



Companhia Suzano de Papel e Celulose

**Interim financial information
Three-month period ended
March 31, 2003 (Unaudited)**

(A translation of the original interim financial information in Portuguese, prepared in accordance with accounting practices adopted in Brazil and rules of the Brazilian Securities and Exchange Commission (CVM))

Companhia Suzano de Papel e Celulose

Interim financial information

Three-month period ended March 31, 2003 (Unaudited)

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KPMG Auditores Independentes

Mail address

Caixa Postal 2467

01060-970 São Paulo SP

Brazil

Office address

R. Dr. Renato Paes de Barros, 33

04530-904 São Paulo SP

Brazil

Central tel 55 (11) 3067-3000

Fax National 55 (11) 3067-3752

International 55 (11) 3079-2916

www.kpmg.com.br

Management report

During the first quarter of 2003 there was a significant improvement in the Company's indicators and operating results. The income from activity (EBIT) and cash flow generation (measured by the EBITDA) significantly increased when compared to the first quarter of 2002. The good operating performance together with the positive impact of the appreciation of the Real to the Dollar on net indebtedness, and on the equity method results of Bahia Sul, determined net earnings of R\$154.6 million, up 480.6% compared to those recorded for the same period of 2002.

Net sales during the first quarter of 2003 was R\$ 353.2 million, with an increase of 45.6% over the same period of 2002. The average unit prices in reais increased 48.6%. This improvement was helped by the effect of the exchange rate variation on exports and by the increase in prices in the international market followed by a recovery in domestic market prices. Sales volume was 2.0% lower, totaling 130.4 thousand tons.

The average unit price of the products sold increased 20.7% compared to the first quarter of 2002.

Gross profit recorded was R\$ 176.4 million, up 89.4% in comparison with the same period of 2002. Gross margin was 49.9%, against 38.4% recorded in 2002.

Selling expenses increased R\$ 14.6 million during the first quarter of 2003, up 67.4% in comparison with the same period of 2002; this was due to the effects of exchange variations on dollar expenses with exports, and the increase in the provision for doubtful debts.

Administrative expenses rose R\$ 10.6 million in 2003, an increase of 39.4% compared to the same period of 2002; this was the result of increased labor costs (collective wage agreement), advisory and consulting expenses and adjustment of provisions.

The income from activity (EBIT) was R\$ 103.7 million, up 119.1% compared to the amount verified in 2002; this was due to price increases and operating improvements. Cash flow generation measured by the EBITDA was R\$ 123.6 million, with an increase of 89.2% in comparison with the same period of 2002. The EBITDA / Net Sales margin was 35.0% against 26.5% verified in the first quarter of 2002.

Interest expenses (part of the financial expenses) were R\$ 62.9 million in the first quarter against R\$ 15.8 million recorded for the same period of 2002. The increase in interest expenses originates from swap operations, which are compensated by gains from exchange variations, in addition to interest expenses over a higher value in Reais of the dollar-denominated debt.

Total equity result was R\$ 96.0 million reflecting, mainly, the result of subsidiary Bahia Sul Celulose S/A and of Suzanopar Investimentos Ltd.

The net profit for the first quarter of 2003 totaled R\$ 154.6 million.

Net indebtedness of the company on March 31, 2003, considering cash available in Suzanopar Investimentos Ltd, was R\$ 1.130.3 million and the Net Debt/EBITDA ratio (annualized) was 2.28 against 3.06 on March 31, 2002.

Bahia Sul

The net sales in the first quarter of 2003 was R\$ 266.8 million against a cost of goods sold of R\$ 108.2 million, generating profits and gross margin of R\$ 158.7 million and 59.5%, respectively.

The improvement in gross margin results from the increase of 59.5% in the average unit prices in Reais, and a smaller increase of 15.0% in unit costs between the two periods, although there was a decrease of 3.6% in the sales volume.

A volume of 140,7 thousand tons of products was sold in the first quarter of 2003 (91.2 thousand tons of pulp and 49.5 thousand tons of paper). Inventories at the end of March, 2003 were equivalent to a 38-day production volume.

Administrative expenses increased about R\$ 9.0 million in absolute terms, mainly due to adjustment of provisions.

The income from activity (EBIT) accumulated up to March, 2003 were R\$ 135.8 million compared to R\$ 59.9 million for the same period of 2002, representing an increase of 126.7% .

Cash flow generation measured by the EBITDA, accumulated up to March, 2003 was R\$ 159.9 million, equivalent to a growth of 94.6% when compared to the same period of 2002 and corresponding to an EBITDA margin of 59.9%.

Net monetary and exchange variations contributed to the result with an amount of R\$ 46.1 million recorded for the quarter, mainly due to the appreciation of the Real to the Dollar during the period. Approximately 73% of cash available at the end of the quarter were invested in local currency and the remaining value was invested in dollars on deposit certificates abroad.

The net profit for the first quarter of 2003 totaled R\$ 104.3 million, up R\$ 80.2 million compared to the profit recorded for the same period of 2002.

There was a decrease in the annualized Net Debt/EBITDA ratio in the period; this went from a multiplier of 2.53 at the end of the fourth quarter of 2002 to a multiplier of 1.65 at the end of March, 2003. Net indebtedness on March 31, 2003 was R\$ 1,080.1 million (US\$ 322.1 million) compared to R\$ 1,242.7 million (US\$ 351.7 million) on December 31, 2002. If we consider the subsequent event occurred on April 30, 2003 relating to the return of the value previously invested in Portugal in the amount of €136 million, the annualized Net Debt/EBITDA ratio drops to 0.87.



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01060-970 São Paulo - SP

Brazil

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04530-904 São Paulo - SP

Brazil

Central tel 55 (11) 3067-3000

Fax National 55 (11) 3067-3752

International 55 (11) 3079-2916

www.kpmg.com.br

Independent auditors' review report

The Board of Directors and Shareholders
Companhia Suzano de Papel e Celulose
São Paulo - SP

We have reviewed the interim financial information of Companhia Suzano de Papel e Celulose and the consolidated interim financial information for the Company and its subsidiaries for the three-month period ended March 31, 2003, which comprise the balance sheet, the statement of income, management report and other relevant information, prepared in conformity with accounting practices adopted in Brazil.

Our review was performed in accordance with review standards established by IBRACON - The Brazilian Institute of Independent Auditors and the Federal Council of Accounting, which comprised mainly: (a) inquiry and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the principal criteria adopted in the preparation of the interim financial information; and (b) review of post-balance sheet information and events which may have a material effect on the financial position and operations of the Company and its subsidiaries.

Based on our limited review, we are not aware of any material changes which should be made to the interim financial information described above for it to be in conformity with accounting practices adopted in Brazil and the regulations issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of interim financial information.

April 30, 2003

KPMG Auditores Independentes
CRC 2SP014428/O-6

José Luiz Ribeiro de Carvalho
Accountant CRC 1SP141128/O-2

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Balance sheets

(Unaudited)

(In thousands of Brazilian Reais - R\$)

Assets	March 31, 2003	December 31, 2002
Current assets	<u>710,860</u>	<u>669,795</u>
Cash and cash equivalents	7,445	10,107
Interest earning bank deposits	218,736	204,084
Trade accounts receivable	207,533	208,594
Inventories	177,960	142,742
Dividends receivable	40,953	41,537
Other accounts receivable	10,347	15,810
Recoverable taxes	19,601	18,125
Deferred income and social contribution taxes	23,889	22,070
Prepaid expenses	4,396	6,726
Noncurrent assets	<u>138,470</u>	<u>135,280</u>
Recoverable taxes	9,898	9,302
Deferred income and social contribution taxes	94,253	93,385
Judicial deposits	8,381	8,380
Other receivables	2,274	1,694
Related parties	23,664	22,519
Permanent assets	<u>3,020,316</u>	<u>3,541,627</u>
Investments	2,215,767	2,781,539
Property, plant and equipment	793,026	751,009
Deferred charges	11,523	9,079
Total assets	<u><u>3,869,646</u></u>	<u><u>4,346,702</u></u>

See the accountants' review report and accompanying notes to the interim financial information.

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Balance sheets

(Unaudited)

(In thousands of Brazilian Reais - R\$)

	March 31, 2003	December 31, 2002
Liabilities and shareholders' equity		
Current liabilities	<u>909,044</u>	<u>1,486,199</u>
Loans and financing	675,123	639,973
Trade accounts payable	69,026	60,504
Taxes payable other than on income	14,369	7,628
Income and social contribution taxes	36,726	-
Dividends payable	67,415	67,415
Related parties	3,607	657,116
Accrued salaries and payroll taxes	22,604	29,503
Other accounts payable	20,174	24,060
Noncurrent liabilities	<u>981,241</u>	<u>1,035,753</u>
Loans and financing	872,708	946,821
Provision for contingencies	74,532	47,294
Related parties	3,667	10,338
Deferred income and social contribution taxes	30,334	31,300
Shareholders' equity	<u>1,979,361</u>	<u>1,824,750</u>
Share capital	1,137,737	1,137,737
Capital reserves	26,741	26,741
Revaluation reserves	39,842	41,719
Profit reserves	618,553	618,553
Accumulated profit	<u>156,488</u>	<u>-</u>
Total liabilities and shareholders' equity	<u><u>3,869,646</u></u>	<u><u>4,346,702</u></u>

See the accountants' review report and accompanying notes to the interim financial information.

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Statements of income

(Unaudited)

(In thousands of Brazilian Reais - R\$, except profit per share)

	Three-month period ended March 31,	
	2003	2002
Net sales	353,230	242,561
Cost of goods sold	<u>(176,858)</u>	<u>(149,437)</u>
Gross profit	176,372	93,124
Selling expenses	(36,382)	(21,733)
General and administrative expenses	(37,457)	(26,825)
Financial income	8,140	13,064
Financial expenses	(11,940)	(29,500)
Other operating income	1,189	1,398
Other operating expenses	(10,422)	(6,624)
Equity interest in subsidiaries and affiliates	<u>96,032</u>	<u>26,758</u>
Operating profit	185,532	49,662
Nonoperating income (expenses)	<u>2,151</u>	<u>(23,989)</u>
Profit before income and social contribution taxes	187,683	25,673
Social contribution tax and income taxes	<u>(33,072)</u>	<u>957</u>
Net profit for the period	<u>154,611</u>	<u>26,630</u>
Number of shares (thousands)	<u>258,517</u>	<u>221,194</u>
Net profit per share	<u>0.59807</u>	<u>0.12039</u>

See the accountants' review report and accompanying notes to the interim financial information.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

Three-month periods ended March 31, 2003 (Unaudited)

(In thousands of Brazilian Reais - R\$)

1 Operations

The main business of the Company and its subsidiaries is the production and sale, locally and abroad, of eucalyptus short fiber pulp and paper as well as the development and maintenance of eucalyptus forests for own use and for sale.

2 Presentation of the interim financial information

The interim financial information were prepared in accordance with the accounting practices derived from Brazilian Corporation Law and the rules from Brazilian Securities Exchange Commission (CVM), which are consistent with those applied in the preparation of the financial statements for the year-ended December 31, 2002.

Description of significant accounting policies

- a. **Income statement:** Income and expenses are recognized on the accrual basis. Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognized if there are significant uncertainties on its realization;
- b. **Foreign currency:** Monetary assets and liabilities in foreign currencies are translated into Reais at the exchange rate in effect at the balance sheet date. Resulting exchange gains or losses are recognized in the statements of income. For the foreign subsidiaries and affiliates, their assets and liabilities were translated into reais at the foreign exchange rate ruling at the balance sheet date;
- c. **Derivative financial instruments:** Derivative financial instruments, such as swaps and future contracts, are recorded initially at cost and subsequently revalued according to the contractual terms, to reflect amounts accrued through the balance sheet date. The utilization of derivative financial instruments is to minimize the risks on loans and financing in foreign currency. According to its policy, the Company does not hold or issue derivative financial instruments for trading purposes;

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reals - R\$)

- d. Interest earning bank deposits:** Recorded at cost, plus income accrued to the balance sheet date, which does not exceed market value;
- e. Provision for doubtful accounts:** Established at an amount considered sufficient by management to cover any losses arising on collection of accounts receivable;
- f. Inventories:** Stated at the lower of average cost of acquisition or production, which does not exceed market value;
- g. Investments:** Investments in subsidiaries were valued using the equity method, and the others were recorded at cost deducted by a provision for loss (when applicable);
- h. Property, plant and equipment:** Recorded at the cost of acquisition, formation or construction and revaluation (including interest and other financial charges). Depreciation is provided using the straight-line method based on the useful lives mentioned in Note 10. The reforestation is composed of the costs of acquisition, formation and conservation and has its depletion calculated based on the harvests and the average cost of the forests;
- i. Deferred charges:** Recorded at purchase and formation cost, less amortization, which is calculated by the straight-line method over a maximum period of 10-years. Goodwill is based on future economic benefits and is amortized over a 10-year period;
- j. Rights and obligations:** Are price-level restated according to the exchange rates or indices and interest rates specified in the contracts in force, to reflect amounts accrued through the balance sheet date;
- k. Provisions:** Recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk specific to the liability;
- l. Income and social contribution taxes:** Income and social contribution taxes on the profit for the period comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the balance sheet date.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

The current tax rates are as follows:

- Income tax - Computed at the rate of 25% (15% of taxable income, plus an additional of 10%).
- Social contribution tax - Computed at the rate of 9% of adjusted taxable income.

The deferred tax asset resulting from tax loss carryforward, negative basis of social contribution and temporary differences were set up in accordance with CVM Instruction 371 of June 27, 2002, and take into consideration the history of profitability, the expectation of future taxable income generation, based on a technical viability study;

m. Revaluation reserves - these reserves were established prior to 1986 through the revaluation of assets owned by the Company. They are recorded net of deferred taxes which are classified as noncurrent liabilities. The revaluation reserve is realized in proportion to the depreciation or disposal of the asset from which it was generated, net of related taxes, against retained earnings.

The Company is presenting the statements of cash flows, prepared in accordance to NPC 20 - Statement of Cash Flows issued by IBRACON - Brazilian Institute of Independent Auditors and the statements of changes in financial positions, prepared as an additional information.

Certain information for the period ended in March 31, 2002 was reclassified in order to ensure better comparability, in compliance with the current financial information.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

3 Consolidated interim financial information

The consolidated interim financial information include the interim financial information of Companhia Suzano de Papel e Celulose and its direct and indirect subsidiaries, as shown below:

	March 31, 2003 and December 31, 2002		March 31, 2002	
	Direct and indirect subsidiaries		Direct and indirect subsidiaries	
	Voting	Total	Voting	Total
Bahia Sul Celulose S.A.	100%	93.88%	100%	72.87%
Bahia Sul América Inc.	100%	100%	100%	100%
Bahia Sul International Trading Ltd.	100%	100%	100%	100%
Suzanopar Investimentos Ltd.	100%	100%	100%	100%
Suzanopar International S.A.	100%	100%	100%	100%
CSPC Overseas Ltd.	100%	100%	100%	100%
Comercial e Agrícola Paineiras Ltda.	100%	100%	100%	100%
Nemo International	100%	100%	100%	100%
Sun Paper and Board Limited	100%	100%	100%	100%
Nemotrade Corporation	100%	100%	100%	100%
Stenfar S.A. Indl. Coml. Imp. Exp.	100%	100%	100%	100%
Suzano Telecom Ltda.	-	-	100%	100%

Description of main consolidation procedures

- a. Elimination of intercompany asset and liability account balances;
- b. Elimination of investment in the subsidiaries' capital, reserves and retained earnings;
- c. Elimination of intercompany revenue and expense balances and unearned income arising from intercompany transactions; and
- d. Identification of minority interests in the consolidated financial information;

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

Reconciliation of the statements of income and shareholders' equity

	<u>Net profit for the period</u>		<u>Shareholders' equity</u>	
	<u>March 31, 2003</u>	<u>March 31, 2002</u>	<u>March 31, 2003</u>	<u>December 31, 2002</u>
Consolidated	154,261	29,963	1,913,297	1,754,959
Elimination of unrealized income (loss) by the parent company in transactions with subsidiaries, net of income and social contribution tax	502	(3,074)	64,924	69,639
Adjustments in shareholders' equity of subsidiaries and others	<u>(152)</u>	<u>(259)</u>	<u>1.140</u>	<u>152</u>
Parent company	<u>154,611</u>	<u>26,630</u>	<u>1,979,361</u>	<u>1,824,750</u>

4 Trade accounts receivable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2003</u>	<u>December 31, 2002</u>	<u>March 31, 2003</u>	<u>December 31, 2002</u>
Domestic clients	217,965	225,859	285,291	275,956
Foreign clients	141,962	136,699	293,715	303,171
Export bills discounted	(129,780)	(136,699)	(131,828)	(139,911)
Allowance for doubtful accounts	<u>(22,614)</u>	<u>(17,265)</u>	<u>(30,139)</u>	<u>(30,394)</u>
	<u>207,533</u>	<u>208,594</u>	<u>417,039</u>	<u>408,822</u>

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

5 Inventories

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March</u>	<u>December</u>	<u>March</u>	<u>December</u>
	<u>31, 2003</u>	<u>31, 2002</u>	<u>31, 2003</u>	<u>31, 2002</u>
Finished goods	84,312	60,274	183,812	143,184
Work-in-process	13,939	13,409	16,546	15,760
Raw materials	26,088	27,614	46,911	48,261
Maintenance and other materials	<u>53,621</u>	<u>41,445</u>	<u>96,505</u>	<u>81,298</u>
	<u>177,960</u>	<u>142,742</u>	<u>343,774</u>	<u>289,133</u>

6 Credit from disposal of investments

By means of a Relevant Fact, published in the press on January 14, 2003, the Company and its subsidiary Bahia Sul Celulose S.A. communicated to its shareholders and to the market that they had decided, jointly with Sonae, SGPS, SA (Sonae), to terminate the association that they had formed with the latter in September 2001, through Sonae Produtos e Derivados Florestais, SGPS, SA (SPDF), as the conditions originally foreseen for maintenance of the association were not being fulfilled. The objective of such association was to acquire control of Portucel - Empresa Produtora de Pasta e Papel S.A. (Portucel), through participation in the privatization process of the latter, in the modality then in progress.

In keeping with this, this investment is shown at its recovery amount in the Current Assets in "Credit from disposal of investments" in the amount of R\$ 498,572 (see Note 17).

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

7 Recoverable taxes

	Parent Company		Consolidated	
	March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Recoverable social contribution	2,967	2,841	2,967	2,841
Recoverable income tax	10,134	9,757	10,134	9,757
Withheld income tax on interest earning bank deposits	1,149	427	8,412	6,542
Value-Added tax on acquisition of property, plant and equipment	14,919	13,727	17,923	16,275
Others taxes and contributions	330	675	1,156	1,488
	29,499	27,427	40,592	36,903

8 Deferred income and social contribution taxes

ASSETS

	Parent Company		Consolidated	
	March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Tax losses carry-forward	40,365	50,996	170,871	238,954
Negative basis of social contribution	17,619	21,256	61,979	77,208
Temporary differences	60,158	43,203	125,235	79,122
	118,142	115,455	358,085	395,284

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

LIABILITIES

	Parent Company		Consolidated	
	March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Accelerated incentive depreciation	10,820	10,820	10,820	10,820
Revaluation reserve	19,278	20,244	19,278	20,244
Negative goodwill	236	236	236	236
	<u>30,334</u>	<u>31,300</u>	<u>30,334</u>	<u>31,300</u>

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their book values.

In accordance with CVM Instruction 371, of June 27, 2002, the company based on its expectation of generating future taxable profits, determined by a technical valuation approved by management, also recognized tax credits on income tax loss carry-forwards and the negative bases of social contribution of prior years.

Based on this study of the projections of taxable income, the Company estimates that it will recover the tax credits within the period established in the aforementioned CVM Instruction 371/2002, substantially, in the next 5 years. In these projections, on the consolidated statements, the incentive of reduction of income tax by 37.5% in 2003, 25% from 2004 to 2008 and 12.5% from 2009 to 2012, on taxable income posted by the subsidiary Bahia Sul Celulose S.A., is being taken into consideration.

Income and social contribution taxes on foreign profits

The Company recorded a provision related to income and social contribution taxes incident on the profits earned by its foreign subsidiaries, according to Provisional Measure no. 2158-34 of June 29, 2001, in the amount of R\$ 3,244 (R\$ 15,770 Consolidated). These amounts are presented as current liabilities on March 31, 2003.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reals - R\$)

9 Investments

PARENT COMPANY

	Percentage held	Investments		Equity interest Amortization of goodwill	
		March	December	March	March
		31, 2003	31, 2002	31, 2003	31, 2002
<u>Subsidiaries</u>					
Suzanopar Investimentos Ltd. (1)	100.00%	193,967	842,165	5,111	8,784
Bahia Sul Celulose S/A	93.88%	1,617,928	1,526,621	91,307	17,418
Nemo International	100.00%	17,065	17,307	(241)	149
Comercial e Agrícola Paineiras Ltda	100.00%	11,008	11,153	(145)	605
		1,839,968	2,397,246	96,032	26,956
<u>Other investments</u>					
Other investments		22,821	20,893	-	(198)
Unamortized goodwill (2)		352,978	363,400	(10,422)	(6,624)
		375,799	384,293	(10,422)	(6,822)
		2,215,767	2,781,539	85,610	20,134

CONSOLIDATED

	Investments		Equity interest	
	March	December	March	March
	31, 2003	31, 2002	31, 2003	31, 2002
Other investments	33,847	27,483	-	(198)
	33,847	27,483	-	(198)

(1) Reduction of capital of the subsidiary Suzanopar Investimentos Ltd., see Note 13;

(2) Refers mainly to the goodwill on the acquisition of share participation of Companhia Vale do Rio Doce in Bahia Sul Celulose S,A, and Exchange of Preferred Shares issued by Bahia Sul for Preferred Shares issued by the Company, justified by the expected profitability of the operations, and amortized over a ten-year period.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

10 Property, plant and equipment

	Useful life	Parent company		Consolidated	
		March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Buildings	25 at 35 years	130,372	128,267	598,500	598,999
Machinery and equipment	10 at 35 years	1,115,238	1,111,443	2,805,968	2,790,698
Others	5 at 10 years	88,609	52,581	120,298	91,537
		<u>1,334,219</u>	<u>1,292,291</u>	<u>3,524,766</u>	<u>3,481,234</u>
Accumulated depreciation	-	(873,162)	(859,044)	(1,548,783)	(1,521,218)
Land and farms	-	74,300	72,887	252,410	250,845
Timber resources	-	124,812	122,428	353,091	346,894
Construction-in-progress	-	132,857	122,447	177,635	162,385
		<u>793,026</u>	<u>751,009</u>	<u>2,759,199</u>	<u>2,720,140</u>

11 Deferred charges, net

	Parent Company		Consolidated	
	March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Software costs and others	11,523	9,079	27,895	25,954
Goodwill (1)	-	-	352,978	363,400
	<u>11,523</u>	<u>9,079</u>	<u>380,873</u>	<u>389,354</u>

(1) Refers mainly to the goodwill arising on the acquisition of the interest of Companhia Vale do Rio Doce in Bahia Sul Celulose S.A. and the Stock Swap of Preferred Shares issued by Bahia Sul for Preferred Shares issued by the Company, determined based on future profitability and amortizable in ten-year period.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

12 Loans and financing

	Index	Interest	Parent Company		Consolidated	
			March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Property, plant and equipment:						
BNDES - Finem	TJLP (1)	7% to 12% p.a.	129,474	117,370	376,794	374,684
BNDES - Finame	TJLP (1)	7,5% to 10,1% p.a.	39,756	38,863	45,405	45,132
BNDES - Automatic	TJLP (1)	7,5% to 10% p.a.	5,651	6,295	7,128	7,951
Working capital:						
Advances on export contracts	US\$	3,43% to 10,12% p.a.	1,142,800	1,193,262	2,060,648	2,189,218
Syndicated loan	US\$ (2)	LIBOR + 2,60% p.a.	-	-	335,310	353,330
Resolution 63	US\$	(3)	133,118	136,738	133,118	136,738
Credit line FMO	US\$	8,90% p.a.	24,902	29,860	24,902	29,860
Imports financing	US\$/YEN/EUR	1,11% to 5,9% p.a.	31,307	23,883	31,307	23,883
BNDES - Exim	TJLP (1)	7,65% to 7,70% p.a.	3,353	14,133	3,353	14,133
Others	US\$		-	-	8,609	19,946
			<u>1,510,361</u>	<u>1,560,404</u>	<u>3,026,574</u>	<u>3,194,875</u>
Current liabilities			<u>637,653</u>	<u>613,583</u>	<u>1,214,642</u>	<u>1,198,880</u>
Noncurrent liabilities			<u>872,708</u>	<u>946,821</u>	<u>1,811,932</u>	<u>1,995,995</u>
Interest payable			<u>37,470</u>	<u>26,390</u>	<u>63,129</u>	<u>55,569</u>
The long-term portion of loans and financing mature as follows:						
2004			322,502	353,044	822,634	949,518
2005			320,641	329,793	517,584	533,532
2006			169,935	219,834	337,930	393,044
2007			18,975	17,632	47,612	47,649
2008 onward			<u>40,655</u>	<u>26,518</u>	<u>86,172</u>	<u>72,252</u>
			<u>872,708</u>	<u>946,821</u>	<u>1,811,932</u>	<u>1,995,995</u>

(1) Capitalization term corresponds to the exceeding portion of 6% p.a. over the long-term interest rate (TJLP) published by the Brazilian Central Bank;

(2) In the beginning of July 2001, the wholly-owned subsidiary Bahia Sul International Trading contracted foreign financing in the amount of US\$ 100 million, for the acquisition of the totality of the eurobonds issued by Bahia Sul Celulose S.A. This financing was contracted for a three-year period, which is the same period that the Eurobonds are due, for a cost LIBOR plus 2.60% p.a.. The Eurobonds will be held in trust by the aforementioned wholly-owned subsidiary;

(3) Loans under the following conditions:

R\$ 69,409 - 14.82% p.a.; and

R\$ 63,709 - 93% to 97% of CDI + cupom 4.51% to 7.0% p.a. or foreign exchange variation (whichever is the higher)

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

13 Related companies

In February 2003, the Company paid the foreign loan of US\$ 160 million obtained from its Parent Company Nemofeffer S/A, in order to eliminate foreign exchange uncertainties and its fiscal effects, previously classified as “Related parties” in the current liabilities.

To do so, Suzanopar Investimentos Ltd. acquired the credit originally held by the lender bank against Nemofeffer S/A, using its own funds, and used it to subscribe capital of a subsidiary setup specifically for this purpose, and whose shares were then transferred as accord and satisfaction to Nemofeffer S/A.

Through this transaction, the Company settled the transfer from Nemofeffer S/A, which retained the foreign loan with its own subsidiary company. The costs arising from the loan originally transferred are the responsibility of the Company, as stipulated in the original contract.

The Company entered into a export financing transaction in the amount equivalent to US\$ 200 million based on export receivables which are being transferred from its subsidiary Bahia Sul Celulose S/A.

According to the contractual terms, the Company had on March 31, 2003 a financial investment totaling R\$ 29 million to be used in the servicing of this transaction. This amount is classified in “Interest earning bank deposits”.

During the three-month period, the subsidiary Bahia Sul Celulose S/A transferred exports to the Company in the amount of R\$ 40,163 that were exported simultaneously in the amount of R\$ 38,960. The net effect between the Company exports and the products transferred by/acquired from its subsidiary company for R\$ 1,203, is shown as a financial expense, as this represents part of the cost of this financing.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reais - R\$)

14 Provision for contingencies

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>March 31, 2003</u>	<u>December 31, 2002</u>	<u>March 31, 2003</u>	<u>December 31, 2002</u>
Tax and social security	62,239	34,939	92,994	58,633
Labor	12,293	12,355	17,423	17,510
Others	-	-	500	500
	<u>74,532</u>	<u>47,294</u>	<u>110,917</u>	<u>76,643</u>

Provisions for contingencies were recorded to provide for possible losses in administrative and judicial claims related to fiscal, labor and social security matters, in the amounts considered as sufficient by management, in accordance with the assessment of its lawyers and legal counsel.

15 Financial instruments

Considering the requirements of the CVM Instruction nr. 235/95, the Company made an evaluation of its assets and liabilities as of March 31, 2003, concluding that the recorded amounts do not differ significantly from their market values.

In order to hedge against interest rate risks, the Company undertook swap transactions, fixing the interest rates on certain foreign currency loans at ceilings of US\$ 118 million in the Parent Company and US\$ 204 million on Consolidated.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reals - R\$)

16 Guarantees - Parent company

The guarantees provided by the parent company were the following:

	<u>March 31, 2003</u>	<u>December 31, 2002</u>
Bahia Sul Celulose S/A		
BNDES	10,865	14,888

Shared guarantees with Suzano Petroquímica S/A:

	<u>March 31, 2003</u>	<u>December 31, 2002</u>
Polibrasil Resinas S.A.		
Credit Line FMO	154,018	160,064
BNDES	<u>54,816</u>	<u>35,433</u>
	<u>208,834</u>	<u>195,497</u>

On March 31, 2003, the Company had outstanding “vendor” operations (bank loans to customers which are backed by a Company guarantee in the case the customer does not pay the bank on the due date) amounting to R\$ 17,952 (R\$ 15,562 in December 31, 2002),

17 Subsequent event

On April 30, 2003, in the sequence of the contractual option of withdrawal exercised by the Company (see Note 6), Sonae proceeded with the acquisition of the total interest detained by the Company, through its integral indirect subsidiary Bahia Sul International Trading Ltd. in SPDF, corresponding to 49.99% of the respective capital share. The amount received by Bahia Sul International Trading Ltd. was € 136,2 million.

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reals - R\$)

Additional information - Parent Company

Statements of changes in financial position

	March 31, 2003	March 31, 2002
Sources of funds		
From operations		
Net income for the period	154,611	26,630
Items not affecting working capital		
Depreciation, depletion and amortization	19,927	18,020
Net book value of permanent assets disposed of	829	337
Deferred income and social contribution taxes	(1,834)	(3,290)
Equity interest in subsidiaries and affiliates	(96,032)	(26,758)
Amortization of goodwill	10,422	6,624
Provisions	13,341	24,956
Interest and exchange and monetary variation of noncurrent assets and liabilities	(42,385)	9,660
	<u>58,879</u>	<u>56,179</u>
From third parties		
Noncurrent loans and financing	130,508	35,847
Capital reduction on subsidiary	653,309	-
Income tax incentive	-	461
	<u>783,817</u>	<u>36,308</u>
Total sources	<u>842,696</u>	<u>92,487</u>
Application of funds		
Permanent assets		
Increase in investments	1,295	1,512
Increase in property, plant and equipment	62,572	30,396
Increase in deferred charges	2,644	320
	<u>66,511</u>	<u>32,228</u>
Noncurrent assets	1,926	454
Transference of noncurrent to current liabilities	156,039	51,363
Total applications	<u>224,476</u>	<u>84,045</u>
Increase in working capital	<u>618,220</u>	<u>8,442</u>
Changes in working capital		
Current assets	41,065	(10,027)
Current liabilities	577,155	18,469
	<u>618,220</u>	<u>8,442</u>

Companhia Suzano de Papel e Celulose

Notes to the interim financial information

(In thousands of Brazilian Reals - R\$)

Additional information - Parent Company

Statements of cash flows

	March 31, 2003	March 31, 2002
Cash flows from operating activity		
Net income for the period	154,611	26,630
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, depletion and amortization	19,927	18,020
Result on sale of fixed assets	(1,519)	(2,009)
Equity interest in subsidiaries and affiliates	(96,032)	(26,758)
Amortization of goodwill	10,422	6,624
Deferred income and social contribution taxes	(3,653)	(4,471)
Interest and exchange and monetary variation of assets and liabilities	(71,796)	10,171
Provisions	26,606	24,956
Changes in assets and liabilities		
Decrease in trade accounts receivable	1,061	3,095
Increase in inventories	(35,218)	(7,640)
Decrease in other current and noncurrent assets	4,579	18,986
Increase in suppliers	8,522	5,353
Increase (decrease) in income and social contribution taxes	36,726	(21,129)
Increase (decrease) in other currents liabilities	165	(3,966)
Net cash from operating activities	54,401	47,862
Cash flows from investing activities		
Acquisition of property, plant and equipment and deferred charges	(65,216)	(30,716)
Acquisition of investments	(1,295)	(1,512)
Capital reduction on subsidiary	653,309	-
Income tax incentive	-	461
Proceeds generated from sale of fixed assets	2,348	2,346
Net cash from (used in) investing activities	589,146	(29,421)
Cash flows from financing activities		
Proceeds from loans and financing	176,071	105,061
Payments on loans and financing - Parent Company	(653,309)	-
Payments on loans and financing - Third parties	(154,319)	(117,961)
Net cash from used in financing activities	(631,557)	(12,900)
Increase in cash and cash equivalents		
At the beginning of the year	214,191	20,416
At the end of the year	226,181	25,957
Increase in cash and cash equivalents	11,990	5,541

Consolidated interim financial position

Consolidated balance sheets - Assets
Consolidated balance sheets - Liabilities
and shareholder's equity
Consolidated statements of income

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Consolidated balance sheets

(Unaudited)

(In thousands of Brazilian Reals - R\$)

Assets	March 31, 2003	December 31, 2002
Current assets	<u>2,222,457</u>	<u>2,765,093</u>
Cash and cash equivalents	171,211	173,188
Interest earning bank deposits	595,463	1,168,874
Trade accounts receivable	417,039	408,822
Inventories	343,774	289,133
Dividends receivable	22	606
Credit from disposal of investments	498,572	503,287
Other accounts receivable	24,319	55,459
Recoverable taxes	30,694	27,601
Deferred income and social contribution taxes	135,735	129,086
Prepaid expenses	5,628	9,037
Noncurrent assets	<u>282,092</u>	<u>320,371</u>
Recoverable taxes	9,898	9,302
Deferred income and social contribution taxes	222,350	266,198
Judicial deposits	21,328	20,987
Other receivables	28,516	23,884
Permanent assets	<u>3,173,839</u>	<u>3,136,977</u>
Investments	33,847	27,483
Property, plant and equipment	2,759,119	2,720,140
Deferred charges	380,873	389,354
Total assets	<u><u>5,678,388</u></u>	<u><u>6,222,441</u></u>

See the accountants' review report and accompanying notes to the interim financial information.

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Consolidated balance sheets

(Unaudited)

(In thousands of Brazilian Reals - R\$)

	March 31, 2003	December 31, 2002
Liabilities and shareholders' equity		
Current liabilities	<u>1,643,995</u>	<u>2,194,173</u>
Loans and financing	1,277,771	1,254,449
Trade accounts payable	120,523	91,184
Taxes payable other than on income	18,502	13,895
Income and social contribution taxes	56,375	1,926
Dividends payable	70,228	70,228
Related parties	-	640,527
Accrued salaries and payroll taxes	33,489	42,428
Other accounts payable	67,107	79,536
Noncurrent liabilities	<u>2,015,662</u>	<u>2,173,966</u>
Loans and financing	1,811,932	1,995,995
Provisions	110,917	76,643
Other accounts payable	62,479	70,028
Deferred income and social contribution taxes	30,334	31,300
Minority interests	105,434	99,343
Shareholders' equity	<u>1,913,297</u>	<u>1,754,959</u>
Share capital	1,137,737	1,137,737
Capital reserves	26,741	26,741
Revaluation reserves	39,842	41,719
Profit reserves	548,762	548,762
Accumulated profit	<u>160,215</u>	<u>-</u>
Total liabilities and shareholders' equity	<u><u>5,678,388</u></u>	<u><u>6,222,441</u></u>

See the accountants' review report and accompanying notes to the interim financial information.

Companhia Suzano de Papel e Celulose

(A translation of the forms presented to CVM)

Consolidated statements of income

(Unaudited)

(In thousands of Brazilian Reais - R\$, except profit per share)

	Three-month period ended March 31,	
	2003	2002
Net sales	593,274	426,940
Cost of goods sold	<u>(279,988)</u>	<u>(250,837)</u>
Gross profit	313,286	176,103
Selling expenses	(31,666)	(28,452)
General and administrative expenses	(60,352)	(39,296)
Financial income	27,889	38,711
Financial expenses	5,656	(102,744)
Other operating income	4,839	1,409
Other operating expenses	(10,422)	(6,624)
Equity interest in subsidiaries and affiliates	<u>-</u>	<u>(197)</u>
Operating profit	249,230	38,910
Nonoperating income	<u>3,785</u>	<u>7,844</u>
Profit before income and social contribution taxes	253,015	46,754
Social contribution and income taxes	<u>(92,795)</u>	<u>(10,245)</u>
Profit before minority interest	160,220	36,509
Minority interest	<u>(5,959)</u>	<u>(6,547)</u>
Net profit for the period	<u>154,261</u>	<u>29,962</u>
Number of shares (thousands)	<u>258,517</u>	<u>221,194</u>
Net profit per share	<u>0.59672</u>	<u>0.13546</u>

See the accountants' review report and accompanying notes to the interim financial information.