659)
Interest and discounts obtained	3,472	3,825	3,567	3,996
Operations with subsidiaries	68	1,087	-	-
Fair value	(32)	4,157	(32)	(1,707)
Fundap - Discount	-	-	5,410	3,045
Other	4,397	225	5,526	1,139
Total	41,053	22,995	74,714	35,790
Financial expenses				
Charges on financing -Local currency	(102,195)	(68,409)	(125,039)	(77,148)
Charges on financing -Foreign currency	(13,251)	(7,008)	(13,023)	(7,364)
Foreign exchange variances	(5,130)	(10,657)	(7,005)	(8,749)
Derivatives	5,044	(5,575)	4,163	646
Tax on financial operations	(2,053)	(1,137)	(2,241)	(1,589)
Other	(8,032)	(6,824)	(22,265)	(15,630)
Total	(125,617)	(99,610)	(165,410)	(109,834)
Total financial result	(84,564)	(76,615)	(90,696)	(74,044)

Note 23 – Other operating income (expenses), net

	Parent company		Consolidated	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Gains from enrollment in tax amnesty Law	-	3,317	-	6,782
Profit sharing and Stock Option	(10,605)	(8,754)	(10,605)	(8,754)
Gain (Loss) on disposal of assets and other operating income and expenses (1)	30,213	3,313	44,940	(1,365)
Total	19,808	(2,124)	34,335	(3,337)

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

Note 24 – Income tax and social contribution

Reconciliation of income tax and social contribution expenses

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

	Parent company		Consolidated	
	09/30/2011	09/30/2010	09/30/2011	09/30/2010
Profit before Income tax and social contribution	325,662	397,535	354,452	444,895
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(110,725)	(135,162)	(120,514)	(151,264)
Income tax and social contribution on additions and deductions from the result	80,011	61,138	61,535	30,163
Income from foreign investments	-	-	(211)	1,026
Interest on capital	29,434	-	29,434	-
Equity in results of investees	32,238	40,531	-	-
Other additions and exclusions	18,339	20,607	32,312	29,137
Income tax and social contribution on profit for the period	(30,714)	(74,024)	(58,979)	(121,101)
In the results:	(30,714)	(74,024)	(58,979)	(121,101)
Current income tax and social contribution	(35,139)	(44,798)	(63,973)	(77,458)
Deferred income tax and social contribution	1,867	(33,073)	1,004	(31,144)
Deferred income tax and social contribution - CPCs / IFRS	2,558	3,847	3,990	(12,499)

Note 25 – Stock option plan

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

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

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

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

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

	2006	2007	2008	2009	2010	2011
Total stock options granted	2,659,180	2,787,050	2,678,901	2,517,951	1,333,914	2,744,929
Exercise price on the grant date	11.16	11.82	15.34	9.86	16.33	13.02
Fair value on the grant date	9.79	8.88	7.26	3.98	7.04	5.11
Deadline to exercise	10 years	10 years	10 years	8 years	8 years	8,5 years
Vesting period	1,5 years	1,5 years	1,5 years	3 years	3 years	3,5 years

The following economic assumptions were utilized to determine these amounts:

	2006	2007	2008	2009	2010	2011
Volatility of share price	34.80%	36.60%	36.60%	46.20%	38.50%	32.81%
Dividend Yield	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Risk-free rate of return (1)	8.90%	7.60%	7.20%	6.20%	7.10%	5.59%
Actual exercise rate	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%

The company settles this benefit plan by transferring shares, which are kept in treasury until the actual exercise of the options by the executives.

(1) General Market Price Index (IGP-M)

Statement of value and appropriation of the options granted:

Grant Date	Qty Granted	Maturity date	Term for the Year	Grant price	Balance to be Exercised		Option Price	Total Value	Allocation					Other Periods	
					dec/10	sept/11			2007	2008	2009	2010	sept/11		
03/30/2006	2,659,180	from 07/01/2007	to 12/31/2016	11.16	40,714	48,856	11.42	586	586	-	-				
01/31/2007	2,787,050	from 07/01/2008	to 12/31/2017	11.82	2,112,699	2,535,227	10.36	24,758	16,020	8,738					
02/13/2008	2,678,901	from 07/01/2009	to 12/31/2018	15.34	2,443,506	2,932,193	8.47	19,456		12,160					
06/30/2009	2,517,951	from 07/01/2012	to 12/31/2017	9.86	1,652,752	1,963,265	4.64	9,194			7,296 (3)				
04/14/2010	1,333,914	from 01/01/2014	to 12/31/2018	16.33	1,220,697	1,464,818	8.21	8,716				5,268		1,119	1,118
06/29/2011	2,744,929	from 12/31/2014	to 12/31/2019	13.02	2,744,929	2,744,929	5.11	14,027				2,319		1,599	4,798
														1,004	13,023
Total	14,721,925				10,215,297	11,709,308		76,737	16,606	20,898	8,965	7,607	3,722	18,939	
Effective exercise rate								96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	96.63%	
Value established								74,152	16,046 (1)	20,193 (2)	8,863	7,350 (5)	3,597 (6)	18,302	

(1) amount recorded against retained earnings in the transition balance sheet.

(2) amount recorded against income for 2008.

(3) amount recorded against income for 2009 in the former Duratex S.A.

(4) amount recorded against income for the 2nd half-year of 2009.

(5) amount recorded against income for 2010.

(6) amount recorded against income until September 2011.

(*) Contemplated with stock dividend of 20% as provided in the Ordinary and Extraordinary General Meeting held on April 29, 2011

At September 30, 2011, the Company had 1,849,486 treasury shares that could be utilized for the exercise of options.

Note 26 – Private pension plan

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

Defined contribution plan – (DC Plan)

This plan is offered to every employee and at September 30, 2011 had 5,725 participants (5,612 at June 30, 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 according to the projected unit credit method, was recognized in the September 30, 2011 financial statements under "Pension Plan Credits" in the amount of R\$ 77,274 (R\$ 66,802 at December 31, 2010). The increase of R\$10,472 was recognized in the Statement of income under the "Other net operating income (expenses)".

Defined benefit Plan – (DB Plan)

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

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

As required by CVM Resolution No. 600 of October 7, 2009, Towers Watson, an independent actuary, calculated, for Fundação Itaúsa Industrial, the amounts to be recognized in the financial statements. Because the recognition of the surplus depends on the occurrence or non-occurrence of one or more uncertain events, Company management opted not to recognize the asset.

At September 30, 2011, the Company's management internally updated the calculation of actuarial reserves, resulting in a pension plan surplus of R\$ 59,956.

Assets and liabilities relating to DB Plan	09/30/2011	12/31/2010
Present value of the actuarial obligations	(64,707)	(64,462)
Fair value of assets	124,663	122,303
(Liabilities) / Assets calculated based on item 54 of CPC 33/IAS 19	59,956	57,841
Restriction on assets due to limit (item 58 of CPC 33/IAS 19)	(59,956)	(57,841)
Assets and liabilities relating to DB Plan	-	-

Actuarial assumptions

Economic assumptions	09/30/2011	12/31/2010
Discount rate	9.20%	9.20%
Estimated rate of return on assets	10.56%	10.56%
Future salary increases	7.12%	7.12%
Growth of benefits	4.00%	4.00%
Inflation	4.00%	4.00%
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%

Economic assumptions	09/30/2011	12/31/2010
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 27 – Earnings per share

(a) Basic

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

	09/30/2011	09/30/2010
Earnings attributable to the Company's shareholders	294,948	323,511
Weighted average number of common shares issued (In thousands)	550,035	458,362
Weighted average of treasury shares (In thousands)	(1,206)	(517)
Weighted average number of common shares outstanding (In thousands)	548,829	457,845
Basic earnings per share	0.5374	0.7066

(b) Diluted

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

	09/30/2011	09/30/2010
Earnings attributable to the Company's shareholders	294,948	323,511
Weighted average number of common shares issued (In thousands)	550,035	458,362
Call options for shares	8,964	8,082
Weighted average of treasury shares (In thousands)	(1,206)	(517)
Weighted average number of diluted common shares outstanding (In thousands)	557,793	465,927
Diluted earnings per share	0.5288	0.6943

Note 28 – Information on business segments

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

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

	09/30/2011			09/30/2010		
	Wood	Deca	Consolidated	Wood	Deca	Consolidated
Net sales revenue	1,396,473	804,348	2,200,821	1,356,229	665,967	2,022,196
Domestic market	1,328,300	775,859	2,104,159	1,301,230	637,523	1,938,753
Foreign market	68,173	28,489	96,662	54,999	28,444	83,443
Variation in the fair value of the biological assets	100,490	-	100,490	149,411	-	149,411
Cost of goods sold	(798,286)	(456,193)	(1,254,479)	(741,021)	(342,768)	(1,083,789)
Depreciation, amortization and depletion	(152,032)	(33,902)	(185,934)	(129,347)	(28,873)	(158,220)
Depletion of adjustment in the biological assets	(105,380)	-	(105,380)	(100,369)	-	(100,369)
Gross profit	441,265	314,253	755,518	534,903	294,326	829,229
Selling expenses	(141,802)	(113,699)	(255,501)	(130,135)	(90,416)	(220,551)
Administrative and general expenses	(51,310)	(27,381)	(78,691)	(53,544)	(25,212)	(78,756)
Other operating income (expenses)	23,535	287	23,822	(12,608)	1,625	(10,983)
Operating income before						
Financial result	271,688	173,460	445,148	338,616	180,323	518,939

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

Note 29 – Business combinations

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

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

	Fair value	Book value of the acquired entity
Assets	95,416	37,240
Cash and cash equivalents	236	236
Trade accounts receivable	6,114	6,193
Inventories	1,298	988
Taxes and contribution recoverable	45	45
Other credits	90	63
Property, plant and equipment	32,633	29,715
Contractual relation with the customer (included in intangible assets - Note 14)	55,000	-
Liabilities	32,508	12,724
Suppliers	1,842	1,862
Personnel	1,729	1,729
Accounts payable	352	352
Taxes and contributions	1,010	1,010
Provisions for contingencies	10	10
Deferred income tax and social contribution	27,565	7,761
Total net assets	62,908	24,516
Goodwill (Note 14)	17,092	-
Total consideration for the purchase	80,000	-