



SUZANO
PAPEL E CELULOSE

Suzano Papel e Celulose: Consolidated results for 2Q 2006

Consolidated pro-forma Ebitda, with Ripasa: US\$125 million

São Paulo, July 19, 2006. Suzano Papel e Celulose (Bovespa: SUZB5), one of Latin America's largest integrated producers of pulp and paper, today announces consolidated results for second quarter 2006 (2Q06). This release gives operational and financial information based on consolidated figures in Reais, by the Brazilian Corporate Law accounting method. All comparisons are year-on-year for the quarter – i.e. between 2Q06 and 2Q05 – except where otherwise specified.

Except where specified, the figures in this release do not take into account the effect of the consolidation of 50% of Ripasa S.A. Celulose e Papel, from May 1, 2006, and 23% between April 1, 2005 and April 30, 2006. For the purposes of comparison a consolidated pro-forma result for Suzano Papel e Celulose, including 50% of the results of Ripasa, has been included in this document, to reflect the migration of minority shareholders, as if that migration had taken place on the first day of each period.

Highlights:

- **Pulp price** CIF Northern Europe reached US\$660/ton in July.
- Restructuring of **Ripasa** was completed: all of the shareholding base migrated to Suzano and VCP on June 30, 2006. Ripasa contributed US\$25 million to Suzano's consolidated **Ebitda** (2Q06 pro-forma).
- **Antonio Maciel Neto** takes over as CEO on June 1, 2006.
- Interest on Equity of R\$ 56.8 million.

R\$ '000

Financial indicators	1Q06	2Q06	1Q05	LTM
Sales volume (tons)	326,598	367,073	315,645	1,437,417
Net Sales	583,977	652,556	619,142	2,590,794
Net Income	152,188	103,349	258,483	405,720
Ebitda	195,133	219,026	227,587	823,946
Ebitda Margin	33.4%	33.6%	36.8%	31.8%
Net Debt (R\$ tsd)	2,498,882	2,798,784	2,137,089	2,798,784
Net Income per share	0.5360	0.3301	0.9104	0.0013
Pro forma***				
Ebitda	241,269	272,502	267,416	1,022,476
Net Debt	2,741,283	3,052,328	2,658,877	3,052,328
Net Debt / Annualized ebitda	2.84	2.80	2.25	2.99
In US\$ tsd				
Net Sales in US\$	266,254	298,776	249,432	1,154,292
Ebitda* in US\$	88,999	100,457	91,857	367,728
Ebitda pro forma***	110,003	124,766	107,733	456,127

* Ebitda = Operational result plus depreciation, depletion and amortization.

** LTM – Last 12 months.

*** Taking into account the 50% holding in Ripasa, pro forma, for the periods prior to May 2006.

Conference call and
webcast on 2Q06 results:

In Portuguese:

July 20 – 9 a.m. (Brasília)

Access: +55 11 2101 1490

Password: Suzano

Replay: +55 11 2101 1490

Password: Suzano

In English:

July 20 – 11:00 a.m. (Brasília)

Access: +1 973-582-2824 –

Password: 7570403

Replay: +1 973-341-3080 –

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Summary of the period

In 2Q06 there were renewed increases in the world price of pulp, influenced by low world inventories, increasing demand, and permanent shutdowns among the high-cost producers. At the beginning of July eucalyptus pulp CIF Northern Europe was adjusted to US\$660/ton – this is the highest price Suzano has obtained since February 2001.

Domestic Brazilian market paper sales were 10.6% higher than in 2Q05, and 5.0% higher than 1Q06, showing renewed recovery in this market. Year-to-date, the domestic market has grown 12.9% and our domestic paper sales have grown 16.2%.

The shareholder restructuring in **Ripasa** was completed, with 96% of the minority shareholders accepting the arrangement under which shareholders in Ripasa migrated to the shareholding bases of **Suzano Papel e Celulose** and **VCP**. To reflect this, and present the effect of this transaction on the financial statements of Suzano for the purposes of comparison between 2006 and 2005, a pro-forma was prepared that takes into account Suzano's present shareholding of 50% in Ripasa, as if it had existed since January 1, 2005. The main effect shown by this analysis is the reduction of leverage, as Suzano is now consolidating 50% of Ripasa's Ebitda.

Suzano's net sales in 2Q06 was R\$ 652.6 million, on volume sales of 208.1 thousand tons of paper and 159.0 thousand tons of pulp. Ebitda was R\$ 219.0 million, with Ebitda margin of 33.6%. Non-recurring expenses, arising mainly from the organizational restructuring, affected Ebitda negatively – totaling R\$ 6.3 million and representing 0.9 percentage points on Ebitda margin – which without these effects would have been 34.5%.

The business environment

Net income of R\$ 103 million with stable FX outlook

In 2Q06 the Real/US dollar exchange rate oscillated, but its average for the quarter and its end-of-quarter value were both very similar to those of 1Q06. The result was a very small impact on the US\$-denominated part of debt, and on export sales. The US dollar closed the quarter at R\$ 2.16/US\$, and the average for the quarter was R\$ 2.18/US\$, 12.0% lower than in 2Q05, and 0.4% lower than in 1Q06.

Fx rate, R\$ / US\$	1Q06	2Q06	2Q05
Start of period	2.3407	2.1724	2.6662
End of period	2.1724	2.1643	2.3504
Average	2.1933	2.1841	2.4822

Source: Brazilian Central Bank.



Closing of capacity in Northern Hemisphere, and good level of demand, raised pulp prices

There were renewed increases in pulp prices in the second quarter of 2006. A total of 1.5 million tons of capacity closed in the first half of the year, more than the total of new capacity coming on stream and the increase in demand. With this situation, and with increasing world demand for pulp and the reduction in consumers' inventories, the outlook continues to be an optimistic one.

(US\$/ ton)

Market Pulp list prices	4Q05	1Q06	2Q06	jul/06
North America	635	655	675	695
Europe	600	620	640	660
Asia	540	560	610	610

The market pulp producers' inventories dropped to 30 days at the end of May, two days lower than at the end of December 2005.

The difference between average prices of uncoated papers (reels, CIF Northern Europe) and eucalyptus pulp in the European market in 2Q06 once again improved, to US\$163/ton, though this is still less than the average of US\$228/ton for the last 10 years.

Our domestic paper sales volume increased by 5% in 2Q06 in comparison with 1Q06, and represented 62% of our total paper sales. The government purchase of paper to produce educational books, that were expected to happen in the 2Q06 was postponed to the 3Q06.

Sales

	1Q06		2Q06		2Q05	
	R\$ mil	Tons mil	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd
Domestic Market	316,023	135.4	330,004	144.5	316,239	134.5
Pulp	14,357	13.3	18,211	16.4	22,818	18.7
Coated P&W Paper	46,399	16.4	51,447	18.7	60,289	20.9
Paperboard	82,202	32.2	77,863	30.0	76,128	28.3
Uncoated P&W Paper	173,065	73.4	182,483	79.4	157,004	66.6
Export Market	267,954	191.2	322,552	222.6	302,904	181.1
Pulp	124,350	108.3	173,927	142.6	133,487	99.2
Coated P&W Paper	6,145	2.9	6,384	2.9	12,903	5.6
Paperboard	27,061	16.9	27,867	16.8	30,253	16.8
Uncoated P&W Paper	110,398	63.1	114,374	60.3	126,261	59.5
Total	583,977	326.6	652,556	367.1	619,143	315.6
Pulp	138,707	121.6	192,138	159.0	156,305	117.9
Coated P&W Paper	52,544	19.3	57,831	21.6	73,192	26.5
Paperboard	109,263	49.1	105,730	46.8	106,381	45.0
Uncoated P&W Paper	283,463	136.5	296,857	139.7	283,265	126.2

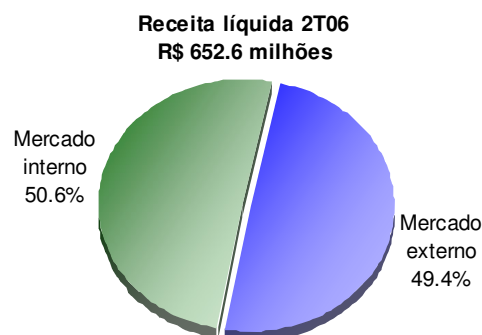


Net sales 5.4% higher, on strong volume growth

We sold 367.1 thousand tons in 2Q06, 16.3% more than in 2Q05, with average prices 9.4% lower – for net sales of R\$ 652.6 million, 5.4% higher than in 2Q05.

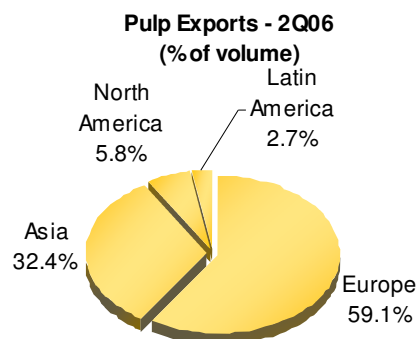
The external market provided 49.4% of net sales in the quarter, vs. 48.9% in 2Q05.

Compared to 1Q06, net sales was 11.7% higher, on volume sold 12.4% higher, more than offsetting average prices 0.6% lower – influenced by the increase in international prices of paper and pulp.

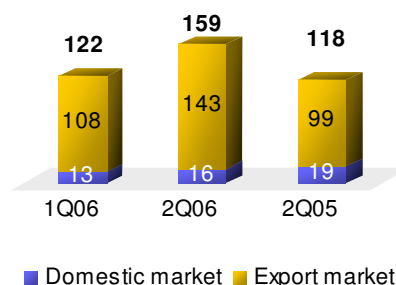


Pulp: Growth in world demand, and lower high cost production, underline the optimistic outlook

In 2Q06 we sold 159.0 thousand tons of pulp, 34.9% more than in 2Q05 – the increase reflects maturity of the project to optimize the pulp plant at Mucuri, starting in 3Q05. Exports were 89.7% of total sales in 2Q06, 43.8% higher than in 2Q05.



Pulp Sales volume (thousand tons)



Our average pulp export price in 2Q06 was US\$558/ton, which compares with US\$523/ton.

Our net sales from pulp in 2Q06 was R\$ 192.1 million, 22.9% more than in 2Q05 – this reflects volume sold 34.9% higher, partially offset by lower average prices in Reais in 2Q06, due mainly to the appreciation of the Real. Pulp net sales was 29.4% of total sales in 2Q06. Compared with 1Q06, pulp net sales was 38.5% higher, and volume sold 6.0% higher.

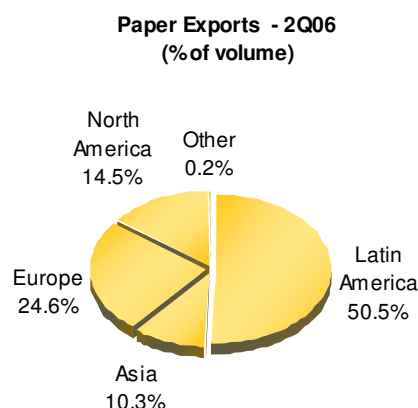
Paper: Domestic sales 16.2% higher in the half-year

In 2Q06 we sold a total of 208.1 thousand tons of paper, 5.2% more than in 2Q05. Once again this reflected the performance of the domestic paper sales volume, which was 10.6% higher year-on-year. In the second half we expect sales of paper to the government for the educational book program. Bracelpa figures report the Brazilian

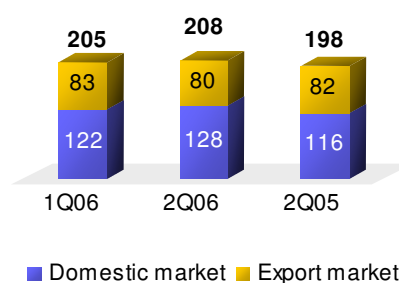


paper market growing 12.9%, in the half-year, with growth of 5.5% in the paperboard segment and 15.3% in the printing and writing papers segment.

Our average price of papers in 2Q06 was R\$ 2,212.96/ton, 5.5% lower than in 2Q05, reflecting the reduction of prices in the domestic market and the appreciation of the Real between the two periods, affecting export prices. The average price of papers recovered 1.2% from 1Q06, mainly on recovery of export dollar-denominated prices.



Paper sales volume (thousand tons)



Net sales from papers in 2Q06 was R\$ 460.4 million, 0.5% lower than in 2Q05. Net sales from papers in the quarter were 70.6% of our total net sales. In comparison with 1Q06, net paper sales were 3.4%, higher, on average prices 1.9% higher and volumes sold 1.5% higher.

Production and costs

Production (thousand tons)

	1Q06	2Q06	2Q05	2005	2004
Production	350.5	366.4	321.4	1,368.7	1,239.0
Market Pulp	146.1	150.1	119.9	544.0	456.3
Coated P&W Paper	18.9	21.5	20.8	85.5	84.2
Paperboard	47.3	50.5	46.3	189.1	186.2
Uncoated P&W Paper	138.2	144.3	134.5	550.1	512.3

In 2Q06 we produced 366.4 thousand tons, a record both in market pulp – with 150.1 thousand tons – and in paper, with output of 216.3 thousand tons. Production in 2Q06 was 14% higher than in 2Q05, reflecting the new rate of output from the Mucuri pulp line following the optimization, improvements in performance of the plant at Suzano and also improvement in the performance of the paper machines.

Market pulp cash production cost R\$ 447/ton in 2Q06 (US\$205/ton), excluding cost of standing wood

Our pulp cash production cost, including the cost of standing wood, was R\$ 480.0/ton, 1.5% more than in 1Q05. Excluding the cost of standing wood – R\$ 32.8 per ton – the cash cost would be R\$ 447.2/ton. Measured in



dollars the cash cost without the cost of standing wood was US\$205/ton in 2Q06, vs. US\$198 in 1Q06 and US\$208 in 2Q05.

Average unit cost of goods sold was 4.5% lower, at R\$ 1,109/ton in comparison with 2Q05. The reduction is explained by the reduction in the average cost of production arising from faster output, improvements in consumption of specific inputs, and the sales mix of products and markets. In relation to 1Q06 there was a reduction of 1.6% in unit cost of sales, principally influenced by the greater share of pulp in the sales mix.

Analysis of results – operations of Suzano Papel e Celulose

Suzano Papel e Celulose (including the effect of the 23.03% holding in Ripasa, as equity income, from April 1, 2005 to April 30, 2006, increasing to 50% from May 1, 2006)⁽¹⁾

(In thousand R\$)

	1Q06	2Q06	2Q05
Net Sales	583,977	652,556	619,142
Cost of Sales	(368,236)	(407,144)	(366,765)
Gross Profit	215,741	245,412	252,377
Selling Expenses	(30,465)	(34,393)	(35,956)
General and Administrative expenses	(48,648)	(52,281)	(45,223)
Financial Expenses	(63,556)	(65,353)	(71,867)
Financial Income	23,591	27,755	30,766
Equity Income in Subsidiaries and Affiliates	817	4,189	7,930
Amortization of Goodwill	-	(12,706)	-
Other Operating Income	3,096	4,900	4,480
Operating Profit before Monetary and Exchange Rate Variation	100,576	117,523	142,507
Net Monetary and Exchange Rate Variation on Assets	102,584	8,118	198,297
Operating Profit	203,160	125,641	340,804
Non Operating Income	4,681	1,279	2,084
Income and Social Contribution Taxes	(55,653)	(23,571)	(84,405)
Net Income for the Period	152,188	103,349	258,483

⁽¹⁾ Reflecting the indirect holding of 23.03% in Ripasa up to April 2006, R\$ 9.1 million was included in 1Q06 and R\$ 5.0 million in 4Q05. The 50% stake in Ripasa was accounted from May 2006 and R\$ 7.0 million was included in 2Q06.

Ebitda 2Q06 vs. 2Q05

(Gross profit less sales, administrative and other expenses, plus depreciation, depletion and amortization of deferred assets)

Our 2Q06 Ebitda was R\$ 219.0 million, 3.8% less than in 2Q05. Ebitda margin (on net sales) was 33.6%, vs. 36.8% in the same period of the previous year, mainly attributable to the appreciation of the real in the period. Leaving out of account non-recurring expenses of R\$ 6.3 million, Ebitda would be R\$ 225.3 million, representing Ebitda margin of 34.5%. Measured in dollars, 2Q06 Ebitda was US\$100.5 million, 9.4% higher than in 2Q05.

The main positive effects on Ebitda in the quarter were:

- (i) Higher volume sold of paper and pulp.



(ii) Reduction of 4.5% in unit cost of sales, to R\$ 1,109/ton.

(iii) Higher paper sales to domestic market

– mitigated by:

(i) Real appreciation affecting export prices. Average prices in Reais, 9.4% lower.

(ii) 15.6% increase in administrative expenses, mainly due to the organizational restructuring. Excluding the non-recurring items in the quarter, administrative expenses would have been R\$ 0.8 million higher, at R\$ 46.0 million.

Ebitda 2Q06 vs. 1Q06

Compared to 1Q06, Ebitda was 12.2% higher, and almost exactly the same percentage higher in US dollars, reflecting the very similar exchange rates in both quarters. Ebitda margin, at 33.6%, was only 0.2 percentage points higher than in 1Q06 (33.4%), reflecting the impact of non-recurring items.

The main positive effects underlying the change in margin and the amount of Ebitda in this quarter were:

(i) Increased sales volume.

(ii) Reduction of unit COGS from R\$ 1,127/ton to R\$ 1,109/ton.

– mitigated by:

(i) Increase in administrative expenses, as explained above.

(ii) Increased commercial expenses, reflecting higher volumes sold.

(iii) Lower domestic market average price.

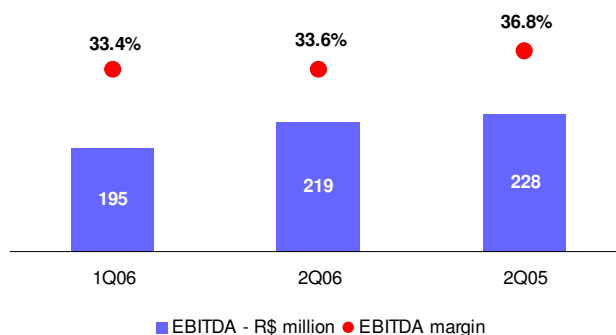
Suzano's Ebitda in 2Q06, taking into account, pro forma, the 50% stake in Ripasa, would be R\$ 272.2 million, or US\$124.6 million, representing Ebitda margin of 33.3%. Annualized, this amount would be US\$498 million. Taking into account the last 12 months, pro-forma Ebitda would be R\$ 1.0 billion or US\$456 million.

Table excludes Ripasa's Debt

(in thousand R\$)

	1Q06	2Q06	2Q05	2005	2004
EBIT	139,724	163,638	175,678	635,300	838,513
Depreciation / Depletion / Amortization	55,409	55,388	51,909	213,640	200,430
EBITDA	195,133	219,026	227,587	848,940	1,038,943
Gross Profit / Net Sales	36.9%	37.6%	40.8%	37.5%	45.1%
EBITDA / Net Sales	33.4%	33.6%	36.6%	33.2%	39.4%
Net Debt / EBITDA (LTM)	3.00	3.40	2.20	2.75	1.56





Net income 2Q06 vs. 2Q05

As well as the operational factors affecting Ebitda, others affected net income – which, at R\$ 103.3 million in 2Q06, was lower than the 2Q05 profit of R\$ 258.5 million – as follows:

- (i) Reduction of the positive effect of exchange rate variation, reflecting stability in the exchange rate in 2Q06, resulting in financial income of R\$ 8.1 million in 2Q06, vs. financial income of R\$ 198.3 million in 2Q05.
- (ii) Lower income tax expenses, at R\$ 23.6 million in 2Q06, vs. R\$ 84.4 million in 2Q05.
- (iii) Lower net financial expenses, at R\$ 37.6 million in 2Q06, vs. R\$ 41.1 million in 2Q05.

Net income 2Q06 vs. 1Q06

Compared to 1Q06, the reduction in net income is mainly due to the stability in the exchange rate in the 2Q06 versus an appreciation of the Real in 1Q06.

The main factors affecting net income were:

- (i) The Real being stable in 2Q06, producing only a small net FX variation, creating revenue of R\$ 8.1 million, vs. revenue of R\$ 102.6 million in 1Q06.
- (ii) Provision of R\$ 23.6 million for income tax and Social Contribution in 2Q06 vs. provision of R\$ 55.7 million in 1Q06.

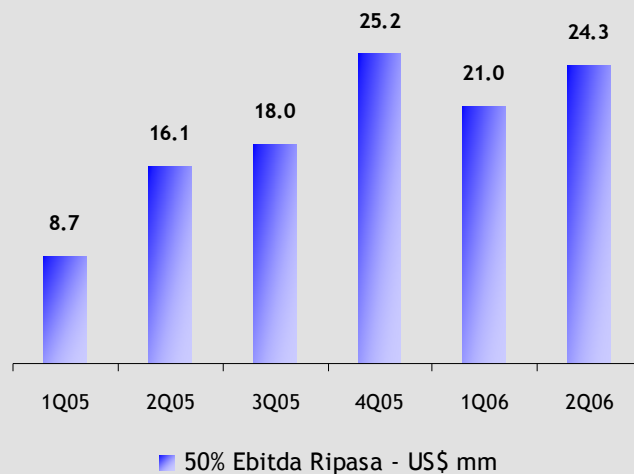
Analysis of results – pro-forma consolidation of Suzano Papel e Celulose with 50% of Ripasa

Taking into account the stake in Ripasa, consolidated net sales of Suzano Papel e Celulose in 2Q06 were R\$ 816.7 million, resulting in gross profit of R\$ 296.5 million (gross margin 36.3%) and net income of R\$ 152.2 million.

Consolidated pro-forma Ebitda of Suzano Papel e Celulose was R\$ 272.24 million, or US\$124.6 million, resulting in Ebitda margin on net sales of 33.3%. Ripasa operation contributed with US\$ 24.3 million of ebitda, 50.9% higher than 2Q05. The increase in the ebitda is due to operational improvements and also the beginning of production of the pulp dryer machine at Ripasa, that increase the market pulp production.



Below there is a graph showing the evolution of the US\$ ebitda contribution of Ripasa.



Amortization of goodwill

The Ripasa transaction, after conclusion of the whole process of restructuring, generated a premium of R\$ 839,5 million. This included the premium of the complementary amount paid to minority shareholders of Ripasa on the 4th of July, 2006. The company is amortizing this premium, based on future profitability, over a period of 10 years. This will be maintained until the reorganization of Ripasa is concluded, and after these periods will be reviewed.

Operational capex R\$ 475.4 million in 2Q06

We disbursed capital expenditure of R\$ 475.4 million in 2Q06 on the operations of Suzano Papel e Celulose (excluding investments in Ripasa), as follows: (i) R\$ 410.2 million on the Mucuri Project; (ii) R\$ 49.6 million in current forestry and industrial investments; (iii) R\$ 15.1 million on Capim Branco; and (iv) R\$ 3.7 million on other projects, including expansion of the forest base in São Paulo.

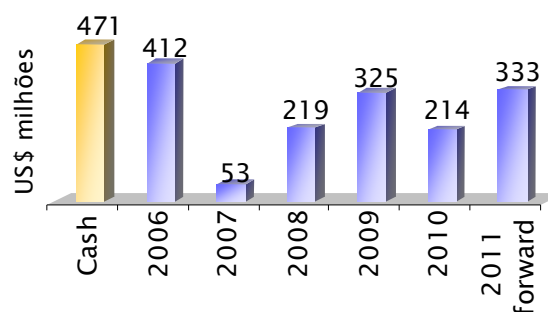
Considering 50% of Ripasa's Ebitda, the ratio Net debt/ annualized ebitda reaches 2.8 times

Consolidated net debt on June 30, 2006 excluding the indebtedness of Ripasa, was R\$ 2,798.8 billion. Net debt/Ebitda for the operations of Suzano Papel e Celulose was 3.4x.

On the basis of the pro-forma Ebitda with 50% of Ripasa and the consolidated net debt of Suzano, which already includes 50% of the debt of Ripasa, net debt/ annualized Ebitda would be 2.8x.



Debt schedule of amortization



Corporate Information

Suzano Papel e Celulose is one of the largest integrated producers of paper and eucalyptus pulp in Latin America, with pulp production capacity of 1.1 million tons/year and paper production capacity of 820 thousand tons/year. It offers a broad range of pulp and paper products to the Brazilian and international markets, and has leadership positions in key segments of the Brazilian markets. It has four principal product lines: (i) eucalyptus pulp; (ii) uncoated woodfree printing and writing paper; (iii) coated woodfree printing and writing paper; and (iv) paperboard. Suzano Papel e Celulose has 50% of the controlling interest in **Ripasa S.A Celulose e Papel** ("Ripasa"), which produces pulp, printing and writing paper, specialty papers, paperboard and cardboards. Ripasa reported net sales of R\$ 1.4 billion in 2004 from sales of 612,000 tons of products. It has four industrial units in São Paulo State and forest areas totaling 86,400 hectares.

Forward-looking statements

Certain statements in this document may constitute forward-looking statements – projections or statements about future expectations. Such statements are subject to known and unknown risks and uncertainties, which could cause such expectations not to materialize or actual results to differ materially from those set forth in the forward-looking statements. These risks include: changes in future demand for the Company's products, changes in the factors which affect domestic and international prices of the products, changes in the cost structure, changes in seasonal market patterns, changes in prices charged by competitors, exchange rate variations, or changes in the Brazilian political or economic scenario, or in emerging and international markets in general.

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--- *Eight pages of tables follow.* ---



Attachments

Data on volume, average price in Reais and US\$, and Ebitda and the pro forma financial results have not been revised by our independent auditors.

Consolidated Balance Sheets without Ripasa

(in thousand R\$)

	30/06/2006	31/12/2005		30/06/2006	31/12/2005
Current Assets			Current Liabilities		
Cash and Cash Equivalent	1,018,725	1,041,609	Trade Accounts Payable	127,234	137,480
Trade Accounts Receivable	568,224	631,007	Loans And Financing	891,780	943,515
Other Accounts Receivable	30,648	17,522	Debentures	10,979	27,793
Inventories	453,902	424,241	Accrued Salaries and Payroll Taxes	46,623	49,145
Recoverable Taxes	49,222	89,153	Taxes Payable Other than on Income	11,599	15,884
Deferred Income And Social Contribution Taxes	68,294	56,901	Income and Social Contribution Taxes	575	631
Prepaid Expenses	8,013	4,558	Dividends Payable	416	119,265
	<u>2,197,028</u>	<u>2,264,991</u>	Other Accounts Payable	76,966	65,648
			Related Parties	543	504
				<u>1,166,715</u>	<u>1,359,865</u>
Non Current Assets			Non Current Liabilities		
Marketable securities	22,711	-	Loans and Financing	2,476,712	1,940,752
Related Parties	40	19	Debentures	460,749	464,421
Recoverable Taxes	13,469	17,376	Accounts Payable	5,357	11,580
Deferred Income And Social Contribution Taxes	105,699	113,797	Deferred Income and Social Contribution Taxes	16,023	15,064
Advances To Suppliers	131,260	116,367	Provision For Contingencies	183,810	171,380
Judicialdeposits	32,751	30,748		<u>3,142,651</u>	<u>2,603,197</u>
Other Accounts Receivable	23,720	21,973			
	<u>329,650</u>	<u>300,280</u>	Shareholder's Equity		
Permanent Assets			Share Capital	2,053,620	1,479,990
Investments	1,298,213	755,426	Capital Reserves	378,832	378,832
Property, Plant And Equipment	4,422,151	3,750,757	Profit Reserves	1,265,755	1,265,755
Deferred Charges	988	1,105	Treasury Shares	(15,080)	(15,080)
	<u>5,721,352</u>	<u>4,507,288</u>	Accumulated Profit	255,537	-
				<u>3,938,664</u>	<u>3,109,497</u>
Total Assets	<u>8,248,030</u>	<u>7,072,559</u>	Total Liabilities	<u>8,248,030</u>	<u>7,072,559</u>



Income Statements without Ripasa

(in thousand R\$)

	1Q06	2Q06	2Q05	2Q06x1Q06	2Q06x2Q05
NET SALES	583,977	652,556	619,142	11.7%	5.4%
COST OF SALES	(368,236)	(407,144)	(366,765)	10.6%	11.0%
GROSS PROFIT	215,741	245,412	252,377	13.8%	-2.8%
SELLING EXPENSES	(30,465)	(34,393)	(35,956)	12.9%	-4.3%
GENERAL AND ADMINISTRATIVE EXPENSES	(48,648)	(52,281)	(45,223)	7.5%	15.6%
FINANCIAL EXPENSES	(63,556)	(65,353)	(71,867)	2.8%	-9.1%
FINANCIAL INCOME	23,591	27,755	30,766	17.7%	-9.8%
EQUITY INCOME IN SUBSIDIARIES AND AFFILIATES	817	4,189	7,930	412.7%	-47.2%
AMORTIZATION OF GOODWILL	-	(12,706)	-	0.0%	-
OTHER OPERATING INCOME	3,096	4,900	4,480	58.3%	9.4%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	100,576	117,523	142,507	16.8%	-17.5%
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	102,584	8,118	198,297	-92.1%	-95.9%
OPERATING PROFIT	203,160	125,641	340,804	-38.2%	-63.1%
NONOPERATING INCOME	4,681	1,279	2,084	-72.7%	-38.6%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	207,841	126,920	342,888	-38.9%	-63.0%
INCOME AND SOCIAL CONTRIBUTION TAXES	(55,653)	(23,571)	(84,405)	-57.6%	-72.1%
NET INCOME FOR THE PERIOD	152,188	103,349	258,483	-32.1%	-60.0%



Statement of Cash Flow without Ripasa

(in thousand of R\$)

	Jun/2006	Jun/2005
Cash flows from operating activities		
Net income for the year	255,537	349,466
Adjustments to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	110,796	105,921
Result on sale of property, plant and equipment	(5,796)	(11,689)
Equity interest in subsidiaries and affiliates	(5,006)	(7,776)
Amortization of goodwill	12,706	-
Deferred income and social contribution taxes	(2,336)	58,845
Interest, exchange and monetary variation of noncurrent assets and liabilities	(126,482)	(245,978)
Increase in provisions	12,430	10,262
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	62,783	46,854
(Reduction) Increase in other current and non-current assets	(21,068)	(76,515)
Increase (reduction) in other current liabilities	(20,015)	(21,993)
Net cash from operating activities	273,549	207,397
Cash flows from investing activities		
Non current marketable securities	(22,711)	-
Acquisition of investments	(550,603)	(742,124)
Acquisition of property, plant and equipment and Increase of deferred charges	(805,408)	(170,634)
Transfer from non current to current assets	29,131	19,051
Receipt from sale of property, plant and equipment	-	-
Net cash used in investing activities	(1,349,591)	(893,707)
Cash flows from financing activities		
Capital increase	573,630	-
Dividends paid	(118,849)	(81,496)
Loans received	1,030,354	1,209,266
Loans paid to controlling shareholders	(394,750)	(445,604)
Payment of loans		
Net cash from financing activities	1,090,385	682,166
Effects of exchange rate variation on cash and cash equivalents	(37,227)	(19,034)
Increase (decrease) in cash and cash equivalents	(22,884)	(23,178)
Beginning of year	1,041,609	1,086,220
End of year	1,018,725	1,063,042



Statement of pro-forma calculation, considering 50% stake in Ripasa. Excluding performance revenues

(in thousand of R\$)

1Q06	Suzano	Suzano without Ripasa intercompany	Ripasa 100%	Ripasa 50%	Suzano + Ripasa 50%
Net Sales	583,977	581,630	323,454	161,727	743,357
COGS	368,236	365,889	239,525	119,763	485,652
Gross profit	215,741	215,741	83,929	41,965	257,706
Selling Expenses	30,465	30,465	28,122	14,061	44,526
General and administrative expenses	48,648	48,648	18,135	9,068	57,716
Other operating income	(3,096)	(3,096)	29	15	(3,082)
Ebit	139,724	139,724	37,643	18,822	158,546
Depreciation	55,408	55,408	54,669	27,335	82,743
Ebitda	195,132	195,132	92,312	46,156	241,288
Ebitda Margin	33.4%	33.5%	28.5%	28.5%	32.5%

2Q06	Suzano	Suzano without Ripasa intercompany	Ripasa 100%	Ripasa 50%	Suzano + Ripasa 50%
Net Sales	652,556	650,728	331,982	165,991	816,719
COGS	407,144	405,316	229,852	114,926	520,242
Gross profit	245,412	245,412	102,130	51,065	296,477
Selling Expenses	34,393	34,393	32,742	16,371	50,764
General and administrative expenses	52,281	52,281	17,652	8,826	61,107
Other operating income	(4,900)	(4,900)	(2,051)	(1,026)	(5,926)
Ebit	163,638	163,638	53,787	26,894	190,532
Depreciation	55,388	55,388	52,524	26,262	81,650
Ebitda	219,026	219,026	106,311	53,156	272,182
Ebitda Margin	33.6%	33.7%	32.0%	32.0%	33.3%

1H06	Suzano	Suzano without Ripasa intercompany	Ripasa 100%	Ripasa 50%	Suzano + Ripasa 50%
Net Sales	1,236,533	1,232,358	655,436	327,718	1,560,076
COGS	775,380	771,205	469,377	234,689	1,005,894
Gross profit	461,153	461,153	186,059	93,030	554,183
Selling Expenses	64,858	64,858	60,864	30,432	95,290
General and administrative expenses	100,929	100,929	35,787	17,894	118,823
Other operating income	(7,996)	(7,996)	(2,022)	(1,011)	(9,007)
Ebit	303,362	303,362	91,430	45,715	349,077
Depreciation	110,796	110,796	107,193	53,597	164,393
Ebitda	414,158	414,158	198,623	99,312	513,470
Ebitda Margin	33.5%	33.6%	30.3%	30.3%	32.9%

2Q05	Suzano	Suzano without Ripasa intercompany	Ripasa 100%	Ripasa 50%	Suzano + Ripasa 50%
Net Sales	619,142	616,654	323,040	161,520	778,174
COGS	366,765	364,277	238,605	119,303	483,580
Gross profit	252,377	252,377	84,435	42,218	294,595
Selling Expenses	35,956	35,956	33,043	16,522	52,478
General and administrative expenses	45,223	45,223	19,639	9,820	55,043
Other operating income	(4,480)	(4,480)	4,646	2,323	(2,157)
Ebit	175,678	175,678	27,107	13,554	189,232
Depreciation	51,909	51,909	52,620	26,310	78,219
Ebitda	227,587	227,587	79,727	39,864	267,451
Ebitda Margin	36.8%	36.9%	24.7%	24.7%	34.4%

1H05	Suzano	Suzano without Ripasa intercompany	Ripasa 100%	Ripasa 50%	Suzano + Ripasa 50%
Net Sales	1,199,463	1,199,463	648,635	324,318	1,523,781
COGS	711,747	711,747	476,128	238,064	949,811
Gross profit	487,716	487,716	172,507	86,254	573,970
Selling Expenses	67,865	67,865	69,397	34,699	102,564
General and administrative expenses	95,355	95,355	48,081	24,041	119,396
Other operating income	(8,736)	(8,736)	35,767	17,884	9,148
Ebit	333,232	333,232	19,262	9,631	342,863
Depreciation	105,921	105,921	106,974	53,487	159,408
Ebitda	439,153	439,153	126,236	63,118	502,271
Ebitda Margin	36.6%	36.6%	19.5%	19.5%	33.0%



Loans and Financing without Ripasa

(in thousand R\$)

	Indexador	anual de juros	30/06/2006	31/03/2006
<u>For acquisition of equipment</u>				
BNDES - Finem	TJLP (1) (2)	9.05%	927,200	759,261
BNDES - Finem	basket of currencies (2)	9.32%	178,821	147,945
BNDES - Finame	TJLP (1) (2)	9.99%	30,491	33,889
BNDES - Automático	TJLP (1) (2)	8.26%	1,578	2,134
FNE - BNB	prefixed rate	11.90%	52,381	52,397
Finep	TJLP	6.00%	7,823	7,291
BNDES - Crédito Rural	TJLP	11.12%	88,323	4,159
<u>Working capital</u>				
Exporting financing	US\$	5.52%	1,949,695	1,901,456
FMO	US\$	8.66%	18,230	17,579
Importation financing	US\$	4.46%	49,021	53,026
Others	US\$	6.65%	64,929	-
			<u>3,368,492</u>	<u>2,979,137</u>
Current liabilities			891,780	868,495
Noncurrent liabilities			<u>2,476,712</u>	<u>2,110,642</u>
<u>Long-term loans and financing mature as</u>				
2007			115,745	253,888
2008			473,540	450,788
2009			703,896	597,254
2010			463,551	367,732
2011 and forward			719,980	440,980
			<u>2,476,712</u>	<u>2,110,642</u>

- (1) Capitalization of amounts by which TJLP (Long-term interest rates, published by the Brazilian Central Bank) exceeds 6%;
- (2) Financing guaranteed by mortgages on plant, rural real estate and forests, and chattel mortgages on the goods financed.

Issue	Series	Units	Index	Interest	Due date	Jun/2006		Total	Mar/2006
						Current	Non current		Total
3 ^a	1 ^a	333,000	IGP-M	10% *	01/04/2014	7,946	336,483	344,429	365,921
3 ^a	2 ^a	167,000	USD	10.38%	01/04/2014	3,033	124,266	127,299	131,016
						<u>10,979</u>	<u>460,749</u>	<u>471,728</u>	<u>496,937</u>

* The contractual interest rate was 8% p.a. The effective interest rate was adjusted considering premium and discount on the issue price.



Consolidated Balance Sheets with Ripasa

(in thousand R\$)

	30/06/2006	31/12/2005		30/06/2006	31/12/2005
Current Assets			Current Liabilities		
Cash and Cash Equivalent	1,120,546	1,081,878	Trade Accounts Payable	162,063	158,593
Trade Accounts Receivable	698,734	695,218	Loans And Financing	975,039	982,020
Other Accounts Receivable	35,713	18,923	Debentures	10,979	27,793
Inventories	539,928	463,068	Accrued Salaries and Payroll Taxes	57,664	53,693
	-	-	Taxes Payable Other than on Income	15,731	18,894
Recoverable Taxes	63,783	95,464	Income and Social Contribution Taxes	6,625	2,509
Deferred Income And Social Contribution Taxes	72,626	58,257	Deferred taxes payable ans contributions	6,171	1,382
Prepaid Expenses	8,013	4,558	Dividends Payable	460	119,265
	<u>2,539,343</u>	<u>2,417,366</u>	Other Accounts Payable	95,452	73,276
			Related Parties	543	504
				<u>1,330,727</u>	<u>1,437,929</u>
Non Current Assets			Non Current Liabilities		
Marketable securities	22,711	-	Loans and Financing	2,748,818	2,082,559
Related Parties	40	19	Debentures	460,749	464,421
Recoverable Taxes	25,554	22,538	Accounts Payable	10,641	11,580
Deferred Income And Social Contribution Taxes	136,225	140,505	Deferred Income and Social Contribution Taxes	34,008	23,277
Advances To Suppliers	131,260	116,367	Provision For Contingencies	268,478	210,432
Judicialdeposits	62,080	42,471		<u>3,522,694</u>	<u>2,792,269</u>
Other Accounts Receivable	34,147	26,389			
	<u>412,017</u>	<u>348,289</u>	Shareholder's Equity		
Permanent Assets			Share Capital	2,053,620	1,479,990
Investments	714,566	484,978	Capital Reserves	378,832	378,832
Property, Plant And Equipment	5,120,554	4,085,334	Profit Reserves	1,265,755	1,265,755
Deferred Charges	5,605	3,728	Treasury Shares	(15,080)	(15,080)
	<u>5,840,725</u>	<u>4,574,040</u>	Accumulated Profit	255,537	-
				<u>3,938,664</u>	<u>3,109,497</u>
Total Assets	<u>8,792,085</u>	<u>7,339,695</u>	Total Liabilities	<u>8,792,085</u>	<u>7,339,695</u>



Income Statements with Ripasa

(in thousand R\$)

	1Q06	2Q06	2Q05	2Q06x1Q06	2Q06x2Q05
NET SALES	656,123	788,099	693,538	20.1%	13.6%
COST OF SALES	(421,052)	(500,347)	(421,716)	18.8%	18.6%
GROSS PROFIT	235,071	287,752	271,822	22.4%	5.9%
SELLING EXPENSES	(36,941)	(48,262)	(43,494)	30.6%	11.0%
GENERAL AND ADMINISTRATIVE EXPENSES	(52,824)	(59,629)	(50,394)	12.9%	18.3%
FINANCIAL EXPENSES	(67,970)	(74,793)	(75,573)	10.0%	-1.0%
FINANCIAL INCOME	25,839	31,968	32,974	23.7%	-3.1%
EQUITY INCOME IN SUBSIDIARIES AND AFFILIATES	(23)	(106)	(87)	360.9%	21.8%
AMORTIZATION OF GOODWILL	(12,561)	(16,893)	-	34.5%	-
OTHER OPERATING INCOME	3,089	6,052	3,986	95.9%	51.8%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	93,680	126,089	139,234	34.6%	-9.4%
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	110,467	4,428	207,204	-96.0%	-97.9%
OPERATING PROFIT	204,147	130,517	346,438	-36.1%	-62.3%
NONOPERATING INCOME	4,928	187	1,985	-96.2%	-90.6%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	209,075	130,704	348,423	-37.5%	-62.5%
INCOME AND SOCIAL CONTRIBUTION TAXES	(56,887)	(27,355)	(89,940)	-51.9%	-69.6%
NET INCOME FOR THE PERIOD	152,188	103,349	258,483	-32.1%	-60.0%



Statement of Cash Flow with Ripasa

(in thousand of R\$)

	Jun/2006	Jun/2005
Cash flows from operating activities		
Net income for the year	255,537	349,466
Adjustements to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	145,061	118,039
Result on sale of property, plant and equipment	(4,613)	(11,642)
Equity interest in subsidiaries and affiliates	129	241
Amortization of goodwill	29,454	-
Deferred income and social contribution taxes	4,109	61,289
Interest, exchange and monetary variation of noncurrent assets and liabilities	(122,977)	(254,889)
Increase in provisions	53,185	11,765
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	(4,180)	(450)
(Reduction) Increase in other current and non-current assets	(104,216)	(168,096)
Increase (reduction) in other current liabilities	26,734	65,928
Net cash from operating activities	278,223	171,651
Cash flows from investing activities		
Non current marketable securities	(22,711)	-
Acquisition of investments	(260,515)	(502,772)
Acquisition of property, plant and equipment and Increase of deferred charges	(1,215,040)	(504,939)
Transfer from non current to current assets	8,535	-
Receipt from sale of property, plant and equipment	29,131	19,051
Net cash used in investing activities	(1,460,600)	(988,660)
Cash flows from financing activities		
Capital increase	573,630	-
Dividends paid	(122,526)	(82,105)
Loans received	1,231,187	1,375,764
Loans paid to controlling shareholders	(424,019)	(458,817)
Payment of loans		
Net cash from financing activities	1,258,272	834,842
Effects of exchange rate variation on cash and cash equivalents	(37,227)	(19,034)
Increase (decrease) in cash and cash equivalents	38,668	(1,201)
Beginning of year	1,081,878	1,086,220
End of year	1,120,546	1,085,019



Loans and Financing with Ripasa

(in thousand R\$)

	Index	Interest	30/06/2006	31/03/2006
<u>For acquisition of equipment</u>				
BNDES - Finem	TJLP (1) (2)	9.05%	927,200	759,261
BNDES - Finem	basket of currencies (2)	9.32%	178,821	147,945
BNDES - Finame	TJLP (1) (2)	9.99%	30,729	34,029
BNDES - Automático	TJLP (1) (2)	8.26%	89,391	45,455
FNE - BNB	prefixed rate (2)	11.90%	52,381	52,397
Finep	TJLP	6.00%	7,823	7,291
BNDES - Crédito Rural	TJLP	11.12%	93,323	6,462
<u>Working capital</u>				
Exporting financing	US\$	5.52%	2,180,459	2,013,675
FMO	US\$	8.66%	18,230	17,579
Importation financing	US\$	4.46%	80,571	68,601
Others	US\$	6.65%	64,929	-
			<u>3,723,857</u>	<u>3,152,695</u>
Current liabilities			975,039	904,645
Noncurrent liabilities			<u>2,748,818</u>	<u>2,248,050</u>
Long-term loans and financing mature as				
2007			139,506	276,683
2008			579,863	499,830
2009			785,409	634,851
2010			503,816	386,347
2011 and forward			<u>740,224</u>	<u>450,339</u>
			<u>2,748,818</u>	<u>2,248,050</u>

- (1) Capitalization of amounts by which TJLP (Long-term interest rates, published by the Brazilian Central Bank) exceeds 6%;
- (2) Financing guaranteed by mortgages on plant, rural real estate and forests, and chattel mortgages on the goods financed.

