

***Consolidated Quarterly
Financial Information***

***Companhia Suzano de Papel e
Celulose***

March 31, 2004

COMPANHIA SUZANO DE PAPEL E CELULOSE
CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

March 31, 2004

Contents

Special Review Report of Independent Auditors	1
Quarterly Financial Information	
Balance Sheets	3
Statements of Income	5
Notes to the Financial Statements	6
Supplementary Information	24
Report on Company's Performance	26

A free translation from Portuguese into English of Special Review Report of Independent Auditors on quarterly financial information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and specific norms issued by IBRACON (Institute of Independent Auditors of Brazil), CFC (Federal Board of Accountancy) and CVM (Brazilian Securities Exchange Commission)

SPECIAL REVIEW REPORT OF INDEPENDENT AUDITORS

The Management and Shareholders
Companhia Suzano de Papel e Celulose

1. We have performed a special review of the Quarterly Financial Information of Companhia Suzano de Papel e Celulose and the consolidated balance sheets of Companhia Suzano de Papel e Celulose and subsidiaries for the quarter ended March 31, 2004, including the balance sheets, statements of income, report on the Company's performance and other relevant information, in accordance with accounting practices adopted in Brazil.
2. Our review was conducted in accordance with the specific procedures determined by the Institute of Independent Auditors of Brazil (IBRACON) and the Federal Board of Accountancy (CFC), and included principally: (a) inquiries and discussions with the management responsible for the Company's accounting, financial and operational areas in respect to the criteria adopted for the preparation of the quarterly information and (b) review of information and subsequent events which have or could have relevant effects on the Company's operations and financial position.
3. Based on our special review, we are not aware of any material modification that should be made to the Quarterly Financial Information referred to above for it to comply with accounting practices adopted in Brazil applicable to the preparation of Quarterly Financial Information, together with specific regulations established by the Brazilian Securities and Exchange Commission (CVM).
4. The financial information for the year ended December 31, 2003, presented for comparative purposes, was audited by other independent auditors who issued an unqualified opinion on February 16, 2004. The Quarterly Financial Information for the three-month period ended March 31, 2003, also presented for comparative purposes, was reviewed by other independent auditors who issued an unqualified special review report on April 30, 2003.

5. Our review was carried out to enable us to issue a report on the special review of the Quarterly Financial Information referred to in the first paragraph, taken as a whole. The statements of changes in financial position and of cash flow for the quarter ended March 31, 2004, which are presented to provide supplementary information about the Company and its subsidiaries are not required as an integral part of the Quarterly Financial Information. These statements for the quarter ended March 31, 2004 were submitted to the review procedures described in the second paragraph and, based on our review, we are not aware of any material modification that should be made to these supplementary statements for them to be fairly disclosed, in all material respects, with regard to the Quarterly Financial Information for the quarter ended March 31, 2004, taken as a whole.

São Paulo, April 27 2004

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

Idésio S. Coelho Jr.
Partner
Accountant CRC 1SP163904/O-0

A free translation from Portuguese into English of quarterly financial information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and specific norms issued by IBRACON, CFC and CVM

COMPANHIA SUZANO DE PAPEL E CELULOSE

BALANCE SHEETS

March 31, 2004 and December 31, 2003

(In thousands of reais)

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
	(Unaudited)		(Unaudited)	
Assets				
Current assets:				
Cash and marketable securities	223,950	343,839	1,199,478	1,332,451
Trade accounts receivable	199,500	184,748	442,218	412,148
Inventories	216,128	210,113	380,982	383,841
Dividends receivable	37,513	37,513	-	-
Other accounts receivable	10,886	10,153	24,118	24,315
Recoverable taxes	19,328	31,129	35,813	45,147
Deferred income and social contribution taxes	21,684	21,829	60,520	62,137
Prepaid expenses	3,618	7,987	4,738	10,649
Total current assets	732,607	847,311	2,147,867	2,270,688
Noncurrent assets:				
Due from related parties	35,741	24,856	-	-
Recoverable taxes	24,822	22,681	28,378	26,345
Deferred income and social contribution taxes	79,795	83,869	173,636	187,899
Judicial deposits	9,021	8,937	24,799	23,979
Advances to suppliers	4,757	3,104	61,943	49,354
Other accounts receivable	6,866	7,683	10,420	10,767
	161,002	151,130	299,176	298,344
Permanent assets:				
Investments	2,447,221	2,370,315	24,026	23,622
Property, plant and equipment	1,077,319	1,033,438	3,143,118	3,060,498
Deferred charges	10,776	9,805	335,293	345,340
	3,535,316	3,413,558	3,502,437	3,429,460
Total assets	4,428,925	4,411,999	5,949,480	5,998,492

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
	(Unaudited)		(Unaudited)	
Liabilities and shareholders' equity				
Current liabilities:				
Trade accounts payable	76,108	97,429	118,515	152,479
Loans and financing	502,319	524,589	1,391,578	1,444,468
Taxes payable other than on income	6,699	4,323	11,464	8,978
Accrued salaries and payroll taxes	28,694	30,307	42,590	46,459
Accounts payable	20,697	22,381	76,960	84,115
Payable to related parties	19,252	26,052	-	1,613
Dividends payable	117,786	117,786	120,252	120,503
Income and social contribution taxes	-	-	8,860	5,975
Total current liabilities	771,555	822,867	1,770,219	1,864,590
Noncurrent liabilities:				
Loans and financing	1,050,026	1,096,147	1,460,322	1,533,347
Accounts payable	-	-	28,894	32,842
Deferred income and social contribution taxes	26,758	27,713	26,758	27,713
Provision for contingencies	82,929	81,023	107,814	105,501
	1,159,713	1,204,883	1,623,788	1,699,403
Minority interest in subsidiaries	-	-	120,665	115,606
Shareholders' equity:				
Capital	1,287,737	1,287,737	1,287,737	1,287,737
Capital reserves	26,741	26,741	26,741	26,741
Revaluation reserves	32,427	34,281	32,427	34,281
Income reserves	1,035,514	1,035,514	970,158	970,158
Treasury shares	(24)	(24)	(24)	(24)
Retained earning	115,262	-	117,769	-
	2,497,657	2,384,249	2,434,808	2,318,893
Total liabilities and shareholders' equity	4,428,925	4,411,999	5,949,480	5,998,492

See accompanying notes.

COMPANHIA SUZANO DE PAPEL E CELULOSE

STATEMENTS OF INCOME Three months ended March 31, 2004 and 2003 (In thousands of reais, except income per share)

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross sales	401,379	400,728	711,101	654,417
Sales deductions	(49,192)	(47,498)	(54,544)	(61,143)
Net Sales	352,187	353,230	656,557	593,274
Cost of goods sold	(212,392)	(176,858)	(377,765)	(279,988)
Gross profit	139,795	176,372	278,792	313,286
Operating income (expense):				
Selling expenses	(29,621)	(36,382)	(31,790)	(31,666)
General and administrative expenses	(28,079)	(37,457)	(46,297)	(60,352)
Financial income	14,142	8,140	36,935	4,742
Financial expenses	(45,709)	(11,940)	(71,572)	28,803
Other operating income	3,417	1,189	5,813	4,839
Other operating expenses	(10,422)	(10,422)	(10,422)	(10,422)
Equity interest in subsidiaries and affiliates	88,086	96,032	(136)	-
	(8,186)	9,160	(117,469)	(64,056)
Operating income	131,609	185,532	161,323	249,230
Nonoperating income, net	1,006	2,151	2,894	3,785
Income before income and social contribution taxes and minority interests	132,615	187,683	164,217	253,015
Income and social contribution taxes	(19,207)	(33,072)	(43,243)	(92,795)
Income for the period before minority interest	113,408	154,611	120,974	160,220
Minority interests	-	-	(5,059)	(5,959)
Net income for the period	113,408	154,611	115,915	154,261
Number of shares (thousands)	273,516	258,517	273,516	258,517
Net income per share	0.41463	0.59807	0.42380	0.59672

See accompanying notes.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (In thousands of reais) (UNAUDITED)

1. Operations

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

Its products are sold abroad through its wholly-owned subsidiaries.

The Company obtained from ADENE (former SUDENE) a tax incentive with a 75% reduction of the income tax for a 10-year period starting in 2002 for pulp and 2003 for paper, applicable to the operating profit generated during that period of time.

2. Presentation of the Quarterly Financial Information

The quarterly financial information was prepared in accordance with the accounting practices derived from Brazilian Corporation Law and the regulations established by the Brazilian Securities and Exchange Commission (CVM).

Summary of Principal Accounting Practices

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. No revenue is recognized if there are significant uncertainties regarding its realization.

b) Accounting estimates

Accounting estimates were based on objective and subjective aspects, considering management's opinion of the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the definition of useful lives of property, plant and equipment, allowance for doubtful accounts, deferred income taxes, contingencies and valuation of derivative financial instruments. Actual results may significantly differ from these estimates due to the underlying inaccuracy of the determination process. The Company reviews its estimates and assumptions at least on a quarterly basis.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (In thousands of reais) (UNAUDITED)

2. Presentation of the Quarterly Financial Information (Continued)

c) Foreign currency

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate in effect at the balance sheet date. Foreign currency translation gains and losses are recognized in the statement of income. Assets and liabilities of foreign subsidiaries and affiliates were translated into reais at the foreign exchange rate in force at the balance sheet date.

d) Derivative financial instruments

Derivative financial instruments, such as swaps, are recorded initially at cost and subsequently revalued according to the contractual terms, to reflect amounts accrued to the balance sheet date. Derivative financial instruments aim to minimize the risks involved in loans and financing in foreign currency. According to its Treasury department's policy, the Company does not hold or issue derivative financial instruments for trading purposes.

e) Marketable securities

Marketable securities are recorded at cost plus income accrued to the balance sheet date, not exceeding market value.

f) Allowance for doubtful accounts

Allowance for doubtful accounts is established at an amount considered sufficient by management to cover any possible losses on the collection of accounts receivable.

g) Inventories

Inventories are stated at average acquisition or production cost, not exceeding market value.

h) Investments

Investments in subsidiaries are valued using the equity method, considering any premiums or discounts, as applicable. Other investments were stated at acquisition cost, less a provision for losses, when applicable.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

2. Presentation of the Quarterly Financial Information (Continued)

i) Property, plant and equipment

Property, plant and equipment are recorded at the acquisition, development or construction cost (including interest and other financial charges, as well as the effects of revaluation). Depreciation is calculated using the straight-line method based on the depreciation rates mentioned in Note 10, considering the estimated useful lives of the assets.

Reforestation costs include acquisition, development and maintenance expenses. Depletion is calculated in accordance with the harvests, based on the average cost of the forests.

j) Deferred charges

Deferred charges are recorded at purchase and development cost, less amortization, which is calculated using the straight-line method over a maximum period of 10 years. For consolidation purposes, premium on investment acquisition is based on future economic benefits and is amortized over a 10-year period.

k) Rights and obligations

Price-level restated according to the exchange rates or indices and interest rates specified in the contracts in force, to reflect amounts accrued to the balance sheet date.

l) Provisions

Provision are recognized in the balance sheet when the Company has a legal or acquired 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 for the risk of each specific liability.

m) Non-cumulative PIS/COFINS

Tax debits arising from the sale of products and tax credits relating to the purchase of raw materials, services and other materials to be used in production, as well as to initial inventory balances and to depreciation costs, as established by Laws No. 10637/02 and No. 10833/03, are charged to the income statement for the period as deductions from sales. Tax debits and credits referring respectively to financial income and expenses are deducted from these items in the statement of income.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

2. Presentation of the Quarterly Financial Information (Continued)

n) Income and social contribution taxes

Income and social contribution taxes on the income for the period comprises current and deferred taxes.

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force at the balance sheet date. Current tax rates are as follows:

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

The deferred tax asset resulting from tax losses carryforward, negative basis of social contribution and temporary differences was determined in accordance with CVM Instruction 371/02.

o) Revaluation reserves

These reserves were established prior to 1986 following 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 against retained earnings as the related asset is depreciated or written off.

p) Statements of cash flows and of changes in financial position

The statements of cash flows (prepared in accordance with NPC 20 - Statement of Cash Flows, issued by IBRACON - Brazilian Institute of Independent Auditors) and the statements of changes in financial position (parent company and consolidated) are being presented as supplementary information.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
(UNAUDITED)

3. Consolidated Quarterly Financial Information

The accounting policies have been consistently applied by the consolidating companies and are consistent with those used in the previous year.

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

	Headquarter (County)	Ownership percentage Direct and indirect (%)
Bahia Sul Celulose S.A.	Brazil	94.10
Bahia Sul América Inc.	United States of America	100
Bahia Sul International Trading Ltd.	Cayman Islands	100
Suzanopar Investimentos Ltd.	Bahamas	100
Suzanopar International S.A.	Uruguay	100
CSPC Overseas Ltd.	Cayman Islands	100
Comercial e Agrícola Paineiras Ltda.	Brazil	100
Nemo International	Cayman Islands	100
Sun Paper and Board Limited	England	100
Nemotrade Corporation	United States of America	100
Stenfar S.A. Indl. Coml. Imp. Exp.	Argentina	100

The financial period of the subsidiaries included in the consolidated financial statements is the same as that of the Parent company.

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 income and expense balances and unearned income arising from intercompany transactions;
- d) Elimination of tax charges due on unearned income, shown as deferred taxes in the consolidated balance sheet; and
- e) Minority interests shown separately in the consolidated financial statements.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

3. Consolidated Quarterly Financial Information (Continued)

Reconciliation of net income for the period and shareholders' equity between consolidated and Parent Company:

	Net income		Shareholders' equity	
	Three Months Ended March 31,		March 31,	December 31,
	2004	2003	2004	2003
Consolidated	115,915	154,261	2,434,808	2,318,893
Elimination of (unrealized) realized income recorded by the Parent Company in transactions with subsidiaries	(3,814)	502	69,548	73,363
Income and social contribution taxes on the eliminations above	1,307	-	(6,699)	(8,007)
Adjustments in shareholders' equity of subsidiaries and others	-	(152)	-	-
Company	113,408	154,611	2,497,657	2,384,249

4. Cash and Marketable Securities

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Cash and banks	8,137	19,043	141,109	199,516
Marketable securities	215,813	324,796	1,058,369	1,132,935
	223,950	343,839	1,199,478	1,332,451

The marketable securities refer substantially to bank deposit certificates remunerated at rates that vary from 99% to 102% of the Brazilian Interbank Deposit Certificate (CDI) rate, Certificates of Bank Deposits with swap for US dollars at an average rate of 3.42% per annum plus exchange variations of the US dollar, and overseas deposits remunerated at the average rate of 0.9% per annum plus exchange variation of the US dollar.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

5. Trade Accounts Receivable

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Domestic receivable	211,469	189,961	256,094	239,200
Foreign receivable	173,872	185,883	238,558	222,401
Discounted export receivable	(173,872)	(179,206)	(30,650)	(27,796)
Allowance for doubtful accounts	(11,969)	(11,890)	(21,784)	(21,657)
	199,500	184,748	442,218	412,148

6. Inventories

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Finished goods	112,884	105,540	198,982	207,919
Work in process	12,026	14,243	16,007	15,988
Raw materials	29,269	32,074	50,362	52,709
Maintenance and other materials	61,949	58,256	115,631	107,225
	216,128	210,113	380,982	383,841

7. Recoverable Taxes

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Recoverable social contribution tax	1,296	4,855	1,400	4,956
Recoverable income tax	3,458	14,263	12,137	23,712
Recoverable PIS/COFINS	23	121	5,488	2,809
Value added tax (ICMS) on acquisition of property, plant and equipment	37,954	34,145	43,358	39,031
Other	1,419	426	1,808	984
	44,150	53,810	64,191	71,492
Less current assets	19,328	31,129	35,813	45,147
Noncurrent assets	24,822	22,681	28,378	26,345

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

8. Income and Social Contribution Taxes

Deferred income and social contribution taxes

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.

The recorded deferred income and social contribution taxes derive from:

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Assets				
Tax loss carry-forward	20,581	25,771	102,801	112,935
Negative basis of social contribution	11,603	13,201	40,629	44,785
Temporary differences				
- Provisions	43,962	43,998	65,393	69,588
- Premium amortization	25,333	22,728	25,333	22,728
	101,479	105,698	234,156	250,036
Less current assets	21,684	21,829	60,520	62,137
Noncurrent assets	79,795	83,869	173,636	187,899
Liabilities				
Accelerated depreciation	11,064	11,064	11,064	11,064
Revaluation reserves	15,458	16,413	15,458	16,413
Discount	236	236	236	236
	26,758	27,713	26,758	27,713

The accumulated tax loss carry-forward and negative basis of social contribution are composed as follows:

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Tax losses carry-forward	82,323	103,083	415,451	476,809
Negative basis of social contribution	128,927	146,676	446,869	495,379
	211,250	249,759	862,320	972,188

The credits resulting from balances of tax losses carry forwards and negative basis of social contribution were offset by an allowance in the amount of R\$ 8,832 at March 31, 2004 for both taxes, to face possible adverse events on the realization of these deferred tax assets.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

8. Income and Social Contribution Taxes (Continued)

In accordance with CVM Instruction 371/02, and based on expected future taxable income, as determined in a technical study approved by the Board of Directors, the Company recognized tax credits on income tax loss carryforwards and negative basis of social contribution tax, with no statutory limitation. The carrying value of the deferred tax asset is reviewed annually by the Company and the related adjustments are immaterial vis-à-vis the Company's initial forecast. At the consolidated level, this study takes into consideration the incentive for income tax reduction by 75% by the subsidiary Bahia Sul Celulose S.A.

Based on this technical analysis of future taxable income, the Company expects to recover these tax credits in the following years:

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
2004	17,610	21,829	46,048	62,137
2005	33,336	33,336	54,008	54,008
2006	39,246	39,246	57,598	57,598
2007	11,287	11,287	21,761	21,761
2008	-	-	11,629	11,629
2009 to 2012	-	-	43,112	42,903
	101,479	105,698	234,156	250,036

The expected recoverability of the tax credits is based on the projections of future taxable income, taking into consideration various business and financial assumptions at year-end. Accordingly, these estimates may differ from the effective taxable income in the future due to the underlying uncertainties involved.

Income Tax - Reduction of 75% ADENE

At the second quarter of 2003, the subsidiary Bahia Sul Celulose S.A. was granted a reduction of 75% on income tax up to 2011 for pulp, and up to 2012 for paper.

Income tax expense is recorded net of such incentive. However, at the end of the year, and after net income is determined, the reduction amount is appropriated to a capital reserve, as a partial allocation of net income for the year, in compliance with the legal requirement that prevents distribution of this amount in the form of dividends. The reduction amount in the first quarter of 2004 was R\$ 15,509.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

8. Income and Social Contribution Taxes (Continued)

Reconciliation between income and social contribution tax expenses

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented as follows:

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
Income before income and social contribution taxes	132,615	187,683	164,217	253,015
Reversal of the equity interest	(88,086)	(96,032)	136	-
Income after reversal of the equity interest in subsidiaries	44,529	91,651	164,353	253,015
Income and social contribution taxes calculated at the combined rates of 34%	(15,140)	(31,161)	(55,880)	(86,025)
Analysis of the effective income and social contribution tax rates:				
Profits from foreign subsidiaries	(1,674)	(3,244)	-	-
Nontaxable income of foreign subsidiaries	-	-	943	(10,883)
Tax exempt income and (nondeductible expenses)	(2,399)	755	(3,169)	672
Income tax effect on unrealized profit earned in transactions with subsidiaries	-	-	(175)	(988)
Addition (exclusion) of prior years credits	-	-	(479)	3,853
Tax incentives – ADENE	-	-	15,509	-
Tax incentives – Others	18	612	18	612
Others	(12)	(34)	(10)	(36)
Income and social contribution taxes	(19,207)	(33,072)	(43,243)	(92,795)
Effective tax rate	43.1%	36.1%	26.3%	36.7%

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

9. Investments

	Company		Consolidated	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Investments in subsidiaries	2,120,792	2,032,958	1,069	1,205
Premium (1)	309,350	319,772	-	-
Other investments	23,717	24,385	29,595	29,217
Provision for losses	(6,638)	(6,800)	(6,638)	(6,800)
	2,447,221	2,370,315	24,026	23,622

- (1) Refers mainly to the premium paid on the acquisition of shares held by Companhia Vale do Rio Doce in Bahia Sul Celulose S.A., in May 2001, and on the swap of preferred shares issued by Bahia Sul for preferred shares issued by the Company, in September 2002, based on the expected profitability of the operations, and amortized over a ten-year period.

	Subsidiaries					Affiliate	
	Bahia Sul Celulose S/A	Suzanopar Investimentos Ltd.	Nemo International	Comercial Agrícola Paineiras Ltda.	Stenfar S.A.I.C	Pakprint	Total
a) Participation held							
Voting capital	100%	100%	100%	100%	100%	10%	
Share capital	94,1%	100%	100%	100%	100%	10%	
b) Subsidiaries information							
Adjusted net equity	2,044,955	171,745	20,092	8,002	(30,511)	5,354	
Adjusted net income	85,731	4,922	1,243	(373)	2,240	(79)	
c) Investments							
Balances on December 31, 2002	1,526,621	842,165	17,307	11,153	-	1,025	2,398,271
Acquisitions and subscriptions	2,101	-	-	-	-	105	2,206
Capital reduction of the subsidiary	-	(653,309)	-	-	-	-	(653,309)
Discount on acquisitions	1,940	-	-	-	-	-	1,940
Dividends	(71,585)	-	-	-	-	-	(71,585)
Equity interest	380,469	(23,147)	1,418	(2,777)	-	(528)	355,435
Balances on December 31, 2003	1,839,546	165,709	18,725	8,376	-	602	2,032,958
Dividends	(252)	-	-	-	-	-	(252)
Equity interest	81,124	6,036	1,367	(373)	-	(68)	88,086
Balances on March 31, 2004	1,920,418	171,745	20,092	8,003	-	534	2,120,792

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

10. Property, Plant and Equipment

Company

	Average annual depreciation rate	March 31, 2004			December 31, 2003
		Cost	Accumulated Depreciation	Net	Net
Buildings	4.03%	145,088	(79,664)	65,424	55,605
Machinery and equipment	6.59%	1,365,072	(783,611)	581,461	497,941
Other depreciable assets	18.81%	91,912	(57,815)	34,097	36,843
Land and farms	-	83,931	-	83,931	81,117
Timber resources	-	142,521	-	142,521	138,397
Construction-in-progress	-	169,885	-	169,885	223,535
		1,998,409	(921,090)	1,077,319	1,033,438

Consolidated

	Average annual depreciation rate	March 31, 2004			December 31, 2003
		Cost	Accumulated Depreciation	Net	Net
Buildings	3.20%	623,351	(248,289)	375,062	370,520
Machinery and equipment	4.24%	3,086,534	(1,330,129)	1,756,405	1,682,768
Other depreciable assets	18.91%	126,836	(77,575)	49,261	50,517
Land and farms	-	258,095	-	258,095	255,276
Timber resources	-	398,370	-	398,370	392,694
Construction-in-progress	-	305,925	-	305,925	308,723
		4,799,111	(1,655,993)	3,143,118	3,060,498

11. Deferred Charges

Company

	March 31, 2004			December 31, 2003
	Cost	Accumulated Amortization	Net	Net
Software implementation costs	9,227	(1,952)	7,275	7,736
Other	4,262	(761)	3,501	2,069
	13,489	(2,713)	10,776	9,805

Consolidated

	March 31, 2004			December 31, 2003
	Cost	Accumulated Amortization	Net	Net
Premium / (discount) on acquisition of subsidiary	410,683	(101,333)	309,350	319,772
Software implementation costs	33,026	(10,593)	22,433	23,489
Other	4,271	(761)	3,510	2,079
	447,980	(112,687)	335,293	345,340

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

12. Loans and Financing

	Index	Average Annual interest rate	Company		Consolidated	
			March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
To acquire property, plant and equipment:						
BNDES – Finem	TJLP	(1) (3) 10.05%	226,413	195,642	433,055	391,755
BNDES – Finem	Basket of currencies	(1) (3) 10.22%	57,087	43,530	79,850	62,314
BNDES – Finame	TJLP	(1) (3) 9.53%	34,238	36,208	39,596	41,779
BNDES – Automatic	TJLP	(1) (3) 9.15%	3,972	4,340	4,827	5,327
For working capital:						
Advances on export contracts	US\$	4.70%	1,126,042	1,188,430	1,950,870	2,087,253
Syndicated loan	US\$	(2) 3.81%	-	-	219,969	220,744
Resolution 63	US\$	2.50%	18,969	70,967	18,969	70,967
Credit line FMO	US\$	8.71%	35,945	39,846	35,945	39,846
Imports financing	US\$	2.92%	49,679	41,773	57,166	46,062
Others	US\$	-	-	-	11,653	11,768
			1,552,345	1,620,736	2,851,900	2,977,815
Less current liabilities			502,319	524,589	1,391,578	1,444,468
Noncurrent liabilities			1,050,026	1,096,147	1,460,322	1,533,347
Long-term loans and financing mature as follows:						
April to December 2005			332,323	418,293	486,673	629,609
2006			294,193	283,404	451,958	438,752
2007			154,335	144,492	183,716	169,709
2008			103,825	94,348	119,042	104,775
2009			82,789	73,439	101,624	88,444
2010 onwards			82,561	82,171	117,309	102,058
			1,050,026	1,096,147	1,460,322	1,533,347

- (1) Capitalization agreement that corresponds to the amount in excess 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 Ltd. obtained 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 matures in a three-year period, which is the same period that the Eurobonds are due, and bears interest at the LIBOR plus 2.60% p.a. During the third quarter of 2003 it was prepaid US\$ 25 million for such financing. The Eurobonds will be held until maturity (July 2004) by the aforementioned wholly-owned subsidiary.
- (3) Financing is secured by mortgages on plant, rural properties and timberland, and guarantees of the financed assets.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

13. Related Parties

	Assets				Liabilities		Sales (purchase) of products	Financial charges
	Current		Noncurrent		Current			
	Trade accounts receivable	Dividends	Loans	Others debtors	Accounts payable	Loans		
Consolidated companies								
Bahia Sul Celulose S/A	-	37,513	-	-	8,410	-	(6,482)	(1,237)
Bahia Sul International Trading Ltd	-	-	-	-	10,631	-	-	-
Comercial e Agrícola Paineiras Ltda	-	-	2,000	29,500	211	-	(641)	-
Suzanopar International S/A	-	-	1,824	31	-	-	-	-
CSPC Overseas	152,221	-	-	-	-	41,651	77,425	(934)
Sun Paper & Board	-	-	-	-	-	-	1,666	-
Stenfar S.A. Indl. Coml. Imp. Exp.	5,379	-	-	2,386	-	-	6,432	-
	<u>157,600</u>	<u>37,513</u>	<u>3,824</u>	<u>31,917</u>	<u>19,252</u>	<u>41,651</u>	<u>78,400</u>	<u>(2,171)</u>
Nonconsolidated companies								
Suzano Holding S/A	-	-	-	-	-	-	(1,012)	-
SPP Agaprint Indl. e Coml. Ltda	12,376	-	-	-	-	-	6,072	-
Central Distribuidora de Papéis Ltda	9,223	-	-	-	-	-	8,815	-
Nemonorte Imóveis e Participações Ltda	-	-	-	-	-	-	(77)	-
Consolidated	<u>21,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,798</u>	<u>-</u>
Company	<u>179,199</u>	<u>37,513</u>	<u>3,824</u>	<u>31,917</u>	<u>19,252</u>	<u>41,651</u>	<u>92,198</u>	<u>(2,171)</u>

As of March 31, 2004, the main balances of assets and liabilities as well as the transactions impacting net income for the year related to operations with related parties result from transactions carried out at arm's length by the Company and its subsidiaries.

The Company entered into an export financing transaction in the amount equivalent to US\$ 200 million based on export receivables which are being transferred by its subsidiary Bahia Sul Celulose S.A. According to the contractual terms, the Company had at March 31, 2004 a financial investment totaling R\$35,900 to be used in the debt service. This amount is classified in "Cash and cash equivalents". During the first quarter of 2004, the subsidiary Bahia Sul Celulose S.A. transferred exports to the Company in the amount of R\$29,760 (R\$40,163 in 2003) that were exported simultaneously in the amount of R\$28,523 (R\$38,960 in 2003). The net effect between the Company exports and the products transferred by its subsidiary company for R\$1,237 (R\$1,203 in 2003) is shown as financial expenses, as it represents part of the cost of this financing. Under this agreement, failure to attain certain financial indicators will place restrictions on the distribution of dividends in excess of the minimum compulsory amount. At the end of the quarter, the Company had not defaulted on any covenants. On April 22, 2004, the Company entered into a new agreement with other financial institutions at an amount equivalent to the debit balance and the same financial cost, thus settling the previous financing. The new financial transaction neither requires a financial investment as referred above nor places restrictions on dividend distribution.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

14. Provision for Contingencies

	<u>Company</u>		<u>Consolidated</u>	
	<u>March 31, 2004</u>	<u>December 31, 2003</u>	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Tax and social security				
PIS/COFINS	27,347	26,170	42,705	41,106
PIS half-yearly computation	38,297	37,491	38,297	37,491
ICMS	4,441	4,441	7,441	7,441
	<u>70,085</u>	68,102	<u>88,443</u>	86,038
Labor and civil	12,844	12,921	19,371	19,463
	<u>82,929</u>	81,023	<u>107,814</u>	105,501

These provisions are recognized to provide for probable losses in administrative and civil cases relating to tax, civil and labor claims considered as probable losses at amounts considered sufficient by management, in accordance with the assessment of its lawyers and legal counsel as follows:

PIS/COFINS

A provision recognized for unpaid PIS and COFINS in view of the legal discussion regarding the tax calculation basis (charged on other income). As of March 31, 2004 and December 31, 2003, the Company has judicial deposits, in the consolidated, in the amount of R\$ 1,573 for PIS and R\$ 13,049 for COFINS.

PIS half-yearly payment

The Company filed a suit aimed at recovering PIS amounts considered to have been overpaid due to the fact that the law that increased the tax rate has been declared unconstitutional by the higher courts. A lower court decision recognized the Company's right to the credit, which was offset against IPI and COFINS debits. A recent higher court decision withdrew monetary correction from the credit and determined that the credit amount could only be offset against current PIS payable. This new decision is being contested in the higher courts.

ICMS

Provisions related to tax delinquency notices currently being contested or appealed against.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
(UNAUDITED)

15. Accounts Payable - Land and Forests - Consolidated

During 2002, the subsidiary Bahia Sul Celulose S.A. acquired land and eucalyptus forests planted thereon, in the region of São Mateus - ES, payable in installments by the end of 2007. As of March 31, 2004, the amounts related to this acquisition, classified as current and noncurrent liabilities, amount to R\$25,179 and R\$28,894, respectively (R\$32,770 and R\$32,842 in December 2003).

16. Financial Instruments

a) Valuation

The financial instruments included in the balance sheet, such as cash and banks, marketable securities, loans and financing, are stated at their contractual values, which approximate their fair values.

b) Credit risk

The sales policies adopted by the Company and its subsidiaries comply with the credit policies established by management and attempt to minimize possible losses arising from delinquency in accounts receivable from customers. This objective is reached through a careful selection of its client portfolio, which takes into consideration payment capacity (credit analysis) and diversification of sales (risk spread).

c) Exchange and interest rate risk

The earnings recorded by the Company and its subsidiaries are subject to significant variations, as their liabilities are substantially linked to the foreign exchange rate fluctuation, particularly the US dollar.

In order to reduce the effects of foreign exchange rate fluctuations, the Company has entered into operations involving derivatives. As of March 31, 2004, there was an open swap position from dollars to CDI in notional amounts equivalent to US\$23.4 million, in the Parent Company and an open position in "currency terms - NDF" of US\$105.3 million in the consolidated.

With a view to minimizing interest rate risks, the Company and its subsidiaries performed swap operations, limiting the interest rates on certain foreign currency loans, which notional amount is US\$77.4 million in the Parent Company and US\$192.8 million in the consolidated.

Gains and losses arising from operations involving derivatives are recognized in the financial statements.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

17. Shareholders' Equity

At March 31, 2004 and December 31, 2003, subscribed and paid-in capital is represented by 102,374,458 common shares and 171,145,326 preferred shares, all nominal and with no par value.

Preferred shares have no voting rights and have priority in the distribution of dividends, which are at least 10% higher than those attributed to common shares, in conformity with item I of article 17 of Law 6404/76, with new wording provided by Law 9457/97. The articles of association determine the distribution of a minimum dividend of 25% of net income for the year, adjusted in accordance with article 202 of Law 6404/76.

18. Net Financial Result

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
Interest income	21,593	14,670	41,896	34,655
Loss in swap transaction	(10,574)	-	(10,574)	-
Monetary and exchange rate variations	3,123	(6,530)	5,613	(29,913)
Financial income	<u>14,142</u>	<u>8,140</u>	<u>36,935</u>	<u>4,742</u>
Interest expenses	(28,306)	(52,794)	(40,438)	(61,628)
Monetary and exchange rate variations	(11,830)	65,609	(19,771)	131,812
Loss in swap transaction	(2,920)	(14,860)	(5,934)	(14,860)
Other financial expenses	(2,653)	(9,895)	(5,429)	(26,521)
Financial expenses	<u>(45,709)</u>	<u>(11,940)</u>	<u>(71,572)</u>	<u>28,803</u>
Financial result, net	<u>(31,567)</u>	<u>(3,800)</u>	<u>(34,637)</u>	<u>33,545</u>

19. Nonoperating Result

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
Gain from subsidiary abroad (1)	477	-	-	-
Gain (loss) on other investments	(525)	632	(525)	632
Result on sale of property, plant and equipment	1,054	1,519	3,419	3,153
	<u>1,006</u>	<u>2,151</u>	<u>2,894</u>	<u>3,785</u>

(1) Reversal of part of the provision for losses on the investment in the subsidiary Stenfar S.A.I.C., as a result of the decrease in its deficit.

COMPANHIA SUZANO DE PAPEL E CELULOSE

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued) (In thousands of reais) (UNAUDITED)

20. Statement of EBITDA (Unaudited and Not Reviewed)

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
Operating income	131,609	185,532	161,323	249,230
Financial expenses	45,709	11,940	71,572	(28,803)
Financial income	(14,142)	(8,140)	(36,935)	(4,742)
Equity interest in subsidiaries	(88,086)	(96,032)	136	-
Amortization of premium	10,422	10,422	10,422	10,422
Depreciation, depletion and amortization	22,315	19,927	46,414	43,161
Earnings before income and social contribution taxes, interest, depreciation, depletion and amortization (EBITDA)	107,827	123,649	252,932	269,268

21. Guarantees

The Company has provided guarantees, jointly with Suzano Petroquímica S.A., to Polibrasil Resinas S.A., in connection with a line of credit obtained from BNDES, which amounted to R\$44,809 at March 31, 2004 (R\$47,562 at December 31, 2003). Similarly, the Company has provided guarantees in connection with a line of credit obtained from FMO (a Dutch development agency), which expired on February 9, 2004.

At March 31, 2004, the Company had open vendor operations with its clients in the amount of R\$31,206 (R\$35,901 at December 31, 2003), in which the Company participates as a guarantor. In the consolidated statements, vendor operations totaled R\$84,494 (R\$96,136 in December 2003).

22. Commitments

The Company, through its subsidiary Bahia Sul Celulose S.A., signed a loan agreement with Aracruz Celulose S.A. for the loan of 1,900 thousand cubic meters of eucalyptus timber to be harvested by Aracruz Celulose S.A. up to December 31, 2004, to be returned under similar conditions between 2006 and 2008. The Company records the amount of R\$ 5,539 (R\$ 2,653 in December 2003) referring to the volume already delivered to Aracruz Celulose S.A. as noncurrent assets.

COMPANHIA SUZANO DE PAPEL E CELULOSE

SUPPLEMENTARY INFORMATION

Statements of Changes in Financial Position
(In thousands of reais)
(UNAUDITED)

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
WORKING CAPITAL PROVIDED BY:				
Operations:				
Net income for the period	113,408	154,611	115,915	154,261
Items not affecting working capital:				
Depreciation, depletion and amortization	22,315	19,927	46,414	43,161
Net book value of permanent assets disposed	1,295	829	8,782	3,300
Deferred income and social contribution taxes	3,119	(1,834)	13,308	42,882
Equity interest in subsidiaries and affiliates	(88,086)	(96,032)	136	-
Dividends from subsidiaries	250	-	-	-
Amortization of premium	-	-	5,059	5,959
Minority interests	10,422	10,422	10,422	10,422
Provision for contingencies	2,432	13,341	2,839	20,376
Exchange and monetary variations and long-term interest, net	9,494	(42,385)	13,258	(73,625)
Working capital provided by operations	<u>74,649</u>	<u>58,879</u>	<u>216,133</u>	<u>206,736</u>
Third parties:				
Noncurrent loans and financing	123,170	130,508	194,418	171,038
Capital decrease in subsidiary	-	653,309	-	-
Decrease in noncurrent assets	-	-	249	1,042
	<u>123,170</u>	<u>783,817</u>	<u>194,667</u>	<u>172,080</u>
TOTAL WORKING CAPITAL PROVIDED	<u>197,819</u>	<u>842,696</u>	<u>410,800</u>	<u>378,816</u>
WORKING CAPITAL USED FOR:				
Increase in investments	18	1,295	1,036	6,002
Increase in property, plant and equipment	66,864	62,572	136,483	85,104
Increase in deferred charges	1,599	2,644	1,599	3,038
	<u>68,481</u>	<u>66,511</u>	<u>139,118</u>	<u>94,144</u>
Noncurrent assets	13,934	1,926	15,207	7,830
Transfer from noncurrent to current liabilities	178,796	156,039	284,925	269,300
TOTAL WORKING CAPITAL USED	<u>261,211</u>	<u>224,476</u>	<u>439,250</u>	<u>371,274</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(63,392)</u>	<u>618,220</u>	<u>(28,450)</u>	<u>7,542</u>
CHANGES IN WORKING CAPITAL				
Current assets	(114,704)	41,065	(122,821)	(542,636)
Current liabilities	51,312	577,155	94,371	550,178
INCREASE (DECREASE) IN WORKING CAPITAL	<u>(63,392)</u>	<u>618,220</u>	<u>(28,450)</u>	<u>7,542</u>

COMPANHIA SUZANO DE PAPEL E CELULOSE

SUPPLEMENTARY INFORMATION Statements of cash flows (In thousands of reais) (UNAUDITED)

	Company		Consolidated	
	Three Months Ended March 31,			
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	113,408	154,611	115,915	154,261
Adjustments to reconcile net income to cash generated				
By operating activities:				
Depreciation, depletion and amortization	22,315	19,927	46,414	43,161
Income on sale of property, plant and equipment	(1,532)	(1,519)	(3,897)	(3,153)
Equity interest in subsidiaries and affiliates	(88,086)	(96,032)	136	-
Minority interests	-	-	5,059	5,959
Amortization of premium	10,422	10,422	10,422	10,422
Dividends from subsidiaries	250	-	-	-
Deferred income and social contribution taxes	3,264	(3,653)	14,925	36,233
Interest, exchange and monetary variation, net	11,779	(71,796)	(2,161)	(81,258)
Provision for contingencies	2,432	26,606	2,839	33,641
Changes in assets and liabilities related to operations:				
(Decrease) increase in trade accounts receivable	(14,752)	1,061	(30,070)	(8,217)
(Decrease) increase in other current and noncurrent assets	(4,524)	(30,639)	3,206	(28,170)
(Increase) decrease in other current and noncurrent liabilities	(40,607)	45,413	(45,429)	48,225
Net cash from operating activities	<u>14,369</u>	<u>54,401</u>	<u>117,359</u>	<u>211,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investments	(18)	(1,295)	(1,036)	(6,002)
Increase in property, plant and equipment	(66,864)	(62,572)	(136,483)	(85,104)
Increase in deferred charges	(1,599)	(2,644)	(1,599)	(3,038)
Capital decrease in subsidiary	-	653,309	-	-
Credit loss on credit from disposal of investment	-	-	-	(3,755)
Proceeds generated from sale of fixed assets	2,827	2,348	12,678	6,453
Net cash from (used in) generated by investing activities	<u>(65,654)</u>	<u>589,146</u>	<u>(126,440)</u>	<u>(91,446)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans and financing	134,542	176,071	233,200	258,434
Payment of loans and financing to parent company	-	(653,309)	-	(653,309)
Payment of loans and financing	(203,146)	(154,319)	(358,268)	(294,482)
Net cash used in financing activities	<u>(68,604)</u>	<u>(631,557)</u>	<u>(125,068)</u>	<u>(689,357)</u>
Effects of exchange rate variation on cash and marketable securities	-	-	1,176	(5,688)
CHANGES IN CASH AND MARKETABLE SECURITIES				
At the beginning of the year	343,839	214,191	1,332,451	1,342,061
At the end of the year	<u>223,950</u>	<u>226,181</u>	<u>1,199,478</u>	<u>766,674</u>
INCREASE (DECREASE) IN CASH AND MARKETABLE SECURITIES	<u>(119,889)</u>	<u>11,990</u>	<u>(132,973)</u>	<u>(575,387)</u>

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE

Financial data was submitted to review of Independent Auditors
(UNAUDITED)

The pulp market

International eucalyptus pulp prices were increased in February, March and April, after a reduction in January. Average prices in 1Q04 in Europe were US\$510/metric ton (CIF Europe) and prices reached US\$550 per metric ton on 1 April – compared with an average of US\$503/metric ton in 2003.

The improvement in international prices reflects four factors: (i) the positive economic outlook, especially in the United States and China; (ii) strength of the Euro; (iii) the high spread over long fiber pulp prices and (iv) the positive behavior of world inventories during the quarter, when capacity utilization grew to 98% and deliveries/capacity touched 100% .

If these conditions remain, the outlook for eucalyptus pulp prices will continue to be positive. There is also the seasonal effect of maintenance shutdowns in the Northern Hemisphere, which among other factors, should also keep the second quarter positive.

The paper market

The retraction in demand for paper in 2003 showed signs of reversing at the beginning of this year in some segments of the market. Our sales volume this quarter was practically stable in comparison to 1Q04, and up 0.9% from 1Q03.

Our sales highlight was paperboard, with sales volume 14.2% higher than in 4Q03, and 5.2% higher than in 1Q03. The volumes sold in the uncoated printing and writing paper segments were weaker than in 1Q03 and 4Q03, with a reduction of 2.2% and 3.7% respectively. In the coated papers segment, sales volume increased 4.9% in comparison to 1Q03, and in comparison to 4Q03, there was an 8.6% reduction, due to the usual seasonal drop in sales in the first quarter.

In the international market the average price difference between uncoated woodfree paper (Reels CIF Northern Europe) and eucalyptus pulp was US\$261 per metric ton , in line with the historical average of US\$250 per metric ton .

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued)
Financial data was submitted to review of Independent Auditors
(UNAUDITED)

Production and cash cost

In 1Q04 we produced 128.0 thousand metric tons of market pulp and 188.7 thousand metric tons of paper – compared with 91.6 thousand metric tons of market pulp and 191.8 thousand metric tons of paper in 1Q03. In 4Q03, production reached 117.5 thousand metric tons of market pulp and 193.9 thousand metric tons of paper.

Two factors contributed to the increase in market pulp production this quarter: (i) the production learning curve after the modernized pulp plant came on stream. Total pulp production of this unit in the quarter was 117.0 thousand metric tons , compared to 106.9 thousand metric tons in 1Q03; and (ii) the rescheduling of the maintenance stoppage of the pulp plant, which took place this year in April and last year in March. This year's stoppage took eight days – last year's took ten days.

The programmed 36-day shutdown in the B8 mill, for modernization (phase 1 of the P project) began February 29. This machine produces uncoated printing and writing paper, mainly cut sizes, and the shutdown is largely the reason for the reduction of 3.1 thousand metric tons in output of paper in comparison to 1Q03. The production capacity of the B8 mill will be increased by 43 thousand metric tons to 153 thousand metric tons /year at full capacity.

Our market pulp production cost is among the lowest in the world. Our pulp cash production cost in Mucuri, in 1Q04 was US\$155/metric ton , which compares with US\$148/metric ton in 4Q03.

Total sales volume

Our total volume sold in 1Q04 was 321.3 thousand metric tons , 20% more than the 267.7 thousand metric tons we sold in the first quarter of 2003. 38.7% of this (124.4 thousand metric tons) was sold to the domestic market, and the remaining 61.3% was exported – these figures compare with 44.7% and 37.5% sold domestically, and 55.3% and 62.5% exported, in 1Q03 and 4Q03, respectively.

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued) Financial data was submitted to review of Independent Auditors (UNAUDITED)

Net sales

Net sales in 1Q04 were R\$656.6 million, 10.7% higher than in 1Q03 – resulting from an increase of 20.0% in volumes sold, and a reduction of 7.8% in prices in Reais.

Net sales from the domestic market in the quarter were R\$318.7 million, 5.9% higher than in 1Q03, on average prices in Reais 1.9% higher, and volumes sold 3.9% higher. Net sales from exports were R\$337.9 million in 1Q04, 15.5% more than in 1Q03. Our volume exported were 33.0% higher, due to the redirection of sales to the export market as a response to the fall in domestic Brazilian demand in 2003, and this more than offset the effect of prices 13.1% lower in Reais – which was largely due to the appreciation of the Real against the U.S. dollar.

Total net sales were 0.8% higher than in 4Q03, led by the 9.5% increase (in dollar terms) in international prices of uncoated paper, and the growth in total volume in the domestic market and in exports of pulp.

The net effect of the “PIS/COFINS” on sales and the credits derived from purchases of raw material, services and other inputs linked to production and from the initial balances of inventories and depreciation (according to Federal Laws 10,637/02 and 10,833/03) were reported as sales deductions in the income statement. The line items financial expenses and income presented in the income statement are reported net of the respective debits and credits derived from this tax.

Market pulp net sales

Net sales from pulp were 26.4% of total net sales in the quarter – compared with 24.7% in 1Q03 and 23.1% in 4Q03. Exports of pulp were 87.4% of total pulp volume sold, compared to 86.5% in 1Q03 and 89.0% in 4Q03.

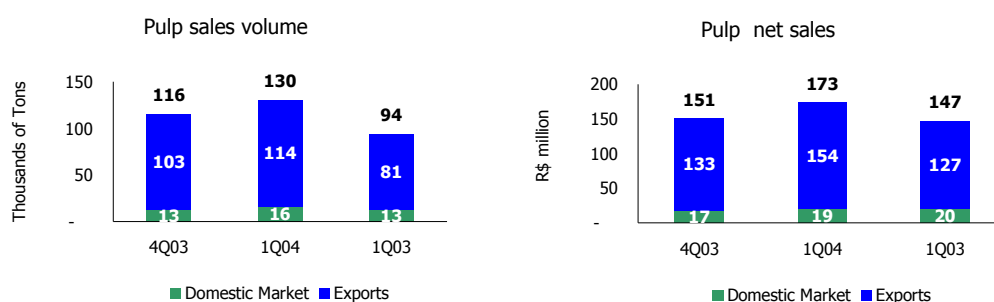
Net sales of pulp were 18.4% higher, at R\$173.4 million, in 1Q04 than in 1Q03 – reflecting volumes sold 38.7% higher (130.4 thousand metric tons , vs. 94.0 thousand metric tons in 1Q03), due to the additional market pulp capacity following the start-up of the modernized pulp plant at Suzano and the rescheduling of the maintenance shutdown in Mucuri for April. At the same time, prices in Reais were 14.6% lower, at R\$1,329.87 per metric ton , due to the appreciation of the Real in the period, in spite of the increase of US\$21.0 per metric ton in average price on export sales.

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued) Financial data was submitted to review of Independent Auditors (UNAUDITED)

Market pulp net sales (Continued)

Compared to 4Q03, our net sales from pulp increased 15.2%, due to the 10.8% increase in volume exported, a 4.2% increase in export prices in Reais, and an increase of 29.2% in the volumes sold to the domestic market. These factors were partially offset by the 12.7% fall in domestic market prices.



Net sales from paper

In this quarter net sales from paper were 73.6% of total net sales – compared with 75.3% in 1Q03. By volume, 43.4% of our paper was exported in 1Q04, compared to 38.4% in 1Q03, due to our strategy of redirecting sales to the export market as a result of the retraction of local Brazilian demand in 2003. Paper export volume was 47.7% of the total in 4Q03, but a lower percentage in 1Q04, mainly because of the reduction in exports of uncoated printing and writing paper, partly related to the postponement of shipment and the redirection of part of the exports of paperboard to the domestic market.

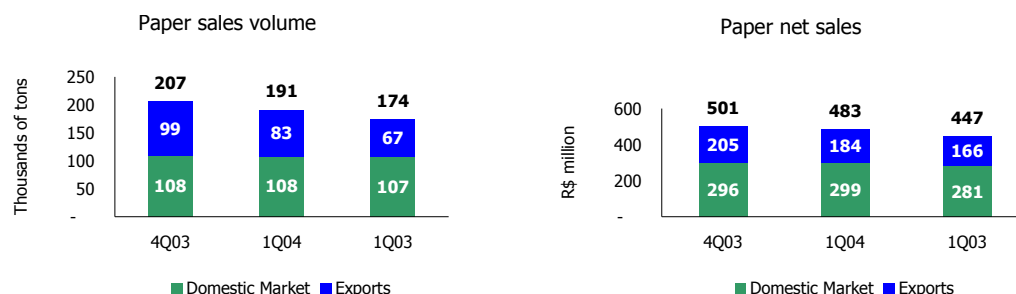
Our net sales from paper in 1Q04 were R\$483.1 million, 8.1% more than in 1Q03. Prices in 1Q04 were 1.6% lower, at R\$2,531.36 per ton, while volume sold, at 190.9 thousand metric tons, was 9.9% higher.

In comparison to 4Q03 our average paper sale price in Reais was 4.4% higher, led by the 9.6% increase in export prices of uncoated papers. Volumes were 7.6% lower, due to the reduction in exports, and the reduction of domestic market sales of printing and writing papers.

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued) Financial data was submitted to review of Independent Auditors (UNAUDITED)

Net sales from paper (Continued)



Cost of sales

Our unit cost of sales in 1Q04 was R\$1,175.9 per metric ton, 12.4% higher than in 1Q03, mainly reflecting (i) the increasing costs of labor and other fixed costs and (ii) the larger proportion of paper in exports, which have higher freight costs. The unit cost was 2.8% lower than in 4Q03, reflecting lower exports of paper.

Gross profit

Due to the factors above, gross profit in 1Q04, at R\$278.8 million, was 11.0% lower than in 1Q03, and gross margin was 42.5%, compared to 52.8% in 1Q03, mainly due to the higher exports of paper (which have lower margins) and the effect on export prices of appreciation of the Real. The margin was 2.3 percentage points higher than in 4Q03, mainly reflecting the higher proportion of domestic market sales of paper and the increase in international prices, in dollar terms, for uncoated printing and writing paper and pulp.

Selling expenses

Selling expenses in the quarter, at R\$31.8 million, were stable when compared with 1Q03. The factors that positively contributed were lower marketing expenses and provisions for doubtful accounts. The negative impacts were related to higher labor and logistics expenses. In comparison to 4Q03, selling expenses were 21.1% lower, on lower marketing expenses, exports of paper and provisions for doubtful accounts.

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued)
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General and administrative (G&A) expenses

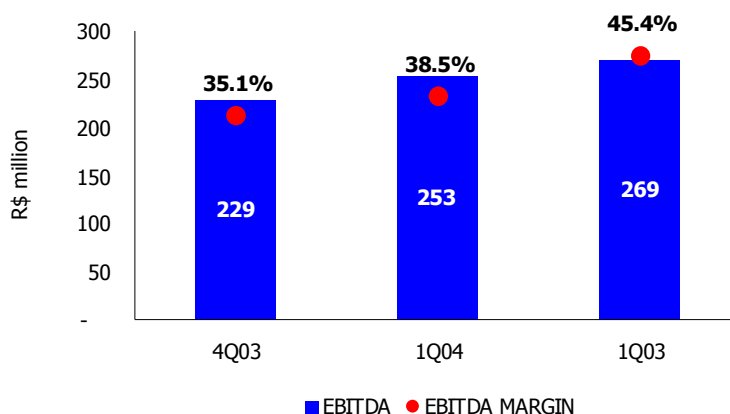
G&A expenses in 1Q04 were R\$46.3 million, 23.3% less than in 1Q03, and 1.6% lower than in 4Q03. The period-to-period reduction is due to lower expenditure on administrative personnel, lower expenses on outsourced services and consultants, and lower tax provisions compared to 1Q03.

Our G&A expenses as a percentage of net sales revenue fell to 7.1% – reduced from 10.2% in 1Q03 and 7.2% in 4Q03.

Ebitda

Our 1Q04 Ebitda was R\$252.9 million, 6.1% below our Ebitda of 1Q03 – the reasons was the appreciation of the Real against the dollar in 1Q04 compared with 1Q03. Ebitda margin was 38.4% in 1Q04, compared to 45.4% in 1Q03.

Compared to 4Q03, our Ebitda margin increased by 3.4 percentage points, and our Ebitda increased by 10.6% , due to lower exports of papers, better prices for uncoated paper exports, and redirecting of some paperboard volume from exports to the domestic market, and the other factors explained before.



COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued)
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Net financial expenses

We recorded net financial expenses of R\$34.6 million in 1Q04 – this compares with net financial revenues of R\$33.5 million in 1Q03. The main factor is due to the devaluation of Real against the U.S. Dollar in 1Q04 and the appreciation in 1Q03, and its effect on our dollar-denominated assets and liabilities. The net contribution of foreign exchange variation to our 1Q04 result was an expense of R\$14.2 million, compared to revenue of R\$101.9 million in 1Q03. Since they relate to exchange rate variations, both these latter amounts do not necessarily represent disbursement, or inflow of funds, in these periods.

Income tax and social contribution

Our provision for income tax and the Social Contribution on net income in 1Q04 were R\$43.2 million, 53.4% less than the R\$92.8 million provision recorded in 1Q03. This variation was due to (i) higher taxable income in 1Q03 and (ii) 75% income tax incentive that was approved in the 2Q03 by Adene (the Development Agency for the Brazilian Northeast) considering the expansion and modernization project of the Mucuri plant.

Net income

Our net income was R\$115.9 million (R\$0.4238 per share) in 1Q04. This compares with net income of R\$154.3 million (R\$0.5967 per share) in 1Q03, and net income of R\$98.9 million (R\$0.3617 per share) in 4Q03.

Cash and Indebtedness

Consolidated net debt on 31 March 2004 was R\$1,652.4 million, or US\$568.1 million. This compares with R\$1,645.4 million, or US\$569.5 million, on December 31, 2003. Ebitda reached US\$87.2 million in 1Q04, compared to US\$77.0 million in 1Q03.

Net debt/Ebitda at March 31, 2004 was 1.63, compared to 1.64 at December 31, 2003.

On March 31, 2004, 80% of our debt was in U.S. Dollars, compared with 83% on December 31, 2003. On these dates approximately 52% and 51% of our cash positions, respectively, were linked to the U.S. Dollar.

COMPANHIA SUZANO DE PAPEL E CELULOSE

REPORT ON COMPANY'S PERFORMANCE (Continued)
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Capital expenditure

Continuing our strategy of organic growth, we invested a total of R\$136.5 million in this quarter. Operational investments, including capital expenditure on forests, in the São Paulo units, totaled R\$66.9 million, and our capital expenditure on the Mucuri unit was R\$63.3 million in the quarter. We invested a further R\$6.2 million in the Capim Branco electricity power plant project.

Of the total capital expenditure in 1Q04, (i) R\$33.3 million was spent on the modernization project at Suzano – of which R\$17.8 million on the Q project, the new pulp mill, and R\$15.5 million on the modernization of the B8 mill (the P project), which took place in March – the mill began operating on 4 April, beginning a new learning curve; (ii) R\$38.7 million on the improvement project at Mucuri; and (iii) R\$5.9 million on the forest component of the expansion project. Our remaining capital expenditure went into current investments in plant and forests.