

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

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

September 30, 2005

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

**UNCONSOLIDATED AND CONSOLIDATED QUARTERLY FINANCIAL
INFORMATION**

September 30, 2005

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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 Suzano Bahia Sul Papel e Celulose S.A. and subsidiaries for the quarter and nine-months periods ended September 30, 2005, including the balance sheets, statements of income, report on the Company's performance and other Company and subsidiaries' 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 could 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, 2005, 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 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, 2005, taken as a whole.

Salvador, October 19, 2005

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

Idésio S. Coelho Jr.
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, 2005
(In thousands of reais)

	Parent Company		Consolidated	
	September 30, 2005	June 30, 2005	September 30, 2005	June 30, 2005
	(Unaudited)		(Unaudited)	
Assets				
Current assets				
Cash and marketable securities	533,677	701,972	994,886	1,085,019
Trade accounts receivable	837,309	707,275	638,060	560,710
Inventories	386,364	386,841	485,223	509,854
Recoverable taxes	25,381	26,483	32,571	33,609
Deferred income and social contribution taxes	47,216	60,078	51,228	67,244
Other accounts receivable	14,240	14,715	22,845	22,646
Prepaid expenses	7,148	11,713	7,332	12,032
Total current assets	1,851,335	1,909,077	2,232,145	2,291,114
Noncurrent assets				
Due from related parties	50,173	30,345	18	23
Deferred income and social contribution taxes	113,634	119,559	138,622	133,980
Judicial deposits	28,662	28,059	40,379	39,699
Recoverable taxes	18,006	20,349	23,971	24,782
Advances to suppliers	105,085	95,178	105,085	95,178
Other accounts receivable	22,673	22,937	26,631	30,703
Total noncurrent assets	338,233	316,427	334,706	324,365
Permanent assets				
Investments	1,030,158	1,052,675	502,327	526,536
Property, plant and equipment	3,424,577	3,402,249	3,892,148	3,837,164
Deferred charges	1,108	1,197	4,315	4,544
Total permanent assets	4,455,843	4,456,121	4,398,790	4,368,244
Total assets	6,645,411	6,681,625	6,965,641	6,983,723

	Parent Company		Consolidated	
	September 30, 2005	June 30, 2005	September 30, 2005	June 30, 2005
	(Unaudited)		(Unaudited)	
Liabilities and shareholders' equity				
Current liabilities				
Trade accounts payable	105,368	131,629	136,848	166,367
Loans and financing	870,275	850,035	926,311	908,346
Debentures	22,910	11,462	22,910	11,462
Taxes payable other than on income	14,542	13,220	19,426	16,282
Payroll and taxes payable	55,143	45,173	62,380	51,644
Accounts payable	45,915	44,387	57,357	55,072
Payable to related parties	2,358	758	610	522
Dividends and interest on shareholders' equity	331	340	351	360
Income and social contribution taxes	4,148	9,431	6,868	12,251
Deferred income and social contribution taxes	-	-	3,495	3,960
Total current liabilities	1,120,990	1,106,435	1,236,556	1,226,266
Noncurrent liabilities				
Loans and financing	1,619,650	1,811,729	1,781,104	1,959,402
Debentures	453,712	465,236	453,712	465,236
Accounts payable	18,090	18,314	21,209	21,227
Deferred income and social contribution taxes	15,727	14,867	25,220	22,662
Provision for contingencies	159,520	156,342	196,907	193,203
Total noncurrent liabilities	2,266,699	2,466,488	2,478,152	2,661,730
Shareholders' equity				
Capital	1,479,990	1,477,963	1,479,990	1,477,963
Capital reserves	342,685	342,685	342,685	342,685
Treasury shares	(15,080)	(15,080)	(15,080)	(15,080)
Income reserves	954,469	954,469	940,693	940,693
Retained earnings	495,658	348,665	502,645	349,466
Total shareholders' equity	3,257,722	3,108,702	3,250,933	3,095,727
Total liabilities and shareholders' equity	6,645,411	6,681,625	6,965,641	6,983,723

See accompanying notes.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

STATEMENTS OF INCOME

Three and nine-months periods ended September 30, 2005 and 2004

(In thousands of reais)

	Parent Company				Consolidated			
	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,		Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
	2005	2004	2005	2004	2005	2004	2005	2004
Gross sales	738,393	820,824	2,115,996	1,382,809	871,138	808,064	2,332,237	2,252,113
Sales deductions	(99,357)	(68,507)	(272,292)	(81,140)	(114,835)	(100,604)	(302,075)	(270,320)
Net sales	639,036	752,317	1,843,704	1,301,669	756,303	707,460	2,030,162	1,981,793
Cost of goods sold	(375,287)	(372,936)	(1,036,527)	(604,861)	(488,087)	(360,352)	(1,254,785)	(1,073,643)
Gross profit	263,749	379,381	807,177	696,808	268,216	347,108	775,377	908,150
Operating income (expense)								
Selling expenses	(64,706)	(65,352)	(194,481)	(121,446)	(42,811)	(36,644)	(118,214)	(101,244)
General and administrative expenses	(47,250)	(54,567)	(134,076)	(83,770)	(55,038)	(58,429)	(156,718)	(151,470)
Financial expenses	53,442	126,937	188,384	(6,882)	42,630	122,904	165,090	(188,550)
Financial income	2,910	(17,691)	20,105	51,322	3,587	(37,676)	8,239	99,973
Equity pickup in subsidiaries and affiliates	(24,029)	(34,850)	(49,162)	(10,905)	84	(40)	(157)	(248)
Other operating income, net	3,058	3,294	8,809	5,044	(22,472)	5,155	(13,076)	13,355
Operating income	187,174	337,152	646,756	530,171	194,196	342,378	660,541	579,966
Nonoperating income, net	3,749	7,607	14,354	13,380	1,180	7,568	12,994	26,612
Income before income and social contribution taxes	190,923	344,759	661,110	543,551	195,376	349,946	673,535	606,578
Income and social contribution taxes	(43,930)	(85,391)	(165,452)	(111,891)	(42,197)	(87,366)	(170,890)	(139,914)
Net income before downstream merger	146,993	259,368	495,658	431,660	153,179	262,580	502,645	466,664
Result from downstream merger	-	-	-	36,309	-	-	-	-
Net income for the period	146,993	259,368	495,658	467,969	153,179	262,580	502,645	466,664
Net earnings per share - R\$	0.51742	0.91353	1.74473	1.64825	0.53920	0.92484	1.76933	1.64365
Number of outstanding shares at the end of the periods	284,088,094	283,918,754	284,088,094	283,918,754	284,088,094	283,918,754	284,088,094	283,918,754

See accompanying notes.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

(In thousands of reais)

(Unaudited)

1. Operations

The main business purpose of Suzano Bahia Sul Papel e Celulose S.A. (Company or Suzano Papel e Celulose) 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. Subsidiaries abroad do not have industrial plants.

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 regulations established by the Brazilian Securities and Exchange Commission - CVM.

Format of presentation of the quarterly financial information

Due to the downstream merger (“DSM”) of Companhia Suzano de Papel e Celulose (Suzano) into Bahia Sul Celulose S.A (Bahia Sul), which took place on June 30, 2004, the quarterly financial information of the parent company presents, for both current and comparative periods, financial positions and results of operations that are completely distinct. This is because the current period is increased by merger assets while the prior period does not include such additional assets. Therefore, comparability of the parent company’s financial statements is impaired by the effects of the merger occurred in 2004, except for its balance sheet that has been now prepared on same basis to ensure comparability.

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 statement of income when all 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)

2. Presentation of the Quarterly Financial Information (Continued)

Summary of principal accounting practices (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 and social contribution taxes, provision for 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 quarter closing 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 quarter closing dates and results of operations were translated at the average exchange rate for the periods.
- 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 dates. Derivative financial instruments aim to minimize the risks involved in loans and financing denominated 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: These are recorded at cost, plus income accrued to the balance sheet dates, not exceeding market value.
- f) Allowance for doubtful accounts: This 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 their average acquisition or production cost, not exceeding market value.
- h) Investments: Investments in subsidiaries and affiliates are valued by using the equity method. Other investments are stated at acquisition cost, net of a valuation allowance, where applicable.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

2. Presentation of the Quarterly Financial Information (Continued)

Summary of principal accounting practices (Continued)

- i) Property, plant and equipment: These are recorded at the acquisition, development or construction cost, restated by inflation rates until December 31, 1995, (including interest and other financial charges directly related to project or construction). 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. 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: These are recorded at purchase and development cost, less amortization, which is calculated by using the straight-line method over a maximum period of five years.
- k) Rights and obligations: These are restated based on exchange rates or indices and interest rates specified in the contracts in force, to reflect amounts receivable and payable at the balance sheet dates.
- l) Provisions: These 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.
- m) Non-cumulative PIS/COFINS: Tax debits arising from the sale of products are presented as sales deductions in the statement of income. Tax credits are related to: (i) purchase of raw materials; (ii) services and other materials to be used in production; (iii) initial inventory balances; (iv) and depreciation costs, as established by Laws No. 10,637/02 and No. 10,833/03, and are presented in the statement of income as a reduction of cost of goods sold. Tax debits and credits referring respectively to financial income and expenses are deducted from these items in the statement of income, in the periods which such taxation was applicable.

The Company considered up to the third quarter of 2004, the credits resulting from purchase of raw materials, services and other inputs used in production, from initial inventories and depreciation balances, provided for in Laws No. 10,637/02 and No. 10,833/03, as sales deductions. In order to improve accounting classification of these credits, the criterion for the allocation thereof was changed, and the amount of these credits for the nine first months of 2004 of R\$89,816 was reclassified from sales deductions to cost of goods sold in the statement of income, of which R\$22,841 refers to the first quarter of 2004, R\$33,218 to the second quarter of 2004 and R\$33,759 to the third quarter of 2004. The total of credits for the year ended December 31, 2004 amounted to R\$128,899.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

2. Presentation of the Quarterly Financial Information (Continued)

Summary of principal accounting practices (Continued)

- n) Income and social contribution taxes: Income and social contribution taxes on the net income for the periods comprise current and deferred taxes.

Current tax is calculated on taxable income for the periods, by using tax rates in force at the balance sheet dates. Current tax rates are as follows: (i) income tax is computed at the rate of 25% of adjusted net income (15% of taxable income, plus a 10% surtax); and (ii) social contribution tax is 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 No. 371/02;

- o) Statements of cash flows and changes in financial position: The statements of cash flows, prepared in accordance with NPC 20 – Statement of Cash Flows, issued by the Brazilian Institute of Independent Auditors – IBRACON, and the statements of changes in financial position, are presented as supplementary information.

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.

Consolidated quarterly information includes the quarterly financial information of Suzano Bahia Sul Papel e Celulose and the following direct and indirect subsidiaries: Suzano America Inc. (successor to the subsidiary corporations Bahia Sul América, Inc. and Nemotrade Corporation), Suzano Trading Ltd. (formerly Bahia Sul International Trading Ltd.), Bahia Sul Holding GmbH, Suzanopar Investimentos Ltd., Suzanopar International S.A., CSPC Overseas Ltd., Comercial e Agrícola Paineiras Ltda. (Paineiras), Nemo International, Sun Paper and Board Limited, Stenfar S.A. - Ind.Com.Imp. y Exp (Stenfar), Ripasa Participações S.A. and Ripasa S.A. Celulose e Papel (Ripasa).

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

3. Consolidated Quarterly Financial Information (Continued)

Due to the acquisition of interest in Ripasa as of March 31, 2005 (see Note 9), the quarterly information of such company started to be proportionally consolidated, from that date. The proportional consolidation is justified under the shareholders' agreement entered into with Votorantim Celulose e Papel (VCP), which meets the requirements established by CVM Instruction No. 247/96. Therefore, comparison of consolidated quarterly information must take into consideration Ripasa's proportional consolidation. To make Suzano Papel e Celulose information available without such effects, as a supplementary information, the Company is presenting the statements of Ripasa's proportional consolidation, including the balance sheet, the statements of income, of changes in financial position and the statements of cash flows of the Company and Ripasa before and after the consolidation effects, and are presenting the main significant Notes before this proportional consolidation.

At April 30, 2005, the subsidiaries Bahia Sul America, Inc and Nemotrade Corporation were merged, therefore resulting in a new subsidiary named Suzano America Inc. This transaction was carried out at book value of the net assets of both companies.

At September 13, 2005, Bahia Sul International Trading Ltd. was renamed to Suzano Trading Ltd.

The financial period of the subsidiaries included in the consolidated quarterly financial information is the same as that of the parent company.

Description of the 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 sheets.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

3. Consolidated Quarterly Financial Information (Continued)

Reconciliation of net income for the periods and shareholders' equity between consolidated and parent company

	Net income				Shareholders' equity	
	Quarter ended Sept. 30, 2005	Nine-months period ended Sept. 30, 2005	Quarter ended Sept. 30, 2004	Nine-months period ended Sept. 30, 2004	Sept/2005	Jun/2005
	Parent Company	146,993	495,658	259,368	467,969	3,257,722
Elimination of realized (unrealized) income recorded by the Parent Company in transactions with Subsidiaries	9,957	11,176	4,869	(1,971)	(9,690)	(19,646)
Income and social contribution taxes on the elimination above	(3,381)	(3,799)	(1,657)	666	3,291	6,671
Other consolidation items	(390)	(390)	-	-	(390)	-
Consolidated	153,179	502,645	262,580	466,664	3,250,933	3,095,727

4. Cash and Marketable Securities

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Cash and banks	9,743	4,174	164,281	168,160
Marketable securities	523,934	697,798	830,605	916,859
	533,677	701,972	994,886	1,085,019

Marketable securities refer substantially to bank deposit certificates remunerated at rates that vary from 99.5% to 101.5% of the Brazilian Interbank Deposit Certificate (CDI) rate and foreign marketable securities, at an average rate of 3.43% 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)

5. Trade Accounts Receivable

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Domestic receivables	412,000	349,426	474,874	387,409
Foreign receivables				
Subsidiaries	435,200	366,709	-	-
Third parties	8,500	7,816	186,252	195,011
Discounted export receivables	(329)	(392)	(329)	(392)
Allowance for doubtful accounts	(18,062)	(16,284)	(22,737)	(21,318)
	837,309	707,275	638,060	560,710

The Company had, at September 30, 2005, outstanding vendor operations with its customers in the amount of R\$43,056 (R\$45,439 in June 2005), in which the Company acts as an intervening guarantor.

6. Inventories

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Finished goods				
Pulp				
Domestic	24,517	12,615	24,517	12,615
Foreign	-	-	11,733	21,826
Paper				
Domestic	135,432	152,519	151,290	172,411
Foreign	-	-	47,478	55,716
Work in process	17,618	19,224	20,040	22,051
Raw materials	80,072	77,212	86,402	83,179
Maintenance and other materials	128,725	125,271	143,763	142,056
	386,364	386,841	485,223	509,854

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

7. Recoverable Taxes

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Recoverable social contribution tax	-	-	124	120
Recoverable income tax	2,781	511	3,718	1,412
Recoverable PIS/COFINS	3,943	7,062	3,945	7,062
State VAT (ICMS) on acquisition of PP&E	35,085	37,320	45,022	46,571
Others	1,578	1,939	3,733	3,226
	43,387	46,832	56,542	58,391
Less current assets	25,381	26,483	32,571	33,609
Non current assets	18,006	20,349	23,971	24,782

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 for assets and liabilities and their book values, and on fiscal losses of income tax and negative basis of social contribution taxes.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

8. Income and Social Contribution Taxes (Continued)

Deferred income and social contribution taxes (Continued)

The recorded deferred income and social contribution taxes derive from:

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Assets				
Income tax loss carryforward	6,355	16,888	6,419	17,227
Social contribution tax loss carryforward	-	3,401	-	3,401
Temporary differences:				
- On provisions	57,314	55,689	77,710	76,937
- On goodwill amortization	97,181	103,659	105,721	103,659
	160,850	179,637	189,850	201,224
Less current assets	47,216	60,078	51,228	67,244
Noncurrent assets	113,634	119,559	138,622	133,980

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Liabilities				
Accelerated depreciation	15,727	14,867	16,944	16,188
Deferred exchange variation	-	-	9,885	8,821
Reforestation costs	-	-	1,886	1,613
	15,727	14,867	28,715	26,622
Less current liabilities	-	-	3,495	3,960
Noncurrent liabilities	15,727	14,867	25,220	22,662

The taxes losses carryforward are composed as follows:

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Income tax losses carryforward	25,420	67,552	25,676	68,908
Social contribution tax losses carryforward	-	37,789	-	37,789

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

8. Income and Social Contribution Taxes (Continued)

Deferred income and social contribution taxes (Continued)

In accordance with CVM Instruction No. 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 tax losses carryforward and temporary differences, 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 income tax reduction incentive of 75% on profits from tax incentive activities of the Mucuri plant (former Bahia Sul).

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

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
2005	22,997	41,784	31,297	52,699
2006	49,783	49,783	56,313	53,677
2007	67,669	67,669	75,811	72,860
2008	20,401	20,401	26,429	21,988
	160,850	179,637	189,850	201,224

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 the closing of this period. 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 – Mucuri plant

The Company obtained from ADENE (former SUDENE), for the Mucuri unit, a tax incentive reduction of 75% in the income tax until 2011 for pulp and 2012 for paper. Such tax incentive, calculated based on exploration profit, is proportional to Mucuri plant net sales revenues.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

8. Income and Social Contribution Taxes (Continued)

Income tax - Reduction of 75% ADENE – Mucuri plant (Continued)

The income tax saved with this reduction is not recorded as expense in the statement of income. 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, in accordance with the legal provision that establishes the non-distribution of the reduction obtained to shareholders. Such reduction in the nine months period ended September 30, 2005 amounted to R\$ 34,627 (R\$ 58,158 in the same period for 2004).

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 expenses charged to statements of income is presented as follows:

	Parent Company		Consolidated	
	Nine-months period ended			
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Income before income and social contribution taxes	661,110	543,551	673,535	606,578
Reversal of the equity pickup	49,162	10,905	157	248
Income after reversal of the equity pickup	710,272	554,456	673,692	606,826
Income and social contribution taxes calculated at the combined tax rate of 34%	(241,492)	(188,515)	(229,055)	(206,321)
Analysis of the effective income and social contribution tax rates:				
Profits from foreign subsidiaries	(1,964)	(1,827)	-	-
Exchange variation on investments abroad	-	-	(16,953)	4,755
Provision for interest on shareholders' equity	37,060	17,113	37,060	17,113
Tax incentives – ADENE	34,627	58,158	34,627	58,158
Others	6,317	3,180	3,431	(13,619)
Income and social contribution taxes	(165,452)	(111,891)	(170,890)	(139,914)
Effective tax rate	23.3%	20.2%	25.4%	23.1%

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

9. Investments

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
Investments in subsidiaries and affiliates	1,011,183	1,034,731	955	1,025
Goodwill on acquisition of Ripasa	-	-	477,245	502,363
Other investments	26,027	26,027	31,179	31,231
Provision for losses	(7,052)	(8,083)	(7,052)	(8,083)
	1,030,158	1,052,675	502,327	526,536

Details of investments

	Information on Subsidiary / Affiliate				Investments	
	Shareholders' equity	Net income (loss)	Company's Interest	Equity pickup	September 30, 2005	June 30, 2005
PARENT COMPANY						
Ripasa Participações S.A.	1,477,742	(6,448)	50%	(3,224)	738,871	750,096
Suzanopar Investimentos Ltd.	138,142	3,805	100%	(22,323)	138,142	144,128
Nemo International	17,793	97	100%	(3,344)	17,793	18,610
Comercial e Agrícola Paineiras Ltda.	33,154	(6,055)	100%	(6,053)	33,154	37,091
Stenfar S.A. Ind.Com.Imp. Y Exp. (1)	2,750	781	15,7%	(47)	433	-
Suzano Trading Ltd.	75,546	1,867	100%	(12,957)	75,546	77,221
Suzano América Inc.	9,931	427	64,5%	(921)	6,405	6,694
Bahia Sul Holding	63	(13)	100%	(12)	63	58
Pakprint S.A.	4,452	(571)	20%	(281)	776	833
Total investments in subsidiaries and affiliates				(49,162)	1,011,183	1,034,731
Other investments, net of provision for losses				-	18,975	17,944
Total investments				(49,162)	1,030,158	1,052,675
CONSOLIDATED						
Goodwill determined on the acquisition of Ripasa				-	477,245	502,363
Pakprint S.A.	4,452	(571)	20%	(157)	955	1,025
Other investments, net of valuation allowance	-	-	-	-	24,127	23,148
Total investments				(157)	502,327	526,536

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

9. Investments (Continued)

Details of investments (Continued)

On August 1, 2005, the capital of the subsidiary Stenfar was increased by 33,086 thousand pesos (R\$32,897). On August 16, 2005, in order to comply with a change in the Argentine statutory legislation and reorganizing subsidiaries abroad, the Company sold 84.3% of Stenfar's capital to its wholly-owned subsidiary Paineiras. The sale was carried out at market value, based on an independent valuation report. Paineiras goodwill was eliminated against the parent company's capital gain on the consolidation of the Quarterly Financial Information.

Acquisition of Ripasa and corresponding goodwill

At March 31, 2005, the Company communicated, together with VCP, the purchase of common and preferred shares of Ripasa that were directly or indirectly held by its controlling shareholders.

The acquisition of the controlling interest of Ripasa was made on equal terms by the Company and VCP through Ripasa Participações S.A. (Ripar), in which each of them holds interest of 50%, as shown below:

- i. 129,676,966 common shares and 41,050,819 preferred shares of Ripasa were acquired and paid at March 31, 2005, representing 77.59% of voting capital and 46.06% of total capital, and
- ii. 37,449,084 common shares and 12,388,719 preferred shares of Ripasa may be acquired through a call and put options that may be exercised within six years, representing 22.41% of voting capital and 13.45% of total capital.

The transaction amount, including purchase made at March 31 and the option amounts, is equivalent in reais to US\$709.46 million at the transaction date.

The price paid for the acquisition of shares referred to in item I was US\$549.2 million (equivalent to R\$1,484.2 million), each of the acquiring parties being in charge of half of such amount.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

9. Investments (Continued)

Acquisition of Ripasa and corresponding goodwill (Continued)

The price to be paid by the acquiring parties for shares referred to in item II above will amount to R\$433.3 million (equivalent to US\$160.3 million at the option contract date, when the liability was converted into reais), and will be monetarily restated by the SELIC rate up to the date of the effective exercise of the option.

As previously announced on July 20, 2005, the Boards of Directors of Suzano, Ripasa and VCP and the Executive Board of Ripar approved a corporate restructuring through which Ripasa non-controlling shareholders are allowed to migrate to Suzano and VCP capital in equal parts.

Approved corporate restructuring comprises: (i) the absorption of Ripasa shares by Ripar and (ii) Ripar total spin-off, with the transfer of its net assets to Suzano and VCP, in equal parts. Restructuring would be submitted to the approval of general shareholders' meetings of the companies involved. By the end of the restructuring, Ripasa non-controlling shareholders would become shareholders of Suzano and VCP.

The restructuring is justified because (i) it results in the migration of non-controlling shareholders from Ripasa to Suzano and VCP, whose shares have more liquidity and (ii) represent a required step to enable a future reorganization at Ripasa, which will help rationalizing its activities, with reduction in costs and operating gains and more competitiveness and scale for the companies.

Granting the request of two Ripasa minority shareholders, the Judge of the 19th Civil Court of São Paulo, based on a writ of prevention, suspended the holding of said general shareholders' meetings. This suspension is currently being contested by the companies involved.

The Company has been amortizing the goodwill on Ripasa acquisition, based on future profitability, considering a ten-year period. The Company will maintain such amortization period until corporate restructuring takes place and, after that, will review income projections since cost reduction and operating gains of such restructuring shall bring positive impacts on Ripasa future profitability.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

10. Property, Plant and Equipment

Parent Company

	Average annual depreciation rate	September 30, 2005			June 30, 2005
		Cost	Depreciation	Net	Net
Buildings	3.34%	641,185	(270,852)	370,333	374,623
Machinery and equipment	4.41%	3,571,716	(1,508,778)	2,062,938	2,091,630
Other depreciable assets	17.44%	173,662	(114,221)	59,441	62,837
Land and farms	-	362,358	-	362,358	347,469
Timber resources	-	483,365	-	483,365	462,660
Construction in progress	-	86,142	-	86,142	63,030
		5,318,428	(1,893,851)	3,424,577	3,402,249

Consolidated

	Average annual depreciation rate	September 30, 2005			June 30, 2005
		Cost	Depreciation	Net	Net
Buildings	3.34%	709,399	(298,842)	410,557	415,403
Machinery and equipment	4.41%	3,965,379	(1,758,647)	2,206,731	2,243,523
Other depreciable assets	17.44%	198,891	(123,725)	75,166	79,686
Land and farms	-	421,867	-	421,867	406,978
Timber resources	-	522,786	-	522,786	500,567
Construction in progress	-	255,041	-	255,041	191,007
		6,073,363	(2,181,214)	3,892,148	3,837,164

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

11. Financing and Loans

	Index	Average annual interest rate	Parent Company		Consolidated	
			September 30, 2005	June 30, 2005	September 30, 2005	June 30, 2005
To acquire property, plant and equipment:						
BNDES – Finem	TJLP	(1) (2) 9.81%	490,621	508,679	542,095	560,671
	Basket of					
BNDES – Finem	currencies	(2) 10.03%	103,335	111,440	103,335	111,440
BNDES – Finame	TJLP	(1) (2) 9.77%	34,425	37,394	34,425	37,394
BNDES – Automatic	TJLP	(1) (2) 8.71%	3,156	3,691	52,065	55,686
FINEP		6.00%	1,641	1,617	1,641	1,617
For working capital:						
Exports financing	US\$	5.26%	1,776,283	1,907,100	1,866,634	1,975,433
Foreign onlending	US\$	8.66%	22,028	29,512	22,028	29,512
BNDES – Exim	TJLP	4.04%	-	-	-	5,550
Imports financing	US\$	3.82%	58,436	62,331	75,854	80,541
Others	US\$	4.50%	-	-	9,338	9,904
			2,489,925	2,661,764	2,707,415	2,867,748
Less current liabilities (includes interest payable)			870,275	850,035	926,311	908,346
Noncurrent liabilities			1,619,650	1,811,729	1,781,104	1,959,402
Long-term loans and financing mature as follows:						
2006 (October to December)			113,697	273,107	118,472	294,531
2007			357,094	371,598	385,997	401,293
2008			415,472	430,432	456,223	459,042
2009			418,681	431,400	448,334	454,393
2010			198,733	199,678	216,964	210,033
2011 onwards			115,973	105,514	155,114	140,110
			1,619,650	1,811,729	1,781,104	1,959,402

- 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) Financing is secured, depending on the agreements, by (i) mortgages of plant; (ii) rural properties and timberland; (iii) guarantees of the financed assets; (iv) and sureties from shareholders.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

12. Debentures

Emission	Series	Units	September 30, 2005		June 30, 2005		Index	Interest	Due date
			Current	Noncurrent	Current and Noncurrent	Current and Noncurrent			
3 rd	1 st	333,000	16,467	326,122	342,589	338,378	IGP-M	10%*	4/1/2014
3 rd	2nd	167,000	6,443	127,590	134,033	138,320	USD	10.38%	4/1/2014
			22,910	453,712	476,622	476,698			

* The contractual interest 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 an R\$500,000 two series issue of debentures, the first series amounting to R\$333,000 and the second one amounting to R\$167,000, 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) variation plus 8% p.a., and was priced on the basis of the concepts set forth in Brazilian Securities Commission (CVM) Instruction No. 404, by granting premium and discount on the issue price. Effective interest defined in this process was equal to 10% p.a. paid annually.

The second series, 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 Company's 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)
(Unaudited)

13. Related Parties

Balances and transactions as of and for the nine-months period ended September 30, 2005

	Assets			Liabilities	Sales revenues and financial expenses
	Current	Noncurrent		Current	
Consolidated companies					
Bahia Sul International Trading Ltd.	373,910	-		-	638,337
Comercial e Agrícola Paineiras Ltda.	-	48,738	(2)	240	(1,898)
Suzanopar International S.A.	-	1,417	(3)	-	-
CSPC Overseas Ltd.	52,399	-		-	185,402
Ripasa S/A	-	-		1,491	3,743
Stenfar S.A. Indl. Coml. Imp. Exp.	8,891	-	(2)	17	21,938
	435,200	50,155		1,748	847,522
Nonconsolidated companies					
Suzano Holding S.A.	-	-		78	5,626
IPLF Holding S.A.	-	-		504	-
SPP Agaprint Indl. e Coml. Ltda.	12,804	(1)		28	14,635
Central Distribuidora de Papéis Ltda.	11,398	-		-	23,304
Nova Mercante de Papéis Ltda.	18,166	-		-	31,921
Suzano Petroquímica Ltda.	24	18		-	-
Consolidated	42,392	18		610	75,486
Parent company	477,592	50,173		2,358	923,008

Balances at June 30, 2005, and transactions in the income statement for the nine-months period ended September 30, 2004

	Assets			Liabilities	Sales revenues and financial expenses
	Current	Noncurrent		Current	
Consolidated companies					
Bahia Sul International Trading Ltd.	237,752	-		-	461,489
Comercial e Agrícola Paineiras Ltda.	-	26,300	(2)	230	(1,924)
Suzanopar International S.A.	-	1,499	(3)	-	-
CSPC Overseas Ltd.	119,234	-		-	269,596
Stenfar S.A. Indl. Coml. Imp. Exp.	9,723	2,523	(2)	6	12,566
	366,709	30,322		236	741,727
Nonconsolidated companies					
Suzano Holding S.A.	-	5		-	(1,012)
IPLF Holding S.A.	-	-		504	-
SPP Agaprint Indl. e Coml. Ltda.	13,051	(1)		18	28,131
Central Distribuidora de Papéis Ltda.	11,114	-		-	27,920
Nova Mercante de Papéis Ltda.	14,001	-		-	29,169
Suzano Petroquímica Ltda.	-	18		-	-
Nemonorte Imóveis e Participações Ltda.	-	-		-	(153)
Consolidated	38,166	23		522	84,055
Parent Company	404,875	30,345		758	825,782

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

13. Related Parties (Continued)

- (1) With respect to such affiliate, the Company has outstanding “vendor” operations in the amount of R\$12,429 (R\$12,100 in June 2005);
- (2) Advances for future capital increases. Stenfar’s capital was increased on August 1, 2005;
- (3) Loan denominated in dollars maturing on December 31, 2009.

The main assets and liabilities balances as of September 30, 2005, and the 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.

14. Provision for Contingencies

	Parent Company		Consolidated	
	Sept/2005	Jun/2005	Sept/2005	Jun/2005
<i>Taxes</i>				
PIS/COFINS	77,122	72,115	92,230	87,806
PIS half-yearly computation	43,638	42,630	43,638	42,630
ICMS	11,969	15,056	15,188	18,194
Others	-	-	17,591	16,563
	132,729	129,801	168,647	165,193
<i>Labor and civil</i>	26,791	26,541	28,260	28,010
	159,520	156,342	196,907	193,203

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. Significant proceedings are commented below:

PIS/COFINS – A provision recognized for unpaid PIS and COFINS in view of the legal challenge regarding the tax calculation basis (charge over other income). The Company has judicial deposits 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)

(Unaudited)

14. Provision for Contingencies (Continued)

PIS half-yearly computation - 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 contribution was considered unconstitutional by the higher 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 recognized that the offsetting could only be made against debits resulting from the current PIS itself. Such new decision is under discussion in the higher courts.

ICMS - Provisions related to tax delinquency notices currently being refuted or appealed against at an administrative level. In September 2005, based on Bahia State Legislation, the Company paid, at reduced fine and default interest, a portion of tax claims under discussion in the amount of R\$3,544.

Income tax on profits from foreign subsidiaries - In September 2005, the Company received a tax assessment regarding the taxation on profits from foreign subsidiaries available for available for remittance (Laws 9,249/95 and 9,532/97) and on the exchange variation included in equity pick-up of foreign investments (Brazilian IRS Regulatory Ruling No. 213/2002). Amounts assessed are R\$51,226 and R\$122,643, respectively. The Company management, based on the opinion of its legal advisors, believes that the probability of an unfavorable outcome is remote, and has not accrued a provision for such contingency.

15. Accounts Payable – Land and Forests

In 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, 2005, the due amounts related to this acquisition, classified as current and noncurrent, amounted to R\$7,766 and R\$9,943, respectively (R\$11,514 and R\$10,157 in June 2005).

In June 2004, the Company acquired from VCP eucalyptus wood payable up to December 2006. The restated amounts of such acquisition, classified under short and long terms at September 30, 2005 were R\$8,147 and R\$8,147, respectively (R\$8,157 and R\$8,157 in June 2005). See Note 21.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

16. Financial Instruments

a) Valuation

The financial instruments included in the balance sheets, such as cash and banks, marketable securities, loans and financing, are stated at their contractual values, which approximate their fair values. To determine the market value, management used information available and applicable valuation methodologies for each situation. Estimated market value do not mean that the assets and liabilities could be realized or settled in the amounts presented. The use of different market information and/or valuation methodologies may have a significant effect on the market value.

The estimated market value of financial instruments is set out below:

	Consolidated			
	September 30, 2005		June 30, 2005	
	Carrying Amount	Fair Market Value	Carrying Amount	Fair Market Value
Assets				
Cash and marketable securities	994,886	994,886	1,085,019	1,085,019
Liabilities				
Loans and financing	2,707,415	2,696,940	2,867,748	2,850,954
Debentures	476,622	476,622	476,698	476,698

The market value of cash and marketable securities, loans, financing and debentures, when applicable, was determined using available current interest rates for operations under similar conditions and remaining maturities.

b) Credit risk

The sales policies adopted by the Company and its subsidiaries comply with the credit policies established by management and aim at minimizing 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).

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

16. Financial Instruments (Continued)

c) Exchange and interest rate risk

Income and expenses recorded by the Company are subject to significant variations, as their loans and financing and a portion of its debenture balance are substantially linked to the foreign exchange rate fluctuation, particularly the US dollar.

In order to reduce certain effects of foreign exchange rate fluctuations, the Company has entered into operations involving derivatives. As of September 30, 2005, there was an open swap position from dollars to CDI in notional amounts of US\$5.6 million.

In order to limit the interest rate risks, the Company performed swap operations, limiting the interest rates on certain foreign currency loans, with notional amounts up to the limit of US\$55.7 million.

Gains and losses arising from operations involving derivatives (closed and open positions) are recognized in the financial statements.

17. Shareholders' Equity

Capital

The subscribed capital as of September 30, 2005 totals R\$1,479,990,325.62, fully paid in and divided into 285,446,513 shares, with no par value, of which 102,374,458 are common and nominative, 181,531,176 are book-entry preferred class "A" shares and 1,540,879 are book-entry preferred class "B". From the total of preferred shares class "B", 1,358,419 are maintained in treasury.

Preferred shares class "A" are non-voting and have priority upon distribution of dividends, which are, at least, 10% higher than those paid on common shares. Preferred shares class "B" are ensured a priority dividend of 6% p.a. on each portion of the capital, or, at least, 10% higher than those paid on common shares. Preferred shares are nonvoting shares, except when provided for in law.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

17. Shareholders' Equity (Continued)

Dividends

The Company's articles of incorporation provide for minimum compulsory dividends of 25%, calculated on net income for the year, adjusted as allowed by article 202 of Law No. 6,404/76.

18. Nonoperating Results

	Parent Company		Consolidated	
	Nine-months period ended			
	Sept/2005	Sept/2004	Sept/2005	Sept/2004
Loss on foreign subsidiary	(475)	-	-	-
Loss on other investments	(52)	617	(52)	-
Gain on sale of property, plan and equipment (1)	13,124	9,558	13,046	23,407
Gain on sale of investments	1,757	3,205	-	3,205
	14,354	13,380	12,994	26,612

(1) Refers mainly to the sale of "standing wood" to non-related companies (see Note 21).

19. Net Financial Results

	Parent Company		Consolidated	
	Nine-months period ended			
	Sept/2005	Sept/2004	Sept/2005	Sept/2004
Interest expenses	(158,694)	(90,286)	(171,364)	(135,159)
Monetary and exchange rate variation	374,911	113,249	365,777	(10,303)
Loss on swap transactions	(8,621)	(9,383)	(8,621)	(14,286)
Other financial expenses	(19,212)	(20,462)	(20,702)	(28,802)
Total financial expenses	188,384	(6,882)	165,090	(188,550)
Interest income	80,235	82,405	96,495	113,324
Loss on swap transactions	-	(9,561)	-	(9,561)
Monetary and exchange rate variation	(60,130)	(21,522)	(88,256)	(3,790)
Total financial income	20,105	51,322	8,239	99,973
Financial results, net	208,489	44,440	173,329	(88,577)

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

20. Statement of EBITDA (Not Reviewed)

	Parent Company		Consolidated	
	Nine-months period ended			
	Sept/2005	Sept/2004	Sept/2005	Sept/2004
Operating income	646,756	530,171	660,541	579,966
Financial expenses	(188,384)	6,882	(165,090)	188,550
Financial income	(20,105)	(51,322)	(8,239)	(99,973)
Equity pickup	49,162	10,905	157	248
Goodwill amortization	-	-	25,118	-
Depreciation, depletion and amortization	158,728	98,152	183,778	145,956
Earnings before income and social contribution taxes, interest, depreciation, depletion and amortization (EBITDA)	646,157	594,788	696,265	814,747

21. Commitments

The Company entered into a loan agreement with Aracruz Celulose S.A. with the objective of lending 1,900 thousand m³ of eucalyptus wood. 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\$15,402 at September 30, 2005 and June 30, 2005.

The Company signed a contract to purchase and sale of standing wood with VCP, by which the Company sold 500 thousand m³ of eucalyptus wood, to be harvested by VCP until December 2005. 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.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

22. Private Pension Plan – Defined Contribution

In January 2005, the Company established a supplementary defined contribution private pension plan for their employees, named Suzano Prev. To implement this private pension plan the Company selected a solid financial institution. Upon establishing the Suzano Prev plan, the Company defined that it will pay the contribution related to prior years for all employees, in consideration of services rendered to the Company in periods preceding the creation of the plan (past service). Such disbursement will be made within the next years, and calculated individually, until each employee starts to enjoy the benefits of the plan. Until the end of the September, 77% of Company's employees had joined the plan. The Company's contributions to the plan in the nine months period ended September, 2005 amounted to R\$4,330 (R\$2,888 in the first semester of 2005), and the contributions made by employees totaled R\$3,440 (R\$2,248 in the first semester of 2005).

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

Supplementary information

Statements of changes in financial position

	Company		Consolidated	
	Nine Months Ended September 30,			
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
WORKING CAPITAL PROVIDED BY:				
Operations:				
Net income for the period	495,658	467,969	502,645	466,664
Items not affecting working capital:				
Depreciation, depletion and amortization	158,728	98,152	183,778	145,956
Net book value of permanent assets disposed of	10,221	20,876	10,727	32,441
Deferred income and social contribution taxes	26,799	89,843	19,339	20,077
Equity pickup	49,162	10,905	157	248
Amortization of goodwill	-	-	25,118	-
Provision for contingencies	13,479	12,491	15,351	19,797
Exchange and monetary variations and long-term interest, net	(260,703)	(57,332)	(274,008)	9,870
	493,344	642,904	483,107	695,053
From Shareholders:				
Capital subscription	2,027	1,669	2,027	1,669
Capital subscription due to DSM	-	238,270	-	-
Equity increase with the elimination of minority interest due to DSM	-	-	-	115,606
	2,027	239,939	2,027	117,275
Third parties:				
Long-term financings and loans	888,142	732,856	1,055,680	1,042,884
Increase in noncurrent liabilities	-	-	44,465	-
Long-term suppliers	-	-	-	15,000
Set-up of special premium reserve upon DSM	-	108,723	-	108,723
Profit on fixed asset disposals to related party no longer eliminated due to DSM	-	-	-	53,862
Income tax incentives	-	6,182	-	6,182
Reduction in noncurrent assets	-	-	(455)	-
	888,142	847,761	1,099,690	1,226,651
TOTAL WORKING CAPITAL PROVIDED	1,383,513	1,730,604	1,584,824	2,038,979
WORKING CAPITAL USED FOR:				
In permanent assets				
Increase in investments	742,552	-	503,201	4,130
Increase in property, plant and equipment	212,637	288,616	625,837	509,181
Increase in deferred charges	-	-	4,116	246
Noncurrent assets	61,842	30,521	49,561	33,992
Transfer from noncurrent to current liabilities	415,793	306,811	444,446	614,597
Elimination of minority interest due to DSM	-	-	-	115,606
Purchase of own shares due to DSM	-	15,080	-	1,741
Interest on own capital	-	50,337	-	50,337
	1,432,824	691,365	1,627,161	1,329,830
(DECREASE) INCREASE IN WORKING CAPITAL	(49,311)	1,039,239	(42,337)	709,149
Effect on working capital due to DSM	-	(335,958)	-	-
(Decrease) increase in working capital after DSM effects	(49,311)	703,281	(42,337)	709,149
Current assets	(70,477)	1,040,067	25,110	216,385
Current liabilities	21,166	(336,786)	(67,447)	492,764
(DECREASE) INCREASE IN WORKING CAPITAL	(49,311)	703,281	(42,337)	709,149

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

Statements of cash flows

	Company		Consolidated	
	Nine Months Ended September 30,			
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	495,658	467,969	502,645	466,664
Adjustments to reconcile net income to cash generated by operating activities:				
Depreciation, depletion and amortization	158,728	98,152	183,778	145,956
Income on sale of property, plant and equipment	(14,354)	(16,969)	(13,845)	(30,991)
Equity pickup	49,162	10,905	157	248
Amortization of goodwill	-	-	25,118	-
Deferred income and social contribution taxes	74,759	50,882	75,148	(31,697)
Interest, exchange and monetary variation, net	(376,614)	(95,707)	(414,987)	(14,649)
Provision for contingencies	13,479	12,491	15,351	19,797
Changes in assets and liabilities, related to operations:				
Increase in trade accounts receivable	(65,912)	(39,228)	(77,800)	(156,704)
Increase in other current and noncurrent assets	(93,689)	(299,345)	(143,702)	(38,314)
(Decrease) increase in other current and noncurrent liabilities	(39,849)	278,580	45,821	68,894
Net cash from operating activities	201,368	467,730	197,684	429,204
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in investments	(742,552)	-	(503,201)	(4,130)
Increase in property, plant and equipment	(212,637)	(288,616)	(625,837)	(509,181)
Increase in deferred charges	-	-	(4,116)	(246)
Net effect of DSM	-	(200,264)	-	-
Elimination of minority interest due to DSM	-	-	-	(115,606)
Income tax incentives	-	6,182	-	6,182
Proceeds generated from sale of fixed assets	24,575	37,845	24,572	63,432
Net cash used in investing activities	(930,614)	(444,853)	(1,108,582)	(559,549)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital subscription	2,027	1,669	2,027	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 fixed asset disposal to related party no longer eliminated	-	-	-	53,862
Repurchase of its own shares	-	(1,741)	-	(1,741)
Dividends and interest on own capital	(81,505)	(89,831)	(82,114)	(169,695)
Proceeds from loans and financing	1,297,177	1,091,113	1,514,068	1,529,310
Payment of loans and financing	(608,935)	(1,178,762)	(641,456)	(1,503,824)
Net cash from financing activities	608,764	169,441	792,525	133,910
Effects of exchange rate variation on cash and marketable securities	-	-	27,039	-
(Decrease) Increase in cash and marketable securities	(120,482)	192,318	(91,334)	3,565
CHANGES IN CASH AND MARKETABLE SECURITIES				
At the beginning of the year	654,159	670,437	1,086,220	1,332,451
At the end of the year	533,677	862,755	994,886	1,336,016
(DECREASE) INCREASE IN CASH AND MARKETABLE SECURITIES	(120,482)	192,318	(91,334)	3,565

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

Balance Sheet – Statement of Proportional Consolidation of Ripasa at September 30, 2005

	Ripasa Full (1)	Ripasa Proportional (2)	Suzano Papel e Celulose (3)	Combined (4)	Adjustments (5)	Consolidated (6)
Assets						
Current assets						
Cash and marketable securities	103,185	23,763	971,123	994,886	-	994,886
Trade accounts receivable	246,380	56,741	581,319	638,060	-	638,060
Inventories	171,957	39,602	445,621	485,223	-	485,223
Recoverable taxes	26,111	6,013	26,558	32,571	-	32,571
Deferred income and social contribution taxes	1,581	364	50,864	51,228	-	51,228
Other accounts receivable	28,300	6,519	16,326	22,845	-	22,845
Prepaid expenses	-	-	7,332	7,332	-	7,332
Total current assets	577,514	133,002	2,099,143	2,232,145	-	2,232,145
Noncurrent assets						
Due from related parties	-	-	18	18	-	18
Deferred income and social contribution taxes	62,035	14,287	115,795	130,082	8,540	138,622
Judicial deposits	50,878	11,717	28,662	40,379	-	40,379
Recoverable taxes	21,908	5,045	18,926	23,971	-	23,971
Advances to suppliers	-	-	105,085	105,085	-	105,085
Other accounts receivable	19,250	4,433	22,198	26,631	-	26,631
Total noncurrent assets	154,071	35,482	290,684	326,166	8,540	334,706
Permanent assets						
Investments	1,260	290	763,440	763,730	(261,403)	502,327
Property, plant and equipment	1,427,091	328,659	3,563,489	3,892,148	-	3,892,148
Deferred charges	13,664	3,147	1,168	4,315	-	4,315
Total permanent assets	1,442,015	332,096	4,328,097	4,660,193	(261,403)	4,398,790
Total assets	2,173,600	500,580	6,717,924	7,218,504	(252,863)	6,965,641

- 1) Full balance sheet of Ripasa, disclosed in compliance with CVM Instruction No. 247/96;
- 2) Proportional balance sheet considering the interest of the Company in total capital (23.03%), through Ripasa Participações S.A.
- 3) Consolidated balance sheet of Suzano Papel e Celulose before Ripasa's proportional consolidation;
- 4) Combined balance sheet (proportional Ripasa plus Suzano Papel e Celulose before elimination of the investment in Ripasa);
- 5) Consolidation adjustments (elimination of investment in Ripasa);
- 6) Consolidated balance sheet of Suzano Papel e Celulose in accordance with CVM Instruction No. 247/96.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION (Continued)

(In thousands of reais)

(Unaudited)

Balance Sheet – Statement of Proportional Consolidation of Ripasa at September 30, 2005 (Continued)

Liabilities and shareholders' equity	Ripasa Full (1)	Ripasa Proportional (2)	Suzano Papel e Celulose (3)	Combined (4)	Adjustments (5)	Consolidated (6)
Current liabilities						
Trade accounts payable	84,338	19,423	117,425	136,848	-	136,848
Loans and financing	201,849	46,486	879,825	926,311	-	926,311
Debentures	-	-	22,910	22,910	-	22,910
Taxes payable	16,141	3,717	15,709	19,426	-	19,426
Payroll and taxes payable	24,262	5,588	56,792	62,380	-	62,380
Accounts payable	28,461	6,555	50,802	57,357	-	57,357
Payable to related parties	-	-	610	610	-	610
Dividends and interest on shareholders' equity payable	85	20	331	351	-	351
Income and social contribution taxes	8,870	2,043	4,825	6,868	-	6,868
Deferred income and social contribution taxes	15,176	3,495	-	3,495	-	3,495
Total current liabilities	379,182	87,327	1,149,229	1,236,556	-	1,236,556
Noncurrent liabilities						
Loans and financing	479,337	110,391	1,670,713	1,781,104	-	1,781,104
Debentures	-	-	453,712	453,712	-	453,712
Accounts payable	13,548	3,119	18,090	21,209	-	21,209
Deferred income and social contribution taxes	41,221	9,493	15,727	25,220	-	25,220
Provision for contingencies	162,340	37,387	159,520	196,907	-	196,907
Total noncurrent liabilities	696,446	160,390	2,317,762	2,478,152	-	2,478,152
Shareholders' equity						
Capital	807,363	185,936	1,479,990	1,665,926	(185,936)	1,479,990
Capital reserves	-	-	342,685	342,685	-	342,685
Treasury stock	-	-	(15,080)	(15,080)	-	(15,080)
Revaluation reserves	5,954	1,371	-	1,371	(1,371)	-
Income reserves	242,089	55,753	940,693	996,446	(55,753)	940,693
Retained earnings (losses)	42,566	9,803	502,645	512,448	(9,803)	502,645
Total shareholders' equity	1,097,972	252,863	3,250,933	3,503,796	(252,863)	3,250,933
Total liabilities	2,173,600	500,580	6,717,924	7,218,504	(252,863)	6,965,641

- (1) Full balance sheet of Ripasa, disclosed in compliance with CVM Instruction 247/96;
- (2) Proportional balance sheet considering the interest of the Company in total capital (23.03%), through Ripasa Participações S.A.
- (3) Consolidated balance sheet of Suzano Papel e Celulose before Ripasa's proportional consolidation;
- (4) Combined balance sheet (proportional Ripasa plus Suzano Papel e Celulose before elimination of investment in Ripasa);
- (5) Consolidation adjustments (elimination of investment in Ripasa);
- (6) Consolidated balance sheet of Suzano Papel e Celulose in accordance with CVM Instruction No. 247/96.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

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

Statement of income – Statement of Proportional Consolidation of Ripasa at September 30, 2005

	Ripasa Full (1)	Ripasa Proportional (2)	Suzano Papel e Celulose (3)	Combined (4)	Adjustments (5)	Consolidated (6)
Gross sales	801,542	184,595	2,147,642	2,332,237	-	2,332,237
Sales deductions	(129,327)	(29,784)	(272,291)	(302,075)	-	(302,075)
Net sales	672,215	154,811	1,875,351	2,030,162	-	2,030,162
Cost of goods sold	(498,774)	(114,867)	(1,139,918)	(1,254,785)	-	(1,254,785)
Gross profit	173,441	39,944	735,433	775,377	-	775,377
Operating income (expense)						
Selling expenses	(62,916)	(14,490)	(103,724)	(118,214)	-	(118,214)
General and administrative expenses	(48,036)	(11,063)	(145,655)	(156,718)	-	(156,718)
Financial expenses	(84,173)	(19,385)	184,475	165,090	-	165,090
Financial income	124,677	28,713	(20,474)	8,239	-	8,239
Equity pickup in subsidiaries and affiliates	(127)	(29)	(3,505)	(3,534)	3,377	(157)
Other operating income, net	(4,637)	(1,068)	13,110	12,042	-	12,042
Operating income	98,229	22,622	659,660	682,282	(21,741)	660,541
Nonoperating income, net	(1,979)	(456)	13,450	12,994	-	12,994
Income before income and social contribution taxes	96,250	22,166	673,110	695,276	(21,741)	673,535
Income and social contribution Taxes	(38,922)	(8,964)	(170,465)	(179,429)	8,539	(170,890)
Net income for the period	57,328	13,202	502,645	515,847	(13,202)	502,645

- (1) Ripasa full results for the period from April to September 2005 (Company investment post-acquisition period);
- (2) Proportional balance sheet considering the interest of the Company in total capital (23.03%), through Ripasa Participações S.A.
- (3) Consolidated income statement of Suzano Papel e Celulose before Ripasa's proportional consolidation;
- (4) Combined income statement (proportional Ripasa plus Suzano Papel e Celulose before Ripasa's proportional consolidation);
- (5) Consolidation adjustments (elimination of investment in Ripasa);
- (6) Consolidated results of Suzano Papel e Celulose for the first 9 months in 2005, in compliance with CVM Instruction No. 247/96.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Unaudited)

Brief summary of the quarter

Our average pulp sale price in 3Q05 was unchanged from the previous quarter. At the beginning of July the market price the eucalyptus pulp (CIF Europe) reached US \$600/ton, which remained stable during the quarter, even during summer. This was result of stable demand for pulp and programmed stoppage reducing supply.

Due to seasonal factors, demand for papers in the domestic market increased from the previous quarter, making a discrete recovery in prices possible. Volumes sold were still less than in 3Q04.

Our output in the quarter was 355.1 thousand tons, a record in both pulp and paper, especially taking into account a six-day maintenance stoppage at Mucuri. In spite of this total stoppage at Mucuri, we saw an improvement in production costs.

On October 19 the Board authorized its executives to complete negotiations, considering pre-determined targets, for construction of its second pulp production line at its Mucuri unit in the South of Bahia, Brazil. This mill will initially have capacity to produce 1.0 million tons of market pulp per year.

The general shareholder meeting for the Ripasa restructuring was suspended following an injunction requested by two minority shareholders of Ripasa. Suzano and VCP are appealing at a higher court.

The business environment

Appreciation of the Real affected margins

The Brazilian Real strengthened further against the dollar in 3Q05, closing the quarter at R\$ 2.22 / US\$, resulting in an average exchange rate for the quarter of R\$ 2.3448 / US\$ 5.5% lower than in 2205. The appreciation of the Real had a negative impact on our margins but had a positive impact on FX and monetary variations, and hence on net income.

Fx rate, R\$ / US\$	3Q05	2Q05	3Q04	2004	2003
Start of period	2.3504	2.6662	3.1075	2.8892	3.5333
End of period	2.2222	2.3504	2.8586	2.6544	2.8892
Average	2.3448	2.4822	2.9773	2.9263	3.0775

Source: Brazilian Central Bank.

Average pulp prices remain high in historic terms

Pulp prices in 3Q05 were practically unchanged from 2Q05. The only exception was Asia, with a fall of US\$30/ton. The reduction in Asia was due to pressure from consumers, mainly reflecting the low price of long fiber pulp in that market.

Another factor favoring the pulp market was the programmed maintenance stoppages at several producers, restraining supply.

Producers' pulp inventory levels in August were 36 days, one day more than in June, in spite of the context of relative stability.

In the European market the average price differential between uncoated papers (reels, CIF Northern Europe) and eucalyptus pulp in 3Q05 was only US\$150/ton, lower than the historic average of US\$250/ton. This was due to lower demand for paper during the summer month and the strengthening of the euro against the dollar, a factor restraining exports by European producers.

Total paper volumes sold were considerably better than in the third quarter of 2004. In the domestic market, the increase was due to seasonal factors, and in exports we were successful in placing the production volume that exceeded domestic demand. We expect this improvement also to have an impact on our sales in 4Q05, since the fourth quarter is the period for sales of paper raw materials for books and school supplies.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (Unaudited)

Sales

Net Sales

	2Q05		3Q05		3Q04	
	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd
Domestic Market	316,239	134.5	353,748	150.6	368,948	152.1
Pulp	22,818	18.7	26,334	24.3	26,340	21.8
Coated P&W Paper	60,289	20.9	61,006	21.6	60,385	20.0
Paperboard	76,128	28.3	83,084	31.2	94,115	34.7
Uncoated P&W Paper	157,004	66.6	183,324	73.5	188,108	75.5
Export Market	302,903	181.1	322,139	206.9	338,512	186.5
Pulp	133,487	99.2	140,854	110.6	155,503	113.7
Coated P&W Paper	12,903	5.6	9,848	4.7	7,418	2.8
Paperboard	30,253	16.8	28,429	18.0	31,677	13.9
Uncoated P&W Paper	126,260	59.5	143,008	73.6	143,914	56.1
Total	619,142	315.6	675,887	357.5	707,460	338.6
Pulp	156,305	117.9	167,188	134.9	181,843	135.6
Coated P&W Paper	73,192	26.5	70,854	26.3	67,803	22.9
Paperboard	106,381	45.0	111,513	49.1	125,792	48.6
Uncoated P&W Paper	283,264	126.2	326,332	147.1	332,022	131.6

Total Sales Volume: Higher volumes mitigated the effect of lower prices in Reais, and offset part of the effect of the stronger Real on exports.

Total unit volumes sold in 3Q05 was 357.5 thousand tons, 5.6% higher than in 3Q04 – but with average prices 9.5% lower year-on-year. The resulting net income for the quarter was R\$ 675.9 million, 4.5% lower than in 3Q04.

In relation to 2Q05, total volume sold was 14.4% higher, with average prices 6.5% lower, resulting in revenue 7.0% higher.

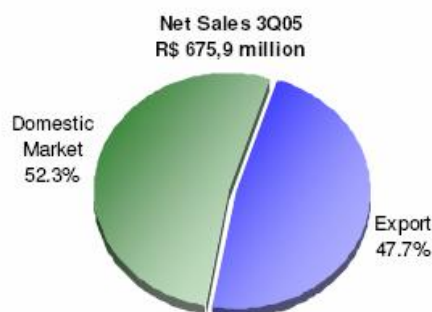
Exports provided 47.7% of sales revenue in the quarter, compared to 48.9% in 2Q05 and 47.8% in 3Q04.

Pulp: Average export prices stable

We sold 134.9 thousand tons of pulp in 3Q05, 0.5% less than in 3Q04, and 14.4% more than in 2Q05. Export sales provided 82.0% of our total sales volume in the quarter.

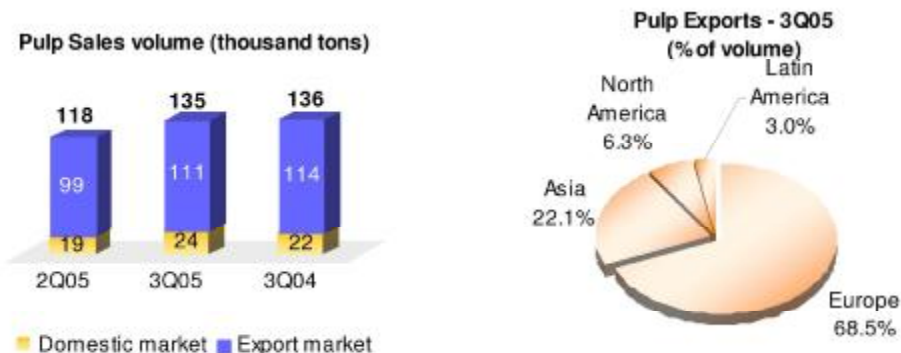
Our average pulp export price in the quarter was US\$543/ton, compared to US\$542/ton in 2Q05 and US\$459/ton into 3Q04. Although prices were stable in dollars, the appreciation of the Real against the dollar once again affected our sales figures in Reais, especially from exports.

Net sales revenue from pulp was R\$ 167.2 million in the quarter, 8.1% less than in 3Q04. This reflected prices 7.6% lower in Reais, of R\$ 1,239 per ton in 3Q05, and volume sold 0.5% lower. Sales revenue from pulp was 7.0% higher than in 2Q05, resulting from unit volume 14.4% higher and average prices in Reais 6.5% lower.



SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (Unaudited)

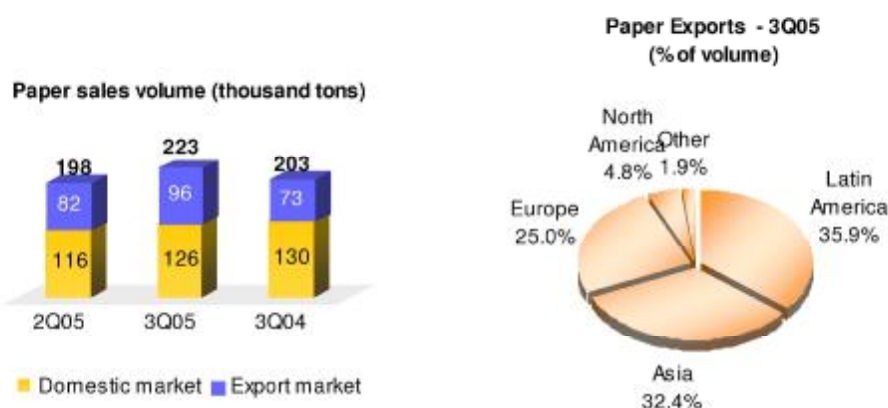


Paper: Volumes higher than in 2Q; prices higher in the domestic market and lower in exports

Paper volume sold in 3Q05 was 12.6% higher than in 2Q05, with prices 2.4% lower. The improvement shows the seasonal recovery of this market. Domestic market sales volume was 3.0% lower than in 3Q04, at 126.3 thousand tons. In the export market sales volume was 17.4% higher than in 2Q05 and 32.3% higher than in 3Q04. Domestic market paper sales in 3Q05 were 56.8% of total paper sales – compared with 64.1% in 3Q04.

The average price of papers in 3Q05 was R\$ 2,285 per ton, 11.7% lower than in 3Q04 – though only 2.4% lower than in 2Q05. Both comparisons were strongly impacted by the appreciation of the Real on export prices.

Total paper net revenue from papers in 3Q05 were R\$ 508.7 million, 3.2% lower than in 3Q04. The positive effect of the 9.6% increase in volume sold – to 222.6 thousand tons – in 3Q05 was entirely offset by the 11.7% reduction in average prices of papers in comparison with 3Q04. Net sales in 3Q05 was 9.9% higher than in 2Q05.



Production and costs

Production (thousand tons)

	2Q05	3Q05	3Q04
Production	321.4	355.1	341.0
Market Pulp	119.8	145.1	134.4
Coated P&W Paper	20.8	21.0	22.7
Paperboard	46.3	47.3	48.1
Uncoated P&W Paper	134.5	141.7	135.8

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (Unaudited)

In 3Q05 we produced 355.1 thousand tons of products: 210.0 thousand tons of papers and 145.1 thousand tons of market pulp. This volume is a quarterly record for the company, and indicates the excellent performance of the learning curve in the production of pulp at Mucuri – and also reflects higher general efficiency of the equipment. Another important factor in this increase in total production is the higher production of our recycled paper Reciclato, which consumes less virgin fiber. Production was also affected by the general maintenance stoppage of the Mucuri plant – initially scheduled for October.

Market pulp cash production cost: R\$ 511 per ton in 3Q05.

In 3Q05, cash production cost of market pulp produced at the Mucuri unit, which includes the cost of standing timber, was R\$ 511/ton (US\$217/ton). This compares with R\$ 548/ton (US\$220/ton) in 2Q05. The lower Reais figure reflects (i) increased efficiency of the equipment; and (ii) the appreciation of the Real in the period. These factors were partially offset by 6 – day programmed stoppage in September.

The average cost of depletion in 3Q05, including the amounts mentioned above, was R\$ 33/ton, equivalent to US \$ 14/ton.

Unit cost of products sold in 3Q05 was R\$ 1,198, 12.5% higher than in 3Q04. The change is due to the higher volume exported, and the sales mix. Unit cost was 3.1% higher than it 2Q05 – reflecting the same factors.

The 3Q05 results

Suzano Papel e Celulose (considering the indirect holding of 23.03% in Ripasa by the equity method)⁽¹⁾ (In thousand R\$)

	2Q05	3Q05	3Q04
Net Sales	619,142	675,888	707,460
Cost of Sales	(388,785)	(428,171)	(380,352)
Gross Profit	252,377	247,717	347,108
Selling Expenses	(35,958)	(35,859)	(38,844)
General and Administrative expenses	(45,223)	(50,300)	(58,429)
Financial Expenses	(71,867)	(82,198)	(70,307)
Financial Income	30,788	34,071	28,880
Equity Income in Subsidiaries and Affiliates	7,930	(11,281)	(40)
Other Operating Income	4,480	4,374	5,155
Operating Profit before Monetary and Exchange Rate Variation	142,507	126,524	213,723
Net Monetary and Exchange Rate Variation on Assets	198,297	72,425	128,655
Operating Profit	340,804	198,949	342,378
Non Operating Income	2,084	1,537	7,588
Income and Social Contribution Taxes	(84,405)	(47,307)	(87,388)
Net Income for the Period	258,483	153,179	262,580

⁽¹⁾ Includes R\$ 13.2 million in 3Q05 for the indirect holding of 23.03% in Ripasa.

3Q05 net income of R\$ 153.2 million

Suzano Papel e Celulose reported net income of R\$ 153.2 million for the third quarter of 2005, 41.7% less than in the third quarter of 2004, and 40.7% less than in the second quarter of 2005. The result of Ripasa is included in the equity income line.

The lower net income mainly reflected the appreciation of the Real during 3Q05, providing a lower impact via exchange-rate variations, and due to lower gross margin as explained before.

Other factors we highlight in the comparison with 3Q04:

- (1) Lower administrative expenses, compensating the costs of putting in place the private pension plan (which started in January), and non-recurring expenses in the process of acquisition of Ripasa.
- (2) Lower selling expenses, mainly due to the increased strength of the Real against the dollar, compensating the higher volume exported.
- (3) Lower income tax and Social Contribution, due to lower taxable profit for calculation of both.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued) (Unaudited)

Consolidated data including Ripasa

Taking into account the holding in Ripasa, the consolidated net sales of Suzano Papel e Celulose in 3Q05 was R\$ 756.3 million, resulting in gross profit of R\$ 268.2 million (gross margin of 35.5%) and net income of R\$ 150.0 million.

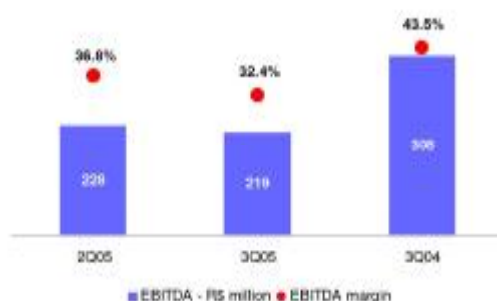
Cash flow and financial indicators

(in thousand R\$)

	2Q05	3Q05	3Q04	3Q05 w/ Ripasa	3Q05 x 3Q04	3Q05 x 2Q05
EBIT	175,878	185,932	257,190	173,013	-35.5%	-5.5%
Depreciation / Depletion / Amortization	51,909	53,387	50,492	65,739	5.7%	2.8%
EBITDA	227,587	219,319	307,682	238,752	-28.7%	-3.6%
Gross Profit / Net Sales	40.8%	36.7%	49.1%	35.5%	-12,4 p.p.	-4,1 p.p.
EBITDA / Net Sales	36.8%	32.4%	43.5%	31.6%	-11,1 p.p.	-4,4 p.p.
Net Debt / EBITDA (LTM)	2.20	2.33	1.63	2.38	-	-

EBITDA: US\$ 94 million

Ebitda in 3Q05 was R\$ 219.3 million (US\$93.7 million, at the average exchange rate for the period), 28.7% lower in Reais than in 3Q04, but 3.6% lower than in 2Q05. Ebitda margin (on net sales) was 11.1 percentage points lower, at 32.4%, than the Ebitda margin of 43.5% in 3Q04 mainly reflecting the 21.2% appreciation of the real when comparing to the same period of 2004. In US dollars, Ebitda was 2.0% higher than in 2Q05.



Consolidated data including Ripasa

Consolidated Ebitda of Suzano Papel e Celulose was R\$ 238.8 million, or US\$102.0 million, resulting in Ebitda margin (on net sales) of 31.6%.

Operational capex R\$ 102,4 million in 3Q05

Suzano invested a total of R\$ 102.4 million in 3Q05, of which R\$ 30.5 million was invested in the São Paulo unit and R\$ 48.9 million in the Mucuri unit. R\$ 23.0 million was invested in the Capim Branco hydroelectric power plant project. Of the total, (i) R\$ 15.9 million was invested in forestry for the expansion project; (ii) R\$ 8.4 million in industrial modernization, of which R\$ 2.9 million in the optimization of the Mucuri pulp plant, and (iii) R\$ 54.3 million was current investment in the industrial and forestry areas.

Net debt: US\$ 925.2 million

Net debt at September 30, 2005 was R\$ 2.056 million, or US\$925.2 million, compared with R\$ 2.137 million or US\$ 909.2 million on June 30, 2005. The reduction of total indebtedness in Reais is related to the appreciation of the Real against the dollar in the quarter. Net debt / Ebitda for the last 12 months – to the end of September – was 2.33, compared with 2.20 at the end of June 2005.

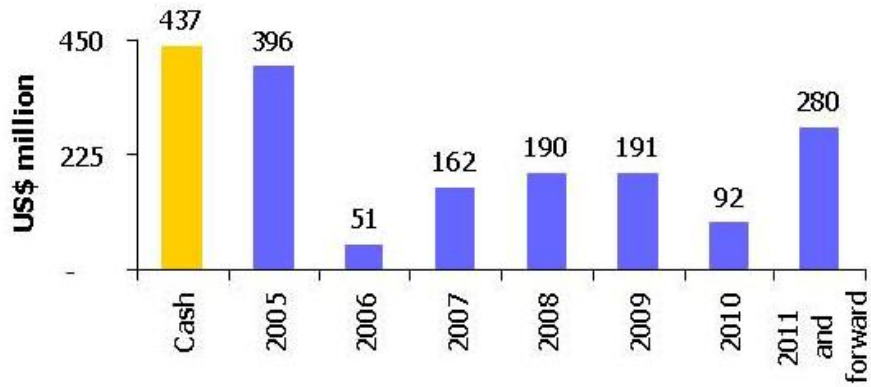
Consolidated data including Ripasa

Net debt at end September 2005 was R\$ 2.169 million, or US\$ 965.3 million. Consolidated ratio of Net debt / Ebitda including 2Q05 and 3Q05 Ripasa's Ebitda was 2.36x.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

REPORT ON COMPANY'S PERFORMANCE (CONSOLIDATED) (Continued)
(Unaudited)

Schedule of amortization



Non financial data

The non financial data related to volume, prices, unit prices and costs, in Reais and US dollar, as long as percentages of fluctuation, were not reviewed by our independent auditors.

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Unaudited)

In accordance with Corporative Governance Practices (Level 1) we are presenting the equity held by all investors or shareholders with more than 5% of voting shares direct and indirect, including individuals, at September 30, 2005:

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

CAPITAL - R\$ 1,479,990,325.42

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
SUZANO HOLDING S.A	94,364,159	92.18%	46,308	0.03%	94,410,467	33.07%
IPLF HOLDING S.A	8,000,000	7.81%	-	-	8,000,000	2.80%
BNDES PARTICIPAÇÕES S.A - BNDESPAR	-	-	32,590,141	17.80%	32,590,141	11.42%
OTHER	10,299	0.01%	150,435,606	82.17%	150,445,905	52.71%
TOTAL	102,374,458	100.00%	183,072,055	100.00%	285,446,513	100.00%

COMPOSITION OF SHAREHOLDERS - SUZANO HOLDING S.A

CAPITAL - R\$ 1,260,000,000.00

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
FANNY FEFFER	15,843,787	27.50%	12,311,433	25.15%	28,155,220	26.42%
BETTY FEFFER	12,958,830	22.50%	10,952,396	22.37%	23,911,226	22.44%
DANIEL FEFFER	7,199,345	12.50%	5,871,697	11.99%	13,071,042	12.27%
DAVID FEFFER	7,199,345	12.50%	5,845,058	11.94%	13,044,403	12.24%
JORGE FEFFER	7,199,345	12.50%	5,842,465	11.93%	13,041,810	12.24%
RUBEN FEFFER	7,199,345	12.50%	5,840,016	11.93%	13,039,361	12.24%
OTHER	3	0.00%	2,296,935	4.69%	2,296,938	2.15%
TOTAL	57,600,000	100.00%	48,960,000	100.00%	106,560,000	100.00%

COMPOSITION OF SHAREHOLDERS - IPLF HOLDING S.A

CAPITAL - R\$ 195,006,861.00

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
FANNY FEFFER	53,626,886	27.50%	27	27.00%	53,626,913	27.50%
BETTY FEFFER	43,876,450	22.50%	22	22.00%	43,876,472	22.50%
DANIEL FEFFER	24,375,834	12.50%	12	12.00%	24,375,846	12.50%
DAVID FEFFER	24,375,834	12.50%	12	12.00%	24,375,846	12.50%
JORGE FEFFER	24,375,834	12.50%	12	12.00%	24,375,846	12.50%
RUBEN FEFFER	24,375,834	12.50%	12	12.00%	24,375,846	12.50%
OTHER	186	0.00%	3	3.00%	189	0.00%
TOTAL	195,006,858	100.00%	100	100.00%	195,006,958	100.00%

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued) (Unaudited)

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

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
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	
	Number of shares	%	Number of shares	%	Number of shares	%
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 Corporate 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, 2005:

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

CAPITAL - R\$ 1,479,990,325.42

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
CONTROLLING SHAREHOLDERS*	102,374,458	100.00%	81,592,311	44.57%	183,966,769	64.45%
TREASURY SHARES	-	-	1,358,419	0.74%	1,358,419	0.48%
EXECUTIVE BOARD	-	-	27,789	0.02%	27,789	0.01%
BOARD OF DIRECTORS	-	-	105,237	0.06%	105,237	0.04%
FISCAL COUNCIL	-	-	11,361	0.01%	11,361	0.00%
MANAGEMENT COMMITTEE	-	-	3,504	0.00%	3,504	0.00%
OTHER SHAREHOLDERS	-	-	99,973,434	54.61%	99,973,434	35.02%
TOTAL	102,374,458	100.00%	183,072,055	100.00%	285,446,513	100.00%

* Including BNDES participation

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued) (Unaudited)

In accordance with Corporate Governance Practices (Level 1), we are presenting the outstanding shares and the corresponding percentage compared to the total issued shares at September 30, 2005:

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

CAPITAL - R\$ 1,479,990,325.42

Shareholders	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
SUZANO HOLDING S.A.	94,364,159	92.18%	46,308	0.03%	94,410,467	33.07%
IPLF HOLDING S.A.	8,000,000	7.81%	-	-	8,000,000	2.80%
BNDES PARTICIPAÇÕES S.A.	-	-	32,590,141	17.80%	32,590,141	11.42%
TREASURY SHARES	-	-	1,358,419	0.74%	1,358,419	0.48%
OTHER SHAREHOLDERS	10,299	0.01%	48,923,362	26.72%	48,933,661	17.14%
SHARES AT MARKET	-	-	100,153,825	54.71%	100,153,825	35.09%
TOTAL	102,374,458	100.00%	183,072,055	100.00%	285,446,513	100.00%

Notes WITHOUT Ripasa's proportional consolidation

In order to provide comparative data of the notes to the financial statements of Suzano Papel e Celulose, we are disclosing below the main relevant notes without considering the proportional consolidation of Ripasa as of March 31, 2005:

1. Cash and Marketable Securities

	Consolidated	
	Sept/2005	Jun/2005
Cash and banks	163,902	167,935
Marketable securities	807,221	895,107
	971,123	1,063,042

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued)
(Unaudited)

2. Trade Accounts Receivable

	Consolidated	
	Sept/2005	Jun/2005
Domestic receivables	427,432	349,783
Foreign receivables		
Third parties	176,109	184,394
Discounted export receivables	(329)	(392)
Allowance for doubtful accounts	(21,893)	(20,379)
	581,319	513,406

3. Inventories

	Consolidated	
	Sept/2005	Jun/2005
Finished goods		
Pulp		
Domestic	24,517	12,615
Foreign	11,733	21,826
Paper		
Domestic	135,432	152,519
Foreign	47,478	55,716
Work in process	17,618	19,224
Raw materials	80,111	77,212
Maintenance and other materials	128,732	125,324
	445,621	464,436

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued)
(Unaudited)

4. Recoverable Taxes

	Consolidated	
	Sept/2005	Jun/2005
Recoverable social contribution tax	124	120
Recoverable income tax	3,718	1,412
Recoverable PIS/COFINS	3,945	7,062
State VAT (ICMS) on acquisition of PP&E	35,102	37,330
Others	2,595	2,049
	45,484	47,973
Less current assets	26,558	27,618
Non current assets	18,926	20,355

5. Deferred Income and Social Contribution Taxes

	Consolidated	
	Sept/2005	Jun/2005
Assets		
Income tax loss carryforward	6,355	16,888
Social contribution tax loss carryforward	-	3,401
Temporary differences:		
- On provisions	63,123	62,855
- On goodwill	97,181	103,659
	166,659	186,803
Less current assets	50,864	67,244
Noncurrent assets	115,795	119,559

	Consolidated	
	Sept/2005	Jun/2005
Liabilities		
Accelerated depreciation	15,727	14,867
Noncurrent liabilities	15,727	14,867

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued)
(Unaudited)

5. Income and Social Contribution Taxes (Continued)

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

	Consolidated	
	Sept/2005	Jun/2005
2005	28,806	48,950
2006	49,783	49,783
2007	67,669	67,669
2008	20,401	20,401
	166,659	186,803

6. Property, Plant and Equipment

	Average annual depreciation rate	Consolidated			June 30, 2005
		September 30, 2005			
		Cost	Depreciation	Net	Net
Buildings	3.34%	648,907	(276,947)	371,960	376,299
Machinery and equipment	4.41%	3,572,044	(1,509,042)	2,063,002	2,091,700
Other depreciable assets	17.44%	177,257	(114,881)	62,376	65,992
Land and farms	-	370,561	-	370,561	355,672
Timber resources	-	484,307	-	484,307	463,602
Construction in progress	-	211,283	-	211,283	165,142
		5,464,359	(1,900,870)	3,563,489	3,518,407

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued) (Unaudited)

7. Provision for Contingencies

	Consolidated	
	Sept/2005	Jun/2005
<u>Taxes</u>		
PIS/COFINS	77,122	72,115
PIS half-yearly computation	43,638	42,630
ICMS	11,969	15,056
	132,729	129,801
<u>Labor and civil</u>	26,791	26,541
	159,520	156,342

8. Financing and Loans

	Index	Average annual interest rate	Consolidated	
			September 30, 2005	June 30, 2005
To acquire property, plant and equipment:				
BNDES – Finem	TJLP	9.81%	542,095	560,671
	Basket of currencies	10.03%	103,335	111,440
BNDES – Finame	TJLP	9.77%	34,425	37,394
BNDES – Automatic	TJLP	8.71%	3,156	3,691
FINEP		6.00%	1,641	1,617
For working capital:				
Exports financing	US\$	5.26%	1,776,283	1,907,100
Foreign onlending	US\$	8.66%	22,028	29,512
Imports financing	US\$	3.82%	58,436	62,331
Others	US\$	4.50%	9,139	9,677
			2,550,538	2,723,433
Less current liabilities (includes interest payable)			879,825	860,099
Noncurrent liabilities			1,670,713	1,863,334
Long-term loans and financing mature as follows:				
2006 (October to December)			114,286	273,702
2007			360,984	375,528
2008			421,144	436,164
2009			424,353	437,132
2010			204,405	205,410
2011 onwards			145,541	135,398
			1,670,713	1,863,334

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued)
(Unaudited)

Statements of changes in financial position (WITHOUT Ripasa's proportional consolidation)

	Consolidated	
	Nine-months period ended	
	Sept /2005	Sept/2004
	(Unaudited)	
Working capital provided by		
Operations		
Net income for the period	502,645	466,664
Items not affecting working capital		
Depreciation, depletion and amortization	159,308	145,956
Net book expense with permanent assets disposed of	10,218	32,441
Deferred income and social contribution taxes	24,638	20,077
Equity pickup	3,505	248
Provision for contingencies	13,440	19,797
Exchange and monetary variations and long-term interest, net	(261,763)	9,870
	<u>451,991</u>	<u>695,053</u>
From shareholders		
Capital subscription	2,027	1,669
Equity increase with the elimination of minority interest due to DSM	-	115,606
	<u>2,027</u>	<u>117,275</u>
Third parties		
Long-term financing and loans	903,698	1,042,884
Long-term suppliers	-	15,000
Set-up of special premium reserve upon DSM	-	108,723
Profit on fixed asset disposals to related party no longer eliminated due to DSM	-	53,862
Income tax incentives	-	6,182
	<u>903,698</u>	<u>1,226,651</u>
Total working capital provided	<u>1,357,716</u>	<u>2,038,979</u>
Working capital used for		
In permanent assets:		
Increase in investments	742,553	4,130
Increase in property, plant and equipment	273,048	509,181
Increase in deferred charges	15	246
Noncurrent assets	15,012	33,992
Transfer from noncurrent to current liabilities	415,100	614,597
Elimination of minority interest due to DSM	-	115,606
Purchase of own shares due to DSM	-	1,741
Interest on shareholders' equity	-	50,337
	<u>1,445,728</u>	<u>1,329,830</u>
Total working capital used	<u>1,445,728</u>	<u>1,329,830</u>
(Decrease) Increase in working capital	<u>(88,012)</u>	<u>709,149</u>
Changes in working capital		
Current assets	(107,892)	216,385
Current liabilities	19,880	492,764
(Decrease) Increase in working capital	<u>(88,012)</u>	<u>709,149</u>

SUZANO BAHIA SUL PAPEL E CELULOSE S.A.

OTHER COMPANY'S RELEVANT INFORMATION (Continued)
(Unaudited)

Statements of cash flows (WITHOUT Ripasa's proportional consolidation)

	Consolidated	
	Nine-months period ended	
	Sept/2005	Sept/2004
	(Unaudited)	
Cash flows from operating activities		
Net income for the period	502,645	466,664
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation, depletion and amortization	159,308	145,956
Income on sale of property, plant and equipment	(14,354)	(30,991)
Equity interests in subsidiaries and affiliates	3,505	248
Deferred income and social contribution taxes	79,849	(31,697)
Interest and exchange and monetary variations, net	(403,049)	(14,649)
Provision for contingencies	13,439	19,797
Changes in assets and liabilities related to operations		
Decrease (increase) in accounts receivable	(21,059)	(156,704)
(Decrease) increase in other current and noncurrent assets	(56,369)	(38,314)
Decrease in other current and noncurrent liabilities	(39,328)	68,894
Net cash provided by the operating activities	224,587	429,204
Cash flows from investing activities		
Increase in investments	(742,553)	(4,130)
Increase in property, plant and equipment	(273,048)	(509,181)
Increase in deferred charges	(15)	(246)
Income tax incentives	-	6,182
Elimination of minority interest	-	(115,606)
Proceeds generated from sales of fixed assets	24,572	63,432
Net cash used in investing activities	(991,044)	(559,549)
Cash flows from financing activities		
Capital subscription	2,027	1,669
Set-up of special premium reserve upon DSM	-	108,723
Equity increase due to elimination of minority interests	-	115,606
Profit in fixed asset disposal to related party no longer eliminated due to DSM	-	53,862
Acquisition of treasury stock	-	(1,741)
Dividends and interests on own capital	(81,505)	(169,695)
Proceeds from loans and financing	1,312,737	1,529,310
Payment of loans and financing	(608,938)	(1,503,824)
Net cash provided by financing activities	624,321	133,910
Effects of exchange rate variation on cash and marketable securities	27,039	-
(Decrease) Increase in cash and marketable securities	(115,097)	3,565
Changes in cash and marketable securities		
At beginning of the year	1,086,220	1,332,451
At end of the year	971,123	1,336,016
(Decrease) Increase in cash and marketable securities	(115,097)	3,565