

***Unconsolidated and
Consolidated Quarterly
Financial Information***

***Suzano Bahia Sul Papel e
Celulose S.A.***

September 30, 2004

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

**UNCONSOLIDATED AND CONSOLIDATED QUARTERLY FINANCIAL
INFORMATION**

September 30, 2004

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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.

SPECIAL REVIEW REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Suzano Bahia Sul Papel e Celulose S.A.

1. We have performed a special review of the accompanying Quarterly Financial Information of Suzano Bahia Sul Papel e Celulose S.A. and subsidiaries for the quarter and nine-month period ended September 30, 2004, including the balance sheets, statements of income, report on the Company's performance and other Company's 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 of and discussions with the management responsible for the Company's accounting, financial and operational areas about the criteria adopted for the preparation of the quarterly information and (b) review of information and subsequent events which have or might have significant 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. 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 flows for the nine-month period ended September 30, 2004, prepared in accordance with the accounting practices adopted in Brazil, 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 nine-month period ended September 30, 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 nine-month period ended September 30, 2004, taken as a whole.

5. The Quarterly Financial Information for the quarter and nine-month period ended September 30, 2003, also presented for comparative purposes, was reviewed by other independent auditors who issued an unqualified special review report dated on October 20, 2003 and on November 18, 2003. Similarly, the supplementary information for the nine-month period, also presented for comparison purposes, was reviewed by other independent auditors, who also issued an unqualified special review report on the same dates.

Salvador, October 20, 2004

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

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

A free translation from Portuguese into English of quarterly financial information prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

BALANCE SHEETS
September 30 and June 30, 2004
(In thousands of reais)

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Assets				
Current assets:				
Cash and marketable securities	862,755	999,361	1,336,016	1,437,071
Trade accounts receivable	831,824	804,522	568,852	498,175
Inventories	326,278	317,134	394,565	372,814
Other accounts receivable	20,790	17,513	21,706	19,140
Recoverable taxes	40,817	53,673	40,818	53,672
Deferred income and social contribution taxes	94,969	98,987	113,911	111,890
Prepaid expenses	10,831	9,881	11,205	10,215
	2,188,264	2,301,071	2,487,073	2,502,977
Noncurrent assets:				
Due from related parties	42,605	39,926	-	-
Recoverable taxes	25,609	27,818	25,614	27,826
Deferred income and social contribution taxes	152,385	187,791	152,385	195,697
Judicial deposits	27,590	27,267	27,590	27,267
Advances to suppliers	71,591	62,695	71,591	69,118
Other accounts receivable	16,270	13,152	19,622	9,928
	336,050	358,649	296,802	329,836
Permanent assets:				
Investments	323,903	361,926	27,272	30,868
Property, plant and equipment	3,354,862	3,236,499	3,413,624	3,284,090
Deferred charges	3,129	24,695	3,173	24,712
	3,681,894	3,623,120	3,444,069	3,339,670
Total assets	6,206,208	6,282,840	6,227,944	6,172,483

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Liabilities and shareholders' equity				
Current liabilities:				
Trade accounts payable	172,434	119,690	154,654	125,519
Loans and financing	1,030,460	1,653,271	1,031,300	1,549,193
Debentures	21,234	-	21,234	-
Taxes payable other than on income	20,731	15,863	20,763	15,889
Accrued salaries and payroll taxes	57,287	50,188	58,015	50,916
Accounts payable	37,634	64,436	71,107	70,674
Payable to related parties	-	1,239	-	-
Dividends payable	1,005	285	1,005	285
Income and social contribution taxes	12,964	6,540	13,748	8,404
	1,353,749	1,911,512	1,371,826	1,820,880
Noncurrent liabilities:				
Loans and financing	1,472,147	1,685,883	1,505,654	1,699,218
Debentures	480,272	-	480,272	-
Accounts payable	32,871	36,742	32,871	36,742
Deferred income and social contribution taxes	12,276	11,321	12,276	11,321
Provision for contingencies	125,298	115,465	125,298	115,465
	2,122,864	1,849,411	2,156,371	1,862,746
Shareholders' equity:				
Capital	1,477,963	1,477,963	1,477,963	1,477,963
Capital reserves	272,198	276,892	272,198	276,892
Income reserves	564,713	564,713	536,170	536,170
Treasury shares	(15,080)	(13,339)	(15,080)	(13,339)
Retained earnings	429,801	215,688	428,496	211,171
	2,729,595	2,521,917	2,699,747	2,488,857
Total liabilities and shareholders' equity	6,206,208	6,282,840	6,227,944	6,172,483

See accompanying notes.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

STATEMENTS OF INCOME

Three and nine months ended September 30, 2004 and 2003

(In thousands of reais, except net earnings per share)

	Company				Consolidated			
	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,		Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2004	2003	2004	2003	2004	2003	2004	2003
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross sales	820,824	264,692	1,382,809	831,912	808,064	646,153	2,252,113	1,998,313
Sales deductions	(68,507)	(13,390)	(81,140)	(42,743)	(66,845)	(53,081)	(180,502)	(171,650)
Net Sales	752,317	251,302	1,301,669	789,169	741,219	593,072	2,071,611	1,826,663
Cost of goods sold	(372,936)	(104,675)	(604,861)	(315,746)	(394,111)	(338,876)	(1,163,461)	(957,677)
Gross profit	379,381	146,627	696,808	473,423	347,108	254,196	908,150	868,986
Operating income (expense):								
Selling expenses	(65,352)	(25,151)	(121,446)	(68,523)	(36,644)	(34,973)	(101,244)	(100,163)
General and administrative expenses	(54,567)	(11,085)	(83,770)	(45,260)	(58,429)	(38,072)	(151,470)	(154,350)
Financial income	(17,691)	15,015	51,322	7,816	(37,676)	40,262	99,973	(36,485)
Financial expenses	126,937	(53,410)	(6,882)	114,381	122,904	(115,704)	(188,550)	163,988
Other operating income	3,294	1,713	5,044	4,858	5,155	18,784	13,355	24,678
Other operating expenses	-	-	-	-	-	(10,422)	-	(31,266)
Equity pickup in subsidiaries and affiliates	(34,850)	13,905	(10,905)	(45,436)	(40)	(156)	(248)	(876)
Operating income	337,152	87,614	530,171	441,259	342,378	113,915	579,966	734,512
Nonoperating income, net	7,607	686	13,380	2,065	7,568	7,609	26,612	13,558
Income before income and social contribution taxes and minority interest	344,759	88,300	543,551	443,324	349,946	121,524	606,578	748,070
Income and social contribution taxes	(85,391)	(28,775)	(111,891)	(134,804)	(87,366)	(37,261)	(139,914)	(241,378)
Income for the period before minority interest	259,368	59,525	431,660	308,520	262,580	84,263	466,664	506,692
Minority interest	-	-	-	-	-	(3,912)	-	(19,114)
Result from downstream merger	-	-	36,309	-	-	-	-	-
Net income for the period	259,368	59,525	467,969	308,520	262,580	80,351	466,664	487,578
Number of shares (thousands)	283,918,754	3,221,859,700	283,918,754	3,221,859,700	283,918,754	3,221,859,700	283,918,754	3,221,859,700
Net earnings per share	0.91353	0.01848	1.64825	0.09576	0.92484	0.02494	1.64365	0.15133

See accompanying notes.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

(In thousands of reais)

(UNAUDITED)

1. Downstream Merger between Companhia Suzano de Papel e Celulose and Bahia Sul Celulose S.A.

The Extraordinary General Meetings of the shareholders held on June 29 and 30, 2004 approved the downstream merger (DSM) between Companhia Suzano de Papel e Celulose (Suzano) and Bahia Sul Celulose S.A. (Bahia Sul), resulting in the winding-up of operations of Suzano, the net assets of which were added to Bahia Sul's assets, which will be successor in all its assets, rights and liabilities. The corporate name of Bahia Sul was changed to Suzano Bahia Sul Papel e Celulose S.A. (Company, Suzano Bahia Sul).

This merge operation is an important step in the Companies' operating and corporate integration, which began after the purchase, by Suzano, in May 2001, of the totality of the shares with voting rights issued by Bahia Sul in May 2001. The main phases that marked the evolution of the restructuring process were: (i) the implementation, in October 2001, of the Companies' unified management, resulting in significant gains from the mingle of synergies; (ii) the spin-off of petrochemical assets owned by Suzano, which occurred in November 2001, with the objective of enhancing dynamism and transparency in the different business areas, and (iii) call for bid of Bahia Sul shares, made by Suzano, and payment with its own shares in September 2002, through which Suzano passed to hold 94% of Bahia Sul's total capital.

The main effects of the DSM on the Company's financial statements were as follows:

- (a) Goodwill resulting from increased shareholding of Suzano in Bahia Sul: in the DSM process, the goodwill resulting from increases in shareholding of Suzano in Bahia Sul was fully accrued at Suzano before the DSM process, generating a reduction by R\$ 319,800 in shareholders' equity, with a matching entry to the investment account. In order to benefit from the goodwill tax-wise, deferred income and social contribution taxes credits were recorded in current and noncurrent assets, against an increase in shareholders' equity in the amount of R\$108,700, in the account "special goodwill reserve on DSM", the amortization of which will occur over 60 months, as per Brazilian Securities Commission CVM Instruction No. 349/01;
- (b) Profit on intercompany fixed asset disposals no longer eliminated: in the consolidated financial statements of Suzano, the elimination of R\$ 53,900 occurred in shareholders' equity, referring to profit on intercompany fixed asset disposals. With the DSM, the consolidation between the company benefiting from the profit and the asset owner no longer takes place, thus such elimination no longer occurs;

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

1. Downstream Merger between Companhia Suzano de Papel e Celulose and Bahia Sul Celulose S.A. (Continued)

- (c) Elimination of minority interest: minority interest in Bahia Sul's shareholders' equity was segregated in the consolidated financial statements with Suzano. With the DSM, minority shareholders now belong to the same shareholder base, with an eventual new addition to the Company's shareholders' equity, in the amount of R\$ 115,600.

2. Operations

The main business purpose of the Company and its subsidiaries is the manufacturing and trading, domestically and abroad, of short-fiber pulp of eucalyptus and paper, in addition to the formation and exploration of eucalyptus forests for own use and sale to third parties.

The trading of the products abroad is made through wholly-owned subsidiaries located abroad.

3. 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).

Presentation of the financial statements due to the DSM

In relation to the Company information (Suzano Bahia Sul), the financial statements were disclosed as in the Company's regular accounting records, for both the current period and comparative periods, thus showing the financial situation and the result of operations in a distinct manner, once the current period includes dropdown of net assets in connection with the DSM and the previous periods do not include such net assets. As such, the comparability of the Company's financial statements is impaired due to the effects of the DSM.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

3. Presentation of the Quarterly Financial Information

In the case of the consolidated financial statements, since the post-DSM information matched against the consolidated Bahia Sul does not reflect the economic and financial information of the economic conglomerate, we present the consolidated financial statements of Suzano for purposes of comparison with the previous years (instead of the Bahia Sul consolidated financial statements). For the current period, we present the consolidated financial statements of Suzano Bahia Sul (post-DSM), which normally include the figures of the acquirer (Bahia Sul), plus the original assets of the acquiree (Suzano), combined with the figures of the subsidiaries (from the Bahia Sul subsidiaries before the DSM and from Suzano due to the DSM), observing that, in the statements of income, the revenues, costs and expenses for the nine-month period of Suzano, Bahia Sul and all subsidiaries were added line by line, as if Suzano were being consolidated. Such procedure was adopted in 2003 and 2004 for all consolidated accounting and financial information presented.

The above procedure was adopted based on the following:

- (a) The objective of the consolidated financial statements is to reflect the economic and financial position of an economic entity that includes two or more companies, not considering the corporate entity's own limitation;
- (b) The DSM herein conducted basically produces the same result had Bahia Sul been merged into Suzano (subsidiary merges into Company), that would represent the same assets, liabilities and shareholders' equity and shareholders and the respective capital interest proportion.

Summary of Principal Accounting Practices

a) Statement of income

Revenues 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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

3. Presentation of the Quarterly Financial Information (Continued)

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.

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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

3. Presentation of the Quarterly Financial Information (Continued)

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, net of a valuation allowance, where applicable.

i) Property, plant and equipment

Property, plant and equipment are recorded at the acquisition, development or construction cost, restated by inflation rates until December 31, 1995, (including interest and other financial charges, during construction). Depreciation is calculated using the straight-line method based on the depreciation rates mentioned in Note 11, considering the estimated useful lives of the assets.

Timber resources include acquisition, development and maintenance costs. 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.

k) Rights and obligations

Price-level is 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

Provisions are recognized in the balance sheet whenever 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 is required to settle the obligation. Provisions are recorded considering the best estimates for the risk of each specific liability.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

3. Presentation of the Quarterly Financial Information (Continued)

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, net, 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.

n) Income and social contribution taxes

Income and social contribution taxes on the income for the period comprise 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 income and social contribution taxes losses carryforward and temporary differences was determined in accordance with CVM Instruction 371/02.

o) 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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

4. 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, except for the comments in note 1.

The consolidated financial statements include the financial statements of Suzano Bahia Sul Papel e Celulose S.A. and its direct and indirect subsidiaries, as shown below:

	Headquarter (Country)	Direct and indirect ownership percentage (%)
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

- Elimination of intercompany asset and liability account balances;
- Elimination of investment in the subsidiaries' capital, reserves and retained earnings;
- Elimination of intercompany income and expense balances and unearned income arising from intercompany transactions; and
- Elimination of tax charges due on unearned income, shown as deferred taxes in the consolidated balance sheet;

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

4. Consolidated Quarterly Financial Information (Continued)

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

	Net Income		Shareholders' equity	
	3 ^o Quarter of 2004	Nine months of 2004	September/2004	June / 2004
Company	259,368	467,969	2,729,595	2,521,917
Elimination of realized income recorded by the Parent Company in transactions with subsidiaries	4,869	(1,971)	(38,534)	(43,403)
Income and social contribution taxes on the eliminations above	(1,657)	666	8,686	10,343
Consolidated	262,580	466,664	2,699,747	2,488,857

The other periods have not been reconciled, as explained in Note 3.

5. Cash and Marketable Securities

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Cash and banks	14,796	11,541	196,775	192,863
Marketable securities	847,959	987,820	1,139,241	1,244,208
	862,755	999,361	1,336,016	1,437,071

The marketable securities refer substantially to bank deposit certificates remunerated at rates that vary from 99.5% to 102% of the Brazilian Interbank Deposit Certificate (CDI) rate, Certificates of Bank Deposits and foreign marketable securities at an average rate of 1.66% per annum plus exchange variation of the US dollar.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

6. Trade Accounts Receivable

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Domestic receivable	368,788	316,078	369,099	316,108
Foreign receivable	481,626	522,563	224,980	221,100
Discounted export receivable	(2,910)	(20,096)	(2,910)	(20,096)
Allowance for doubtful accounts	(15,680)	(14,023)	(22,317)	(18,937)
	831,824	804,522	568,852	498,175

The Company had, at September 30, 2004, outstanding vendor operations with its customers in the amount of R\$ 64,490 (R\$ 69,497 in June 2004) in which the Company acts as an intervening guarantor.

7. Inventories

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Finished goods	123,775	127,988	191,951	183,558
Work in process	16,109	15,205	16,109	15,205
Raw materials	47,483	41,740	47,483	41,740
Maintenance and other materials	138,911	132,201	139,022	132,311
	326,278	317,134	394,565	372,814

8. Recoverable Taxes

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Recoverable social contribution tax	-	5,081	-	5,081
Recoverable income tax	15,874	21,042	15,874	21,042
Recoverable PIS/COFINS	7,467	10,139	7,467	10,139
Value added tax (ICMS) on acquisition of property, plant and equipment	41,686	43,723	41,686	43,723
Other	1,399	1,506	1,405	1,513
	66,426	81,491	66,432	81,498
Less current assets	40,817	53,673	40,818	53,672
Noncurrent assets	25,609	27,818	25,614	27,826

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

9. 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, and on fiscal losses of income tax and negative basis of social contribution taxes.

The recorded deferred income and social contribution taxes derive from:

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Assets				
Income tax loss carryforward	56,545	76,889	56,545	76,889
Social contribution tax loss carryforward	18,054	26,751	18,054	26,751
Temporary differences (1)				
- Income tax	131,438	141,107	148,216	157,409
- Social contribution	41,317	42,031	43,481	46,538
	247,354	286,778	266,296	307,587
Less current assets	94,969	98,987	113,911	111,890
Noncurrent assets	152,385	187,791	152,385	195,697
Liabilities				
Accelerated depreciation	12,276	11,321	12,276	11,321
	12,276	11,321	12,276	11,321

(1) Income and social contribution tax credits amount to R\$ 96,554 at September 30, 2004 and R\$ 101,636 at June 30, 2004 regarding taxes benefit from goodwill on merger. See Note 1.

The accumulated income and social contribution taxes losses carryforward are composed as follows:

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Income tax losses carryforward	225,343	307,557	225,343	307,557
Social contribution tax losses carryforward	199,327	297,229	199,327	297,229
	424,670	604,786	424,670	604,786

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

9. 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 and social contribution taxes losses carryforward, which have no statutory limitation in time. The carrying value of the deferred tax asset is reviewed annually by the Company and the related adjustments have not been significant in relation to management's initial estimate. The technical study considers the new income tax reduction incentive of 75% on profit from tax incentive activities of the Mucuri unit (former Bahia Sul). Due to the DSM, we reviewed the referred technical study and the review conclusions were approved by management.

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

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
2004	14,048	33,063	32,990	53,872
2005	64,920	66,515	64,920	66,515
2006	79,947	58,648	79,947	58,648
2007	56,169	57,347	56,169	57,347
2008	32,270	54,293	32,270	54,293
2009 to 2012	-	16,912	-	16,912
	247,354	286,778	266,296	307,587

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

In the second quarter of 2003, the Company obtained from ADENE (former SUDENE) a new tax incentive reduction of 75% of the income tax expense until 2011 for pulp and 2012 for paper. Such incentive, calculated based on exploration profit, is proportional to Mucuri Unit net sales revenues.

The income tax object of this reduction is not recorded as expense in the income statement. However, at the end of each financial year, after net income has been determined, the reduction obtained for the year is allocated to capital reserve as a partial destination of the net income determined, and thus in accordance with the legal provision that establishes the non-distribution of the reduction obtained to shareholders. Such deduction in the first nine months of 2004 amounted to R\$ 58,158.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

9. 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 taxes expense charged to net income is presented as follows:

	Company		Consolidated	
	Nine Months Ended September 30			
	2004	2003	2004	2003
Income before income and social contribution taxes	543,551	443,324	606,578	748,070
Reversal of the equity interest	10,905	45,436	248	876
Income after reversal of the equity interest in subsidiaries	554,456	488,760	606,826	748,946
Income and social contribution taxes calculated at the combined rates of 34%	(188,515)	(166,178)	(206,321)	(254,642)
Analysis of the effective income and social contribution tax rates:				
Profits from foreign subsidiaries	(1,827)	(14,299)	-	-
Nontaxable income of foreign subsidiaries	-	-	4,755	(38,087)
Nondeductible expenses	(7,455)	(10,594)	(7,419)	(6,353)
Income tax effect on unrealized (realized) profit earned in transactions with subsidiaries	-	-	1,496	(2,979)
Addition (exclusion) of prior years credits	10,635	(2,468)	(7,534)	(186)
Interest on its own capital	17,113	-	17,113	-
Tax incentives – ADENE	58,158	58,735	58,158	58,735
Tax incentives – Others	-	-	109	1,537
Others	-	-	(271)	597
Income and social contribution taxes	(111,891)	(134,804)	(139,914)	(241,378)
Effective tax rate	20.2%	27.6%	23.1%	32.2%

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
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10. Investments

	Company		Consolidated	
	September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
Investments in subsidiaries	303,870	338,691	1,071	1,077
Other investments	26,027	29,510	32,195	36,066
Provision for losses	(5,994)	(6,275)	(5,994)	(6,275)
	323,903	361,926	27,272	30,868

Details of investments

Company	Shareholders' Equity	Result for the nine-month ended September 30, 2004	%	Equity pick-up in September 30, 2004	Investments	
					Sept. 2004	June 2004
Suzanopar Investimentos Ltda. (1)	168,947	4,991	100%	(12,891)	168,947	181,840
Nemo International (1)	20,895	2,373	100%	(1,064)	20,895	21,960
Comercial e Agrícola Paineiras Ltda.(1)	3,157	(5,219)	100%	(741)	3,157	3,898
Stenfar S.A.I.C (1)	3,783	26,804	100%	(18)	-	-
Bahia Sul International Trading Ltd.	101,890	4,987	100%	3,982	101,890	121,374
Bahia Sul América Inc	7,835	129	100%	47	7,835	8,456
Bahia Sul Holding	75	(28)	100%	(98)	75	86
Pakprint S.A.	5,354	(623)	20%	(122)	1,071	1,077
Total investments in subsidiaries and affiliates				(10,905)	303,870	338,691
Other Investments (1)				-	20,033	23,235
Total Investments				(10,905)	323,903	361,926
Consolidated						
Pakprint S.A.	5,354	(623)	20%	(248)	1,071	1,077
Other Investments	-	-	-	-	26,201	29,791
Total Investments					27,272	30,868

(1) Investments received due to the DSM.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

11. Property, Plant and Equipment

Company

	Average annual depreciation rate	September 30, 2004			June 30, 2004
		Cost	Accumulated depreciation	Net	Net
Buildings	3.20%	634,741	(258,341)	376,400	379,424
Machinery and equipment	4.36%	3,254,638	(1,376,718)	1,877,920	1,876,394
Other depreciable assets	17.71%	160,088	(95,233)	64,855	45,494
Land and farms	-	326,276	-	326,276	304,092
Timber resources	-	423,259	-	423,259	415,216
Construction-in-progress	-	286,152	-	286,152	215,879
		<u>5,085,154</u>	<u>(1,730,292)</u>	<u>3,354,862</u>	<u>3,236,499</u>

Consolidated

	Average annual depreciation rate	September 30, 2004			June 30, 2004
		Cost	Accumulated depreciation	Net	Net
Buildings	3.20%	642,402	(264,171)	378,231	381,331
Machinery and equipment	4.36%	3,255,032	(1,377,033)	1,877,999	1,876,487
Other depreciable assets	17.71%	164,257	(95,895)	68,362	49,385
Land and farms	-	334,479	-	334,479	312,295
Timber resources	-	424,025	-	424,025	415,834
Construction-in-progress	-	330,528	-	330,528	248,758
		<u>5,150,723</u>	<u>(1,737,099)</u>	<u>3,413,624</u>	<u>3,284,090</u>

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

12. Loans and Financing

	Index	Average Annual interest rate	Company		Consolidated	
			September 30, 2004	June 30, 2004	September 30, 2004	June 30, 2004
To acquire property, plant and equipment:						
BNDES – Finem	TJLP	(1) (3) 10.02%	431,415	432,075	465,166	445,410
	Basket of					
BNDES – Finem	currencies	(1) (3) 10.59%	106,937	100,639	106,937	100,639
BNDES – Finame	TJLP	(1) (3) 9.41%	36,015	36,695	36,015	36,695
BNDES – Automatic	TJLP	(1) (3) 9.13%	5,228	5,335	5,228	5,335
Rural credit	-	8.75%	1,500		1,500	
For working capital:						
Advances on export contracts	US\$	4.49%	1,799,344	2,171,398	1,788,562	2,144,565
Syndicated loan	US\$	(2) 3.81%	-	-	-	237,255
Eurobonds	US\$	10.625%	-	327,350	-	-
Credit line	US\$	8.69%	33,456	213,309	33,456	213,309
Imports financing	US\$	2.40%	88,712	52,353	88,712	52,353
Others	US\$	5.50%	-	-	11,378	12,850
			2,502,607	3,339,154	2,536,954	3,248,411
Less current liabilities			1,030,460	1,653,271	1,031,300	1,549,193
Noncurrent liabilities			1,472,147	1,685,883	1,505,654	1,699,218
Long-term loans and financing mature as follows:						
October to December 2005			138,393	328,250	138,392	341,585
2006			563,245	580,418	563,688	580,418
2007			302,680	297,624	305,516	297,624
2008			198,809	193,976	202,531	193,976
2009			143,476	143,781	147,198	143,781
2010 onwards			125,544	141,834	148,329	141,834
			1,472,147	1,685,883	1,505,654	1,699,218

- (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. The Eurobonds were held until maturity (July 10, 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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

13. Debentures

Emission	Series	Units	Value		Index	Interests	Rescue
			Current	Noncurrent			
3 rd	1 st	333,000	12,948	316,143	IGP - M	10%*	04/01/2014
3 rd	2 nd	167,000	8,286	164,129	USD	10.38%	04/01/2014
			21,234	480,272			

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

On August 23, 2004 the Company completed a R\$ 500 million two-issue debenture, the first serie amounting to R\$ 333 million and the second one amounting to R\$ 167 million, both falling due in a 10-year period in a sole installment.

The first issue was offered locally and is indexed to IGP-M (consumer market price index) change plus 8% p.a., and was priced on the basis of the concepts set forth in Brazilian Securities Commission (CVM) Regulation N° 400, by granting premium and discount on the issue price. Effectively interest defined in this process was equal to 10% p.a. paid semi-annually.

The second serie, not traded on the market, was fully purchased by Banco Votorantim and is indexed to the foreign exchange variation plus 10.38% p.a., paid semi-annually.

Debentures clauses require a determined maximum level of indebtedness and leverage indicators based on the consolidated financial statements. At the end of the quarter, the Company had not defaulted on any covenants.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
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14. Related Parties

At and for the nine-month period ended September 30, 2004

	Assets			Liabilities		Income
	Current	Noncurrent		Current		(Expenses)
Consolidated companies						
Bahia Sul International Trading Ltd	301,306	-		-		461,489
Comercial e Agrícola Paineiras Ltda	-	37,000	3	232		(1,924)
Suzanopar International S/A	-	1,823	4	-		-
CSPC Overseas Ltd.	151,506	-		10,782	2	269,596
Stenfar S.A. Indl. Coml. Imp. Exp.	5,562	3,782	3	-		12,566
	458,374	42,605		11,014		741,727
Nonconsolidated companies						
Suzano Holding S.A.	-	-		-		(1,012)
SPP Agaprint Indl. e Coml. Ltda	15,077	-		-		28,131
Central Distribuidora de Papéis Ltda.	10,680	-		-		27,920
Nova Mercante de Papeis Ltda	13,084	-		-		29,169
Nemonorte Imóveis e Participações Ltda	-	-		-		(153)
	38,841	-		-		84,055
Consolidated Company	497,215	42,605		11,014		825,782

At and for the six-month period ended June 30, 2004

	Assets			Liabilities		Income
	Current	Noncurrent		Current		(Expenses)
Consolidated companies						
Bahia Sul International Trading Ltd	298,249	-		327,350	1	264,771
Comercial e Agrícola Paineiras Ltda.	-	34,500	3	232		(1,284)
Suzanopar International S.A.	-	1,981	4	-		-
CSPC Overseas	187,030	-		33,406	2	177,529
Stenfar S.A. Indl. Coml. Imp. Exp.	5,562	3,445	3	-		12,566
	490,841	39,926		360,988		453,582
Nonconsolidated companies						
Suzano Holding S.A.	-	-		-		(1,012)
SPP Agaprint Indl. e Coml. Ltda.	16,282	-		-		17,449
Central Distribuidora de Papéis Ltda.	12,656	-		-		17,960
Nova Mercante de Papeis Ltda	9,883	-		-		16,453
Nemonorte Imóveis e Participações Ltda	-	-		-		(153)
	38,821	-		-		50,697
Consolidated Company	529,662	39,926		360,988		504,279

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

14. Related Parties (Continued)

The main assets and liabilities balances as of September 30, 2004 and June 30, 2004, in addition to transactions that affected the statement of income for the period concerning related-party operations, were substantially realized under normal market conditions for the respective types of operations.

Commercial transactions (sales and purchases) with related companies are conducted under conditions identical to those conducted with third parties in relation to price, delivery or payment terms.

For the relevant related parties:

- 1 - In 2001, wholly-owned subsidiary Bahia Sul International Trading Ltd. purchased the total amount of Eurobonus issued by Bahia Sul, which is indexed to the U.S. and has an interest rate of 10.625% p.a. and had matured in July 2004;
- 2 - Loan indexed to U.S. and it has an interest rate of 9% p.a. and matures in January 2005;
- 3 - Advance for future capital increase;
- 4 - Loan neither bearing interest nor subject to payment term.

15. Provision for Contingencies – Company and Consolidated

	<u>September 30, 2004</u>	<u>June 30, 2004</u>
<u>Taxes</u>		
PIS/COFINS	50,567	49,277
PIS half-yearly computation	39,913	39,084
ICMS	15,449	7,441
	<u>105,929</u>	<u>95,802</u>
<u>Labor and civil</u>	<u>19,369</u>	<u>19,663</u>
	<u>125,298</u>	<u>115,465</u>

These provisions are recognized to provide for probable losses in administrative and judicial suits 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 advisors, as follows:

PIS/COFINS

A provision recognized for unpaid PIS and COFINS in view of the legal discussion regarding the tax calculation basis (charge over other income). As of September 30, 2004, the Company has judicial deposits, in the consolidated, in the amount of R\$ 1,586 for PIS and R\$ 16,024 for COFINS.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
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15. Provision for Contingencies (Continued)

PIS half-yearly payment

The Company filed a legal suit aiming at recovering the overpaid PIS contribution amounts, since the law that changed the criterion for determination of the referred to contribution was considered unconstitutional by the superior court. Judgment in the trial court recognized the Company's right in relation to the contribution. Supported by preliminary court injunction, the Company conducted the offset of said amount against IPI and COFINS debits. A recent decision in intermediate court of appeals cancelled the monetary restatement of this credit and, at the same time, recognized that the offsetting could only be made against debits resulting from the current PIS itself. Such decision is under discussion in the superior courts.

ICMS

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

16. Accounts Payable - Land and Forests - Consolidated

During 2002, the Company purchased from Companhia Vale do Rio Doce lands and eucalyptus forests therein planted, in the region of São Mateus, Espírito Santo State, payable in installments by the end of 2007. At September 30, 2004, the due amounts related to this acquisition, classified as current and noncurrent, amounted to R\$ 25,220 and R\$ 17,416, respectively (R\$ 26,629 and R\$ 21,742 in June 2004).

In June 2004, the Company acquired from Votorantim Celulose e Papel S/A (VCP) eucalyptus wood payable up to December 2006. The restated amount of acquisition is R\$ 15,455 and is classified in noncurrent liabilities. See Note 23.

17. 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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

17. Financial Instruments (Continued)

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 September 30, 2004, there was an open swap position from dollars to CDI in notional amounts equivalent to US\$8.2 million.

In order to limit the interest rate risks, the Company performed swap operations, limiting the interest rates on certain foreign currency loans, which notional amount is US\$107.1 million.

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

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

18. Shareholders' Equity

The subscribed capital as of September 30, 2004 totals R\$ 1,477,963,325.62, fully paid in and divided into 285,277,173 shares, with no par value of which. 102,374,458 are common and nominative, 181,531,176 are book-entry preferred Class "A" and 1,371,539 are book-entry preferred Class "B". Most of preferred shares Class "B", amounting to 1,358,419, are maintained on treasury stock.

Preferred shares are non-voting and have priority upon distribution of dividends, which are, at least, 10% higher than those paid on common shares, as set forth in subitem I, article 17, Law N° 6404/76, with new wording given by Law N° 9457/97. The Company's articles of incorporation establish a dividend of at least 25%, computed on net income for the year, adjusted pursuant to article 202 of Law No. 6404/76.

19. Interest on Net Equity

On September 20, 2004 the Board of Directors approved the distribution of interest on net equity, pursuant to article 9 of Law N° 9249/95. The distributed amount of R\$50,337 is subject to withholding income tax, except for tax immune and tax exempt shareholders and was disbursed by the Company at September 30, 2004. From September 22, 2004 on, shares started being trade ex interest on net equity. The amount of interest on net equity will be incorporated into the compulsory dividend disclosed on income for fiscal year 2004.

20. Nonoperating Result

	Company		Consolidated	
	Nine Months Ended September 30,			
	2004	2003	2004	2003
Gain on other investments	617	-	-	6,541
Result on sale of property, plant and equipment (1)	9,558	2,065	23,407	7,017
Result on sale of investments	3,205	-	3,205	-
	13,380	2,065	26,612	13,558

(1) Refers basically to the sale of "standing wood" for non-related companies. See Note 23.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
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21. Net Financial Result

	Company		Consolidated	
	Nine Months Ended September 30,			
	2004	2003	2004	2003
Interest income	82,405	42,978	113,324	109,574
Gain (Loss) in swap transaction	(9,561)	368	(9,561)	(14,470)
Monetary and exchange rate variations	(21,522)	(35,530)	(3,790)	(131,589)
Financial income	51,322	7,816	99,973	(36,485)
Interest expenses	(90,286)	(74,685)	(135,159)	(138,442)
Monetary and exchange rate variations	113,249	209,311	(10,303)	441,454
Loss in swap transaction	(9,383)	(12,606)	(14,286)	(93,285)
Other financial expenses	(20,462)	(7,639)	(28,802)	(45,739)
Financial expenses	(6,882)	114,381	(188,550)	163,988
Financial result, net	44,440	122,197	(88,577)	127,503

22. Statement of EBITDA (Unaudited and Not Reviewed)

	Company		Consolidated	
	Nine Months Ended September 30,			
	2004	2003	2004	2003
Operating income	530,171	441,259	579,966	734,512
Financial expenses	6,882	(114,381)	188,550	(163,988)
Financial income	(51,322)	(7,816)	(99,973)	36,485
Equity interest in subsidiaries	10,905	45,436	248	876
Amortization of premium	-	-	-	31,266
Depreciation, depletion and amortization	98,152	71,213	145,956	132,466
Earnings before income and social contribution taxes, interest, depreciation, depletion and amortization (EBITDA)	594,788	435,711	814,747	771,617

23. Commitments

The Company entered into a loan agreement with Aracruz Celulose S.A. with the objective of loaning 1,900 thousand m³ of eucalyptus wood, which will be harvested by the latter until December 31, 2004. The agreement establishes the return of the same volume of wood under similar operating conditions, between 2006 and 2008. The Company records the amount receivable related to the volume of wood already delivered to Aracruz Celulose S.A. in noncurrent assets, in the amount of R\$ 11,229 (R\$ 7,387 in June 2004).

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)
(In thousands of reais)
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23. Commitments (Continued)

The Company signed an agreement of purchase and sales of standing wood with Votorantim Celulose e Papel S/A (VCP), by which it sold 500 thousand m³ of eucalyptus wood, to be harvested by VCP until December 2005, totaling R\$ 15,000, half of which was paid when the agreement was signed. The remaining amount will be paid in December 2004. On the other hand, the Company entered into an agreement with VCP by which it purchased the same amount of eucalyptus wood, which will be harvested between June 2006 and December 2008, by the same amount, half of which matures in June and the other half in December 2006. This agreement will be updated by the Amplified Consumer Price Index (IPC-A). The first agreement is recorded as current assets and nonoperating result, whereas the second one is recorded as permanent assets and noncurrent liabilities.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

	Company		Consolidated	
	Nine Months Ended September 30,			
	2004	2003	2004	2003
				(not reviewed)
WORKING CAPITAL PROVIDED BY:	(1)	(2)	(1)	(3)
Operations:				
Net income for the period	467,969	308,520	466,664	487,578
Items not affecting working capital:				
Depreciation, depletion and amortization	98,152	71,213	145,956	132,466
Net book value of permanent assets disposed of	20,876	7,297	32,441	10,732
Deferred income and social contribution taxes	89,843	46,482	20,077	68,616
Equity interest in subsidiaries and affiliates	10,905	45,436	248	876
Minority interest	-	-	-	19,114
Amortization of goodwill	-	-	-	31,266
Provision for contingencies	12,491	6,955	19,797	28,953
Exchange and monetary variations and long-term interest, net	(57,332)	(154,639)	9,870	(292,973)
Working capital provided by operations	642,904	331,264	695,053	486,628
From Shareholders:				
Capital subscription	1,669	-	1,669	-
Capital subscription due to DSM	238,270	-	-	-
Equity increase with the elimination of minority interest due to DSM	-	-	115,606	-
	239,939	-	117,275	-
Third parties:				
Long-term financings and loans	732,856	158,816	1,042,884	571,041
Long-term suppliers	-	-	15,000	-
Set-up of special premium reserve upon DSM	108,723	-	108,723	-
Profit on intercompany fixed asset disposals no longer eliminated due to DSM	-	-	53,862	-
Reduction in noncurrent assets	-	370,267	-	-
Income tax incentives	6,182	-	6,182	-
	847,761	529,083	1,226,651	571,041
TOTAL WORKING CAPITAL PROVIDED	1,730,604	860,347	2,038,979	1,057,669
WORKING CAPITAL USED FOR:				
Increase in investments	-	35	4,130	11,884
Increase in property, plant and equipment	288,616	97,229	509,181	362,507
Increase in deferred charges	-	1,545	246	3,558
Noncurrent assets	30,521	19,075	33,992	31,254
Transfer from noncurrent to current liabilities	306,811	611,208	614,597	962,396
Elimination of minority interest due to DSM	-	-	115,606	-
Purchase of own shares due to DSM	15,080	-	1,741	-
Interest on net equity	50,337	-	50,337	-
TOTAL WORKING CAPITAL USED	691,365	729,092	1,329,830	1,371,599
INCREASE IN WORKING CAPITAL	1,039,239	131,255	709,149	(313,930)
Effect on working capital due to DSM	(335,958)	-	-	-
Current assets	1,040,067	430,501	216,385	(817,677)
Current liabilities	(336,786)	(299,246)	492,764	503,747
INCREASE IN WORKING CAPITAL	703,281	131,255	709,149	(313,930)

(1) Information from Suzano Bahia Sul after DSM;

(2) Original information from Bahia Sul Celulose S.A.

(3) Original information from Companhia Suzano de Papel e Celulose

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

SUPPLEMENTARY INFORMATION
Statements of Cash Flow
(In thousands of reais)
(UNAUDITED)

	Company		Consolidated	
	Nine Months Ended September 30,			
	2004	2003	2004	2003
				(not reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	(1)	(2)	(1)	(3)
	467,969	308,520	466,664	487,578
Adjustments to reconcile net income to cash generated				
By operating activities:				
Depreciation, depletion and amortization	98,152	71,213	145,956	132,466
Income on sale of property, plant and equipment	(16,969)	(2,065)	(30,991)	(6,746)
Equity interest in subsidiaries and affiliates	10,905	45,436	248	876
Amortization of goodwill	-	-	-	31,266
Minority interest	-	-	-	19,114
Deferred income and social contribution taxes	50,882	89,644	(31,697)	111,315
Interest, exchange and monetary variation, net	(95,707)	(175,038)	(14,649)	(352,315)
Provision for contingencies	12,491	6,955	19,797	28,953
Changes in assets and liabilities related to operations:				
Increase in trade accounts receivable	(39,228)	(24,991)	(156,704)	(2,170)
Increase in other current and noncurrent assets	(299,345)	(46,803)	(38,314)	(88,412)
(Increase) decrease in other current and noncurrent liabilities	278,580	(10,321)	68,894	54,314
Net cash from operating activities	467,730	262,550	429,204	416,239
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investments	-	(35)	(4,130)	(11,884)
Increase in property, plant and equipment	(288,616)	(97,229)	(509,181)	(362,507)
Increase in deferred charges	-	(1,545)	(246)	(3,558)
Net effect of DSM	(200,264)	-	-	-
Credit from disposal of investment, net	-	-	-	503,287
Capital reduction in subsidiary	-	370,267	-	-
Elimination of minority interest	-	-	(115,606)	-
Losses on credit from disposal of investment	-	-	-	(83,330)
Income tax incentives	6,182	-	6,182	-
Proceeds generated from sale of fixed assets	37,845	9,362	63,432	17,478
Net cash from (used in) provided by investing activities	(444,853)	280,820	(559,549)	59,486
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital subscription	1,669	-	1,669	-
Capital subscription due to DSM	238,270	-	-	-
Set-up of special premium reserve upon DSM	108,723	-	108,723	-
Equity increase due to elimination of minority interest	-	-	115,606	-
Profit on intercompany fixed asset disposal no longer eliminated	-	-	53,862	-
Repurchase of its own shares	(1,741)	-	(1,741)	-
Dividends and interest on own capital	(89,831)	(43,734)	(169,695)	(70,040)
Proceeds from loans and financing	1,091,113	297,807	1,529,310	928,981
Payment of loans and financing to parent company	-	-	-	(653,309)
Payment of loans and financing	(1,178,762)	(376,499)	(1,503,824)	(1,016,649)
Net cash used in financing activities	169,441	(122,426)	133,910	(811,017)
Effects of exchange rate variation on cash and marketable securities	-	-	-	4,256
CHANGES IN CASH AND MARKETABLE SECURITIES				
At the beginning of the year	670,437	206,942	1,332,451	1,342,461
At the end of the year	862,755	627,886	1,336,016	1,011,025
INCREASE (DECREASE) IN CASH AND MARKETABLE SECURITIES	192,318	420,944	3,565	(331,036)

- (1) Information from Suzano Bahia Sul after DSM;
(2) Original information from Bahia Sul Celulose S.A.
(3) Original information from Companhia Suzano de Papel e Celulose

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (UNAUDITED)

The world market for pulp and paper

After the cyclical high in international prices of eucalyptus pulp (CIF Northern Europe) in the early months of the year, prices fell by US\$60/ton, to US\$490/ton, from June to September. This fall can be attributed to: (i) reduction of industrial activity in China as a result of the restrictions on credit and energy (as that country used up inventories accumulated in the first quarter of 2004); (ii) lower European demand due to the summer, and maintenance stoppages; and (iii) increase in inventories worldwide.

World pulp producer inventories – according to PPPC (the Pulp and Paper Products Council) – totaled 3,988 thousand tons on 31 August 2004 (the most recent figure available), corresponding to 41 days of supply, with a shipment-to-capacity rate of 91%, and production-to-capacity stable at 97%. Hardwood pulp inventories rose to 1,788 thousand tons, equivalent to 44 days of supply, with shipment-to-capacity rate of 91% and production-to-capacity 97%.

The average spread in the international market between uncoated woodfree printing and writing paper (CIF Northern Europe, reels) and eucalyptus pulp in 3Q04 was US\$297 per ton, above the historical average of US\$250 per ton.

The Brazilian paper market

During 3Q04 there was strong growth in the domestic paper market, led by the recovery of the domestic economy and by the usual seasonal pattern, evidenced by 9.6% growth from 2Q04 in our volume of paper sold. Our sales volume in the first nine months of 2004 was 14.8% higher than in the first nine months of 2003 (9M03).

Production

Our total production in 3Q04 was 341.0 thousand tons: 206.6 thousand tons of paper and 134.4 thousand tons of market pulp. In comparison with 2Q04, this is a 15.5% increase in total production; a 16.2% increase in production of paper; and a 14.4% increase in output of market pulp. Two contributing factors were good equipment performance across the learning curve, and the absence of maintenance stoppages in the quarter (these took place in 2Q04).

In the first nine months of 2004 we produced 953.3 thousand tons of market products, 7.1% more than the 889.9 thousand tons produced in the same period of 2003. This level of production reflects our expectations in terms of output of the equipment, taking into account the “learning curve” of the expansion and modernization projects at the Suzano units: the Q (pulp) project and the P (B8 paper mill) project.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (UNAUDITED)

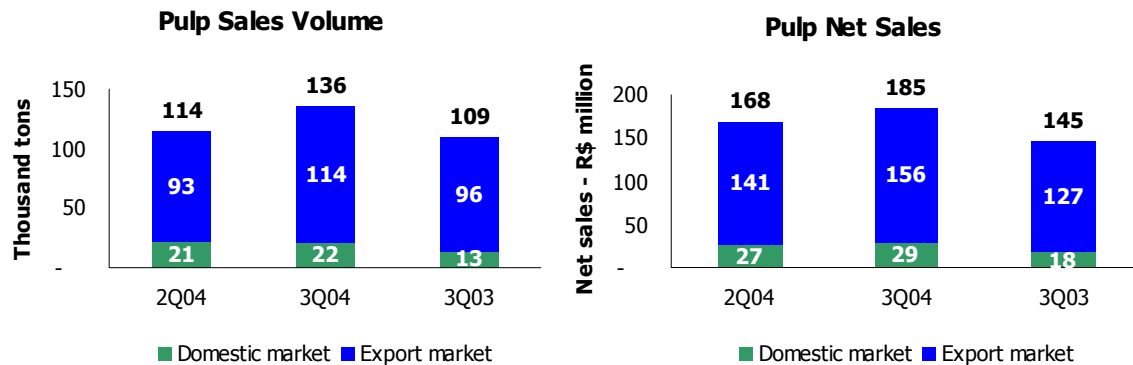
Net sales

Our 3Q04 net sales of R\$ 741.2 million was 10% higher than in 2Q04, mainly due to the 10.3% increase in total volume sold. Average prices were stable, as our average domestic market price, about 4.0% higher, compensated for the reduction of 4.5% in our average export price and the average 2.2% appreciation of the Real in the period. Net sales was 25.0% higher than in the third quarter of 2003, as volume sold was 15.6% higher, and average price 8.1% higher in Reais.

Net sales in the first nine months of 2004 was R\$ 2,071.6 million, 13.4% higher than in 9M03, on volume sold 16.3% higher, at 966.7 thousand tons, partially offset by average prices in Reais 2.5% lower. The higher volume reflects the new production levels after completion of the first phase of the modernization of the units at Suzano.

Net sales from pulp

Our net sales from pulp in the quarter was R\$ 184.9 million, 9.8% more than in the previous quarter (2Q04), and 24.9% of our total net sales in the quarter. Pulp volume sold was 40.0% of total volume. These figures compare with 25.0% (net sales), and 37.1% (volume), in 2Q04.



This growth in net sales reflects 3Q04 total volume sold, at 135.6 thousand tons, 19.0% higher than in 2Q04. Average prices in Reais were 7.7% lower, reflecting the reduction of export prices in dollar terms, and also the appreciation of the Real. The average pulp export price (calculated using the average exchange rate) in 3Q04 was US\$459/ton, compared to US\$501/ton in 2Q04.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

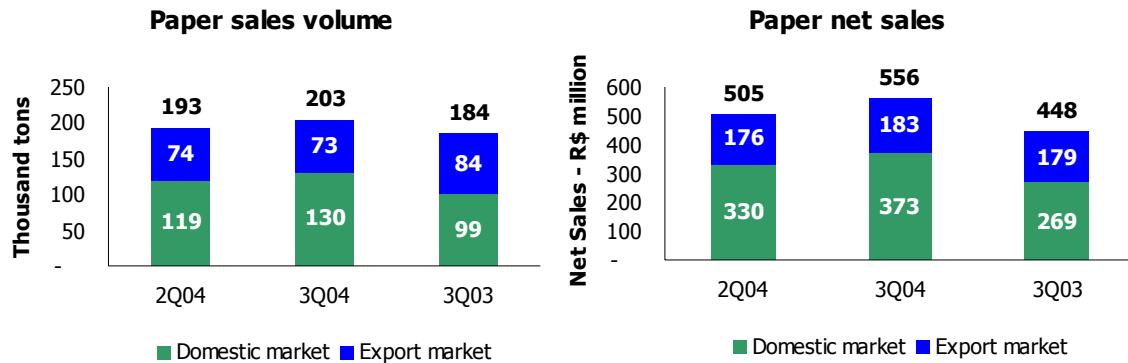
REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (UNAUDITED)

In the first nine months of 2004 net sales from pulp was R\$ 526.8 million, 25.4% more than in 9M03, on volumes of 379.9 thousand tons (31.5% more than in 9M03). Prices in Reais were depressed by the 5.5% average appreciation of the Real against the dollar.

Net sales from paper

In this quarter net sales from paper was R\$ 556.3 million, 10.1% more than in the previous quarter (2Q04). It was 75.1% of our total net sales, and paper sales volume was 60.0% of our total volume sold – in 2Q04 these percentages were, respectively, 75.0%, and 62.9%. In 3Q04, 64.2% of paper volume sold went to the domestic market, compared with 61.6% in the previous quarter. The increase reflects the recovery of the Brazilian economy and the seasonal pattern of our industry.

Our average selling price of paper in 3Q04 was 4.6% higher than in 2Q04, reflecting an average increase in our export prices of 6.1% in Reais – even taking into account the appreciation of the Real against the dollar – and a price increase of 3.3% in the domestic market. Compared to 3Q03, our net sales from paper was 24.1% higher, reflecting average price 12.3% higher (in Reais), and volume sold 10.6% higher.



Our paper net sales was 9.8% higher in the first nine months of 2004 than in 9M03, reflecting volume sold 8.1% higher, and average prices in Reais 1.6% higher.

Cost of goods sold

The average unit cost of products sold in 3Q04 was R\$ 1,164.0, 8.8% lower than in 2Q04, returning approximately to the level of 1Q04. This reflects: (i) a lower proportion of paper

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (UNAUDITED)

in the volume mix of export sales, resulting in lower logistics costs; (ii) the effect of the appreciation of the Real on production and logistics costs linked to the dollar; and (iii) a return to the optimized levels of performance from the equipment after the modernization.

The cash production cost of pulp at Mucuri in 3Q04 was US\$159 / ton, compared with US\$154 / ton in 2Q04, mainly reflecting the appreciation of the Real in the period.

Gross profit

In 3Q04 we posted gross profit of R\$ 347.1 million, 23.0% more than in 2Q04. Gross margin was 46.8% in 3Q04, and 41.9% in 2Q04. This increase in gross margin primarily reflected the effects mentioned above in production costs and sale prices.

Compared with 3Q03, our 3Q04 gross profit was 36.6% higher, and our gross margin 3.9 percentage points higher – reflecting prices 8.1% higher in Reais in 3Q04, and average unit costs at broadly unchanged levels.

Selling expenses

Our 3Q04 selling expenses were R\$ 36.6 million, 11.7% higher than in 2Q04 (R\$ 32.8 million), but stable as a percentage of net sales, at 4.9% in both periods. Provisions for doubtful accounts were R\$ 1.6 million higher in 3Q04, and spending also increased as a result of higher volume sold.

Compared to 3Q03, selling expenses were 4.8% higher, mainly reflecting volume sold 15.6% higher.

General & Administrative (G&A) expenses

Our G&A expenses of R\$ 58.4 million in 3Q04 were about 25.7% – or R\$11.7 million – higher than in 2Q04, mainly due to: (i) a non-recurring tax provision (ICMS tax) of R\$ 5.3 million; (ii) non-recurring expenses of R\$ 2.8 million due to the merger; and (iii) an increase of R\$ 1.8 million in personnel expenses.

Ebitda

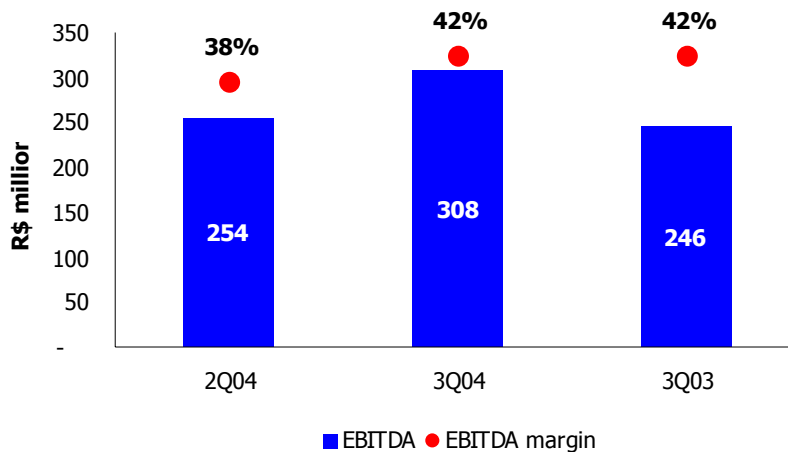
Our 3Q04 Ebitda was R\$ 307.7 million, 21.1% higher in Reais than in 2Q04 and 23.7% in US dollar terms. Ebitda margin on net sales increased by 3.8 percentage points, from 37.7% in 2Q04, to 41.5%. Ebitda in US dollars was US\$103.3 million (calculated using the average exchange rates) in comparison to US\$ 83.9 million in 2Q04.

In the first nine months of 2004 our Ebitda margin (on net sales) was 2.9 percentage points lower than in the same period in 2003, mainly reflecting the reduction in gross margin,

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (UNAUDITED)

affected by the stronger Real. Our 9M04 Ebitda was R\$ 814.7 million (US\$274.1 million), as compared with R\$ 771.6 million (US\$ 246.9 million – a 11.4% growth in US dollar terms).



Net financial Results

In 3Q04 we posted net financial income of R\$ 85.3 million – which compares with net financial expenses of R\$ 139.2 million in 2Q04. The increase mainly reflects the appreciation of the Real and the resulting impact on our dollar-denominated assets and liabilities. The part corresponding to interest in 3Q04 – i.e. not including the effect of monetary adjustment and FX variation – was a net *expense* of R\$ 43.4 million, which compares with an expense of R\$ 10.6 million in 2Q04. The increase is mainly the result of: (i) a R\$ 22.3 million effect on hedges on cash investments, from the appreciation of the Real – this has a counterpart gain in the FX-variation liability; and (ii) non-recurring expenses of R\$ 6.7 million with the placement of the 10-year debenture issue in July 2004.

Income and Social Contribution Taxes

Our expense on Income and Social Contribution taxes in 3Q04 was R\$ 87.4 million, compared to R\$ 9.3 million in 2Q04 – mainly reflecting higher taxable income.

Net income

Our 3Q04 net income was R\$ 262.6 million, which compares with R\$ 88.2 million in 2Q04. The main elements in this increase are the growth in Ebitda and the impact of FX variation on our exposure to foreign currency.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT OF COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (UNAUDITED)

Cash and indebtedness

Net debt at 30 September 2004 was R\$ 1,702.4 million, or US\$595.6 million, compared to R\$ 1,811.3 million, or US\$582.9 million, on 30 June 2004. Net debt / accumulated Ebitda annualized, at the end of September, was 1.57, compared to 1.79 at the end of June 2004. In July 2004 we issued R\$ 500 million in 10-year debentures in the local market, significantly contributing to the lengthening of the company's debt profile.

Capital expenditures

Our capex in 3Q04 totaled R\$ 168.3 million: R\$ 40.0 million in the São Paulo units and R\$ 105.6 million in the Mucuri unit. A further R\$ 11.5 million was invested in the Capim Branco hydroelectric project. In the first nine months of 2004, we registered a total capex of R\$ 509.2 million, which R\$ 169.8 million in the São Paulo units, R\$ 251.8 million in the Mucuri unit and R\$ 27.4 million in the Capim Branco hydroelectric project.

Of the total of 3Q04 Capex, (i) R\$ 13.7 million was invested in the modernization project at Suzano, made up of R\$ 5.6 million in the Q project and R\$ 8.1 million in the P project to reform the B8 mill; (ii) R\$ 24.8 million was invested in the Mucuri optimization project; and (iii) R\$ 13.0 million was invested in forestry for the expansion project. The remainder went into current investment in the industrial area and forestry.

Non financial data

The non financial data related to volume, prices, unit cost were not reviewed by our independent accountants.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (UNAUDITED AND NOT REVIEWED)

In accordance with Corporative Governance Practices (Level 1) we are presenting the Composition of shareholders with more than 5% of voting shares direct and indirect, including individuals, at September 30, 2004 as follows:

COMPOSITION OF SHAREHOLDERS - SUZANO BAHIA SUL PAPEL E CELULOSE S/A

CAPITAL - R\$ 1.477.963.325,62

Shareholders	Common	%	Preferred	%	Total	%
SUZANO HOLDING S.A	94,364,159	92.18%	46,419	0.02%	94,408,578	33.09%
IPLF HOLDING S.A	8,000,000	7.81%	-		8,000,000	2.80%
BNDES PARTICIPAÇÕES S.A - BNDESPAR	-	-	32,590,141	17.82%	32,590,141	11.42%
OTHER	10,299	0.01%	150,268,155	82.16%	150,278,454	52.69%
TOTAL	102,374,458	100.00%	182,902,715	100.00%	285,277,173	100.00%

COMPOSITION OF SHAREHOLDERS - SUZANO HOLDING S.A

CAPITAL - R\$ 1.050.000.000,00

Shareholders	Common	%	Preferred	%	Total	%
FANNY FEFFER	13,203,156	27.51%	9,144,528	22.41%	22,347,684	25.17%
BETTY FEFFER	10,799,025	22.50%	9,126,997	22.37%	19,926,022	22.44%
DANIEL FEFFER	5,999,454	12.50%	4,893,081	11.99%	10,892,535	12.27%
DAVID FEFFER	5,999,454	12.50%	4,870,882	11.94%	10,870,336	12.24%
JORGE FEFFER	5,999,454	12.50%	4,868,721	11.93%	10,868,175	12.24%
RUBEN FEFFER	5,999,454	12.50%	4,866,680	11.93%	10,866,134	12.24%
OTHER	3	0.00%	3,029,111	7.43%	3,029,114	3.40%
TOTAL	48,000,000	100.00%	40,800,000	100.00%	88,800,000	100.00%

COMPOSITION OF SHAREHOLDERS - IPLF HOLDING S.A

CAPITAL - R\$ 180.072.518,00

Shareholders	Common	%	Preferred	%	Total	%
FANNY FEFFER	49,519,915	27.50%	27	27.00%	49,519,942	27.50%
BETTY FEFFER	40,516,201	22.50%	22	22.00%	40,516,223	22.50%
DANIEL FEFFER	22,509,029	12.50%	12	12.00%	22,509,041	12.50%
DAVID FEFFER	22,509,029	12.50%	12	12.00%	22,509,041	12.50%
JORGE FEFFER	22,509,029	12.50%	12	12.00%	22,509,041	12.50%
RUBEN FEFFER	22,509,029	12.50%	12	12.00%	22,509,041	12.50%
OTHER	186	0.00%	3	3.00%	189	0.00%
TOTAL	180,072,418	100.00%	100	100.00%	180,072,518	100.00%

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued) (UNAUDITED AND NOT REVIEWED)

COMPOSITION OF SHAREHOLDERS - BANCO NACIONAL DO DESENVOLVIMENTO ECONÔMICO E SOCIAL Participações- BNDESpAr

Shareholders	Common	%	Preferred	%	Total	%
BNDES	1	100.00%	-	0.00%	1	100.00%
TOTAL	1	100.00%	-	0.00%	1	100.00%

COMPOSITION OF SHAREHOLDERS – BANCO NACIONAL DO DESENVOLVIMENTO ECONÔMICO E SOCIAL – BNDES

Shareholders	Common	%	Preferred	%	Total	%
BRAZILIAN GOVERNMENT	6,273,711,452	100.00%	-	0.00%	6,273,711,452	100.00%
TOTAL	6,273,711,452	100.00%	-	0.00%	6,273,711,452	100.00%

In accordance with Corporative Governance Practices (Level 1), we are presenting the quantity and characteristics of the shares that directly or indirectly pertain to the controlling company, executive board and members of Audit Committee, at September 30, 2004:

COMPOSITION OF SHAREHOLDERS - SUZANO BAHIA SUL DE PAPEL E CELULOSE S/A

CAPITAL - R\$ 1.477.963.325,62

Shareholders	Common	%	Preferred	%	Total	%
COMPANY*	102,374,458	100.00%	81,561,930	44.59%	183,936,388	64.48%
TREASURY SHARES	-	-	1,358,419	0.74%	1,358,419	0.48%
BORD OF DIRECTORS	-	-	27,790	0.02%	27,790	0.01%
EXECUTIVE BOARD	-	-	105,237	0.05%	105,237	0.04%
AUDIT COMMITTEE	-	-	11,362	0.01%	11,362	0.00%
MANAGEMENT BOARD	-	-	9,506	0.01%	9,506	0.00%
OTHER SHAREHOLDERS	-	-	99,828,471		99,828,471	34.99%
TOTAL	102,374,458	100.00%	182,902,715	45.42%	285,277,173	100.00%

* Including BNDES participation

In accordance with Corporative Governance Practices (Level 1), we are presenting the outstanding shares and the corresponding percentage compared to the total issued shares at September 30, 2004:

COMPOSITION OF SHAREHOLDERS - SUZANO BAHIA SUL PAPEL E CELULOSE S/A

CAPITAL - R\$ 1.477.963.325,62

Shareholders	Common	%	Preferred	%	Total	%
SUZANO HOLDING S.A	94,364,159	92.18%	44,419	0.02%	94,408,578	33.09%
IPLF HOLDING S/A	8,000,000	7.81%			8,000,000	2.80%
BNDES PARTICIPAÇÕES S.A	-	-	32,590,141	17.82%	32,590,141	11.42%
TREASURY SHARES	-	-	1,358,419	0.74%	1,358,419	0.48%
OTHER SHARERHOLDERS	10,299	0.01%	48,927,370	26.75%	48,937,669	17.15%
OUTSTANDING SHARE	-	-	99,982,366	54.67%	99,982,366	35.06%
TOTAL	102,374,458	100.00%	182,902,715	100.00%	285,277,173	100.00%

Because of the downstream merger and the grouping happened at August 8, 2004, the information presented is based on Company's estimate and shareholders position of June 30, 2004, for each Company individually (Cia. Suzano e Bahia Sul)