



SUZANO
PAPEL E CELULOSE

Suzano Papel e Celulose: Consolidated results for 3Q 2006

Record Consolidated Ebitda of US\$138 million

São Paulo – October 18, 2006: Suzano Papel e Celulose (Bovespa: **SUZB5**), one of Latin America's largest integrated producers of pulp and paper, announces consolidated results for the third quarter of 2006 (3Q06) today. Operational and financial figures in this release are consolidated results, in Reais, by the Brazilian Corporate Law accounting method. Except where otherwise stated, all comparisons are year-on-year for the quarter – i.e. 3Q06 vs. 3Q05.

Starting this quarter, our consolidated results will be released including our 50% holding in Ripasa. Our year-on-year comparisons will be based on the proportional holding in Ripasa in each period. A section covering pro-forma results was included, with comparisons based on a 50% holding in Ripasa in each period. The Appendix to this release gives the financial results of Suzano Papel e Celulose (i) with the effect of the Ripasa holding as an equity income item, (ii) with the Ripasa holding, and also (iii) the pro-forma results.

Key points:

- New pulp price increase of US\$ 20 per ton announced for every market is expected to bring pulp prices US\$ 680/ ton CIF Northern Europe by November 2006.
- Record Ebitda: US\$138 million, including sales of Ripasa's products
- **Mucuri Project:** assembly of plant already started in line with expected financial and physical schedule
- Share liquidity significantly improved after conclusion of Ripasa restructuring: daily average increased from R\$ 3.2 million in 2Q06 to R\$ 6.2 million in 3Q06.
- Suzano now sells Ripasa products, including the Ripax[®] cut size paper brand.

In thousand Reais

Financial indicators	2Q06	3Q06	3Q05
Sales volume (tons)	439.318	450.426	395.766
Net Sales	788.099	835.945	756.303
Net Income	103.349	98.008	153.179
Ebitda	262.976	299.106	238.752
Ebitda Margin	33,4%	35,8%	31,6%
Net Debt (R\$ million)	3.052	3.466	2.189
Net Income per share	0,3301	0,3131	0,5392
In US\$ tsd			
Net Sales in US\$	266.254	298.776	249.432
Ebitda in US\$	120.451	137.797	91.857
Net Debt (R\$ million)	1.410	1.594	985

Note 1: Ebitda = Operating profit plus depreciation, depletion, amortization and plus financial expenses and equity income.

Note 2: Considering the proportional consolidation of 23,03% in Ripasa up to April/06 and 50% from May/06 and forward

Conference call and webcast on 3Q06 results:

in Portuguese:

October 19 – at 9:30 a.m. (Brasília)

Access: 55 11 2101 4848 –

Password: Suzano

Replay: 55 11 2101 4848 –

Password: Suzano

In English:

October 19 – at 11:30 a.m. (Brasília)

Access: 1 973-935-8893 –

Password: 7959149

Replay: 1 973-341-3080 –

Password: 7959149



www.suzano.com.br
ri@suzano.com.br

Brief summary of the period

International market prices for pulp increased once again in the third quarter of 2006, continuing their upward cycle, influenced by a strong moment for demand - with market pulp demand growing by 5% in the first eight months of 2006 when comparing with the same period in 2005 and BEKP demand growing by 15% in the same period, and by discipline in supply. Several major world producers carried out their maintenance stoppages this quarter, which was also positive for the market. The market scenario for pulp leads us to take a positive view for the fourth quarter and further ahead, but important new projects will be beginning to come into operation, which could affect the pulp price. At the beginning of October the price of eucalyptus pulp CIF Northern Europe was US\$660/ ton and November prices were announced at US\$ 680 /ton.

(US\$/ ton)

Market Pulp list prices	4Q05	1Q06	2Q06	3Q06	nov/06
North America	635	655	675	695	715
Europe	600	620	640	660	680
Asia	540	560	610	630	650

Our 3Q06 Brazilian domestic market paper sales volume was up 26.6% year-on-year, and up 12.5% from 2Q06. This reflects the higher percentage of sales of Ripasa products, and improved demand for papers mainly due to the start of purchasing for the federal government schoolbook program. The domestic market accounted for 63.0% of our sales revenue in 3Q06.

Our capital expenditure on the Mucuri Project totaled R\$ 351.9 million in 3Q06. Total disbursement on the project so far is US\$480.5 million, 37% of the planned total, as approved by the Board of Directors, during a meeting held Oct/2005.

Our total 3Q06 net sales were R\$ 835.9 million, from 291.9 thousand tons of paper and 158.5 thousand tons of pulp. Our third quarter Ebitda was R\$ 299.0 million, with Ebitda margin of 35.8%, up 2.4 percentage points year-on-year, reflecting increased volume of papers in the domestic market and the increase in prices of pulp.

The business environment

3Q net income of R\$ 98 million, on low and stable FX rate scenario

There were small variations in the exchange rate of the US dollar against the Real in 3Q06, but the average rate for the period (R\$ 2.16/US\$) and the end-of-period rate (R\$ 2.17/US\$) were very similar to those for 2Q06, so there was little impact on the Company's debt in dollars, and net sales and margins were compressed by the strong real. The average rate in 3Q06 was 7.7% lower than in 3Q05, and 1.0% lower than in 2Q06.

Fx rate, R\$ / US\$	2Q06	3Q06	3Q05
Start of period	2,17	2,16	2,35
End of period	2,16	2,17	2,22
Average	2,18	2,17	2,34

Source: Brazilian Central Bank.

Pulp prices increased, on sustained demand, supply discipline and world inventories

Northern Hemisphere demand typically weakens in the third quarter due to summer vacations, but in 3Q06 demand for market pulp held up due to strengthening of the market for papers – causing a fall in world inventories, making it possible to achieve increased prices, and maintain them higher, during the quarter.



Producers' inventory of market pulp at the end of August increased to 31 days' supply, one day above the level registered at the end of June 2006.

Government purchases for schoolbooks began in September and are expected to continue until December, which will have a positive effect on our domestic paper sales. According to the industry association, *Bracelpa*, Brazil's papers market grew by 12.2% during the first nine months of 2006 compared with the same period in 2005, with paperboard volume up 2.8% and volume in printing and writing papers up 15.2%.

The average price difference between uncoated papers (reels, CIF Northern Europe) and eucalyptus pulp in the European market in 3Q06 was relatively stable, at US\$158 per ton, below the 10-year average of US\$218 per ton.

Sales

Net Sales

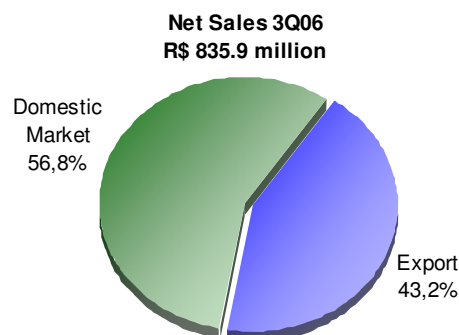
	2Q06		3Q06		3Q05	
	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd
Domestic Market	428,347	198.4	466,689	219.9	406,382	175.8
Pulp	36,220	35.0	39,374	36.1	32,313	30.6
Coated P&W Paper	72,132	26.6	71,047	27.9	73,139	26.0
Paperboard	91,850	36.9	107,176	43.7	91,790	35.4
Uncoated P&W Paper	228,145	99.9	249,092	112.2	209,140	83.9
Export Market	356,119	240.9	361,438	230.5	345,474	219.9
Pulp	173,927	142.6	155,882	122.4	140,854	110.6
Coated P&W Paper	13,769	6.8	15,360	7.4	14,870	7.2
Paperboard	29,098	17.6	35,190	20.7	28,831	18.3
Uncoated P&W Paper	139,325	73.9	155,006	79.9	160,919	83.9
Total	784,466	439.3	828,127	450.4	751,856	395.8
Pulp	210,147	177.6	195,256	158.5	173,167	141.2
Coated P&W Paper	85,901	33.3	86,407	35.4	88,009	33.2
Paperboard	120,948	54.5	142,366	64.4	120,621	53.6
Uncoated P&W Paper	367,470	173.8	404,098	192.1	370,059	167.7

Other operating income in the 3Q06, 2Q06 and 3Q05, amounting to R\$ 7,8 million, R\$ 3,6 million and R\$ 4,4 million, respectively, were not included in the table above.

Net Sales 10.5% higher, with higher stake in Ripasa and improved demand in domestic market

We sold a total of 450.4 thousand tons of product in 3Q06, 13.8% higher than in 3Q05, with prices 2.9% lower. Net sales was R\$ 835.9 million, 10.5% higher than in 3Q05. This reflects the higher stake the higher stake that Suzano has in Ripasa, which was reflected in 90,5 thousand tons of products sold in 3Q06, vs 38.3 thousand in 3Q05.

Exports provided 43.2% of our net sales in the quarter, vs. 45.7% in 3Q05.



Net sales was 6.1% higher than in 2Q06, on sales volume 2.5% higher and increase of 3.5% in average prices influenced by the increase in pulp and paper international prices.

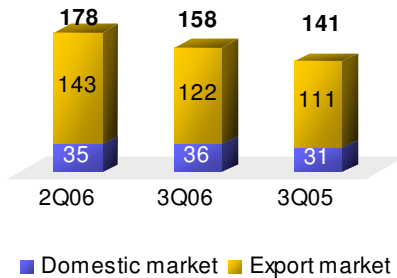
Pulp: market more active during Northern Hemisphere summer

We sold 158.5 thousand tons of pulp in 3Q06, 12.3% more than in 3Q05. This includes consolidation of 25.4 thousand tons of pulp produced by Ripasa. Exports were 77.2% of our total sales in 3Q06, vs. 78.3% in 3Q05.

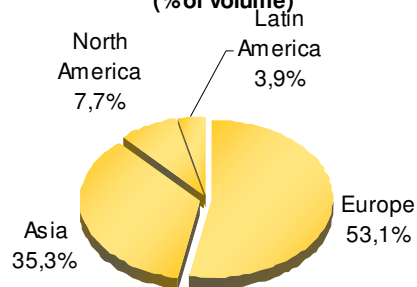
Our average sale price of pulp in the export market was US\$589/ton in the quarter, vs. US\$558/ton in 2Q06.

Our net sales from pulp was R\$ 195.3 million in 3Q06, 12.8% more than in 3Q05, reflecting sales volume 12.3% higher and 0.4% higher average prices. Our net sales from pulp was 23.4% of our total net sales in 3Q06. On the comparison with 2Q06, it was 7.1% lower, on volume sold 10.8% lower, partially mitigated by prices 4.1% higher.

Pulp Sales volume (thousand tons)



Pulp Exports - 3Q06 (% of volume)



Paper: domestic market was 63.0% of Suzano’s total paper sales, including Ripasa’s volume

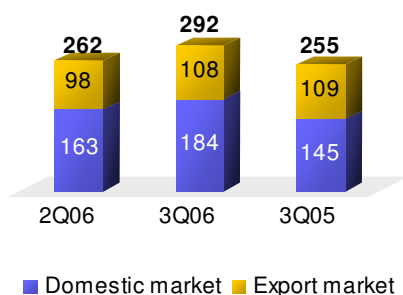
We sold a total of 291.9 thousand tons of papers in 3Q06, 14.7% more than in 3Q05. Once again the performance of domestic market sales, up 26.6% year-on-year, was a contributing factor in the increase. Our domestic market paper sales volume in 3Q06 was 12.5% more than in 2Q06, and was 63.0% of our total paper sales.

According to the industry association, *Bracelpa*, Brazil’s papers market grew by 12.2% during the nine months ended September 30, 2006, when compared with the same period in 2005, with paperboard volume up 2.8% and volume in printing and writing papers up 15.2%.

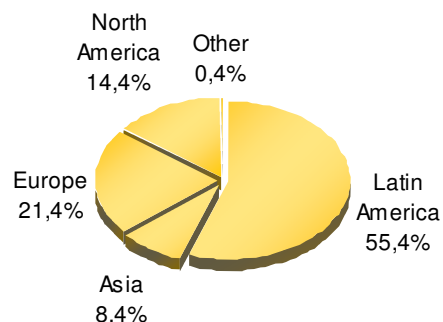
Our average sale price for papers in 3Q06 was R\$ 2,168/ton, 5.4% lower than in 3Q05. This basically reflects (i) the reduction of prices in the domestic market, also influenced by the lower value added sales mix of Ripasa and (ii) by the effect of the appreciation of the exchange rate on export prices, both factors partly offset by average paper export prices 1.6% higher. Our average paper price was 1.2% lower than in 2Q06, mainly due to lower prices in the domestic market.



Paper sales volume (thousand tons)



Paper Exports - 3Q06
(% of volume)



Our total net sales revenue from paper in 3Q06 was R\$ 632.9 million, 9.4% higher than in 3Q05. Revenue from papers was 75.7% of Suzano's total net sales revenue in the quarter. This revenue was 10.2% higher than in 2Q06, on volume sold 11.6% higher, partially offset by average prices 1.2% lower.

Production and costs

Production (thousand tons)

	2Q06	3Q06	3Q05
Production	444.7	444.6	391.1
Market Pulp	172.5	160.6	150.9
Coated P&W Paper	34.3	35.7	27.6
Paperboard	59.4	61.3	51.8
Uncoated P&W Paper	178.5	187.0	160.8

In 3Q06 our total production was 444.6 thousand tons, 13.7% more than in 3Q05, made up of 160.6 thousand tons of market pulp and 284.0 thousand tons of papers.

3Q06 market pulp cash production cost R\$ 447/ton (US\$206/ton), excluding cost of standing wood

Suzano's pulp cash production cost in 3Q06 at the Mucuri Unit, including the cost of standing wood, was R\$ 484.8/ton, 1.0% more than in 3Q05. Without the cost of standing wood, which is R\$ 38.3/ton, this reduces to R\$ 446.6/ton, or US\$206/ton – which compares with US\$205/ton in 2Q06, US\$198 in 1Q06 and US\$204 in 3Q05.

Average unit cost of products sold in 3Q06 was 7.7% lower year-on-year, at R\$ 1,138/ ton. This reduction is explained by lower average production costs due to the operational improvements at the Ripasa plant, new production speeds at Mucuri Unit, improvement in consumption of specific items, and the sales mix of products and markets. Unit cost of products sold was 0.1% lower than in 2Q06.



Financial Results: Suzano Papel e Celulose with proportional consolidation of Ripasa

(In thousand R\$)

	2Q06	3Q06	3Q05
EBIT	185,913	212,166	173,013
Depreciation / Depletion / Amortization	77,063	86,940	65,739
EBITDA	262,976	299,106	238,752
Gross Profit / Net Sales	36.5%	38.7%	35.5%
EBITDA / Net Sales	33.4%	35.8%	31.6%
Net Debt / EBITDA (LTM)	3.30	3.48	2.29

Ebitda = Operating profit plus depreciation, depletion, amortization and plus financial expenses and equity income.

Ebitda 3Q06 vs. 3Q05

3Q06 Ebitda was R\$ 299.1 million, 25.3% higher than in 3Q05. Ebitda margin on net sales was 35.8%, vs. 31.6% in 3Q05.

Main positive effects on Ebitda in this quarter:

- (i) Higher stake in Ripasa.
- (ii) Higher volume of paper and pulp sold.
- (iii) 7.7% reduction in unit COGS, to R\$ 1,138/ ton.
- (iv) Higher sales of paper to domestic market.

Factors offsetting these effects were:

- (i) Domestic market average prices 7.7% lower, led by the strengthening of the Real and sales of the lower-added-value products manufactured by Ripasa reflecting in a reduction of approximately 10.8% in the domestic paper prices.
- (ii) Increase in administrative and selling expenses, mainly reflecting the larger stake in Ripasa in this quarter's result.

Ebitda: 3Q06 vs. 2Q06

3Q06 Ebitda was 13.7% higher than in 2Q06, and Ebitda margin 2.4% higher – up from 33.4% in 2Q06, to 35.8%.

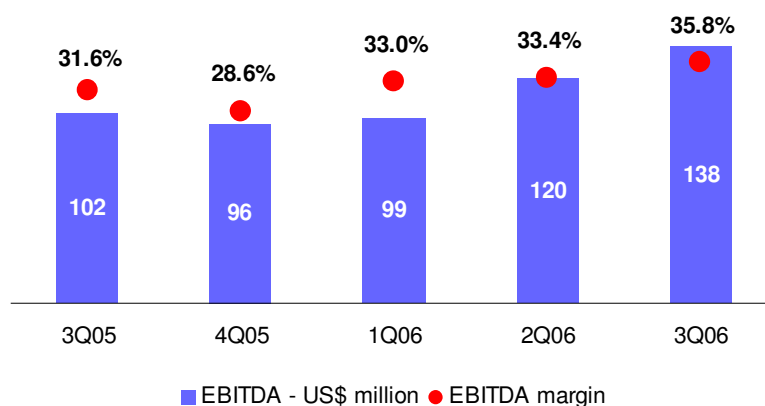
The main positive effects causing the increase in Ebitda margin and Ebitda were:

- (i) Increased sales volume, especially of papers in the domestic market.
- (ii) Higher average export price, partially offsetting the effect of lower domestic market prices.



These effects were partially offset by:

- (i) Higher selling expenses reflecting higher volumes sold.
- (ii) Lower average domestic paper prices, mainly reflecting start of sales of Ripasa's lower-added-value paper products.



(In thousand R\$)

	2Q06	3Q06	3Q05
Net Sales	788.099	835.945	756.303
Cost of Sales	(500.347)	(512.580)	(488.087)
Gross Profit	287.752	323.365	268.216
Selling Expenses	(48.262)	(50.992)	(42.811)
General and Administrative expenses	(59.629)	(62.006)	(56.192)
Financial Expenses	(74.793)	(87.458)	(66.809)
Financial Income	31.968	33.776	35.808
Equity Income in Subsidiaries and Affiliates	(106)	(149)	84
Amortization of Goodwill	(16.893)	(20.987)	(25.118)
Other Operating Income	6.052	1.799	3.800
Operating Profit before Monetary and Exchange Rate Variation	126.089	137.348	116.978
Net Monetary and Exchange Rate Variation on Assets	4.428	(14.212)	77.218
Operating Profit	130.517	123.136	194.196
Non Operating Income	187	(369)	1.180
Income and Social Contribution Taxes	(27.355)	(24.760)	(42.197)
Net Income for the Period	103.349	98.007	153.179

Net income: 3Q06 vs. 3Q05



As well as the operational factors affecting Ebitda, the following factors affected net income, which at R\$ 98.0 million in 3Q06 was lower than the net profit of R\$ 153.2 million in 3Q05:

- (i) Monetary and exchange rate variation expense of R\$ 14.2 million in 3Q06, vs. revenue of R\$ 77.2 million in 3Q05.
- (ii) Lower income tax expense: R\$ 24.8 million in 3Q06, vs. R\$ 42.2 million in 3Q05.
- (iii) Higher net financial expenses: R\$ 53.7 million in 3Q06, vs. R\$ 31.0 million in 3Q05.

Net income: 3Q06 vs. 2Q06

Lower net income in 3Q06 than 2Q06 mainly reflects the negative affect of the movement in the exchange rate, compared with the strengthening of the Real in 2Q06. The main factors are:

- (i) Monetary and FX variation of R\$ 14.2 million in 3Q06, vs. revenue of R\$ 4.4 million in 2Q06.
- (ii) Provision for income tax and Social Contribution of R\$ 24.8 million in 3Q06, compared with provision of R\$ 27.4 million in 2Q06.
- (iii) Net financial expenses of R\$ 53.7 million in 3Q06, vs. net financial expense of R\$ 49.0 million in 2Q06.

Pro-Forma Results (considering 50% consolidation of Ripasa at all times)

	2Q06		3Q06		3Q05	
	R\$ tsd	tsd tons	R\$ tsd	tsd tons	R\$ tsd	tsd tons
Domestic Market	454,358	209.4	474,508	219.9	475,307	204.6
Pulp	38,518	38.8	39,374	36.1	39,315	37.9
Coated P&W Paper	76,376	28.2	71,047	27.9	87,348	31.2
Paperboard	94,877	38.5	107,176	43.7	101,985	40.3
Uncoated P&W Paper	244,587	103.9	256,911	112.2	246,659	95.2
Export Market	362,361	245.1	361,437	230.5	372,801	243.8
Pulp	173,927	142.6	155,882	122.4	140,854	110.6
Coated P&W Paper	14,896	7.4	15,360	7.4	20,751	10.1
Paperboard	29,237	17.7	35,190	20.7	29,302	27.1
Uncoated P&W Paper	144,301	77.3	155,005	79.9	181,894	96.0
Total	816,719	454.4	835,945	450.4	848,108	448.4
Pulp	212,445	181.4	195,256	158.5	180,169	148.5
Coated P&W Paper	91,272	35.6	86,407	35.4	108,099	41.3
Paperboard	124,114	56.2	142,366	64.4	131,287	67.4
Uncoated P&W Paper	388,888	181.2	411,916	192.1	428,553	191.2
Net Sales	816,719	100%	835,945	100%	848,108	100%
Cogs	520,242	63.7%	512,580	61.3%	555,888	65.5%
Gross profit	296,477	36.3%	323,365	38.7%	292,220	34.5%
SG&A	105,946	13.0%	111,199	13.3%	110,917	13.1%
EBIT	190,531	23.3%	212,166	25.4%	181,303	21.4%
Depreciation/ Depletion/ Amortization	81,650	10.0%	86,940	10.4%	80,206	9.5%
EBITDA	272,181	33.3%	299,106	35.8%	261,509	30.8%
Net Debt	3,052,328	n.a.	3,466,153	n.a.	2,345,038	n.a.
Net debt / EBITDA (Annualized)	2.80	n.a.	2.90	n.a.	2.24	n.a.



Discussion of Pro-forma Results

Net Sales reached R\$ 835.9 million in the 3Q06, 1.4% above 3Q05, due to 0.4% increase in sales volume, compensated by the reduction of 1.9% on the average prices in the same period.

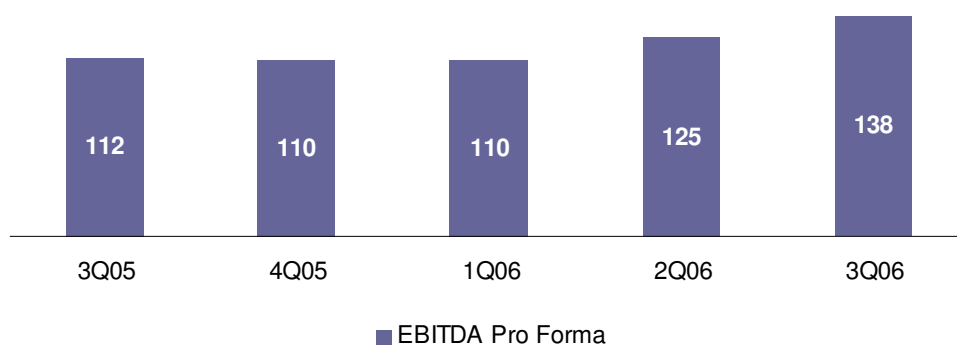
The export market represented 43.2% of net sales in 3Q06, compared to 44.0% in 3Q05, these figures are lower than the ones registered by Suzano without considering the Ripasa consolidation, that reflects the higher domestic sales of Ripasa. After the start-up of the P630 project in Ripasa, in the second half of 2007, there will be a higher portion of exports in Ripasa, mainly in pulp.

Ripasa's consolidation has the following effects in Suzano's Ebitda:

R\$ Tsd	2Q06		3Q06		3Q05	
	Pro-Forma	23%/ 50% Rip	Pro-Forma	50% Rip	Pro-Forma	23% Rip
Net sales	816.719	788.099	835.945	idem	848.108	756.303
COGS	520.242	500.347	512.580	idem	555.888	488.087
Gross profit	296.477	287.752	323.365	idem	292.220	268.216
SG&A	105.946	101.839	111.199	idem	110.917	95.203
EBIT	190.531	185.913	212.166	idem	181.303	173.013
Depreciation/ Depletion/ Amortization	81.650	77.063	86.940	idem	80.206	65.739
EBITDA	272.181	262.976	299.106	idem	261.509	238.752
Net Debt	3.052.328	3.052.328	3.466.153	idem	2.345.038	2.056.037
Net debt / EBITDA (Annualized)	2,80	2,90	2,90	idem	2,24	2,15
US\$	Pro-Forma	23%/ 50% Rip	Pro-Forma	50% Rip	Pro-Forma	23% Rip
Net sales	373.938	360.835	385.051	385.051	361.697	322.545
EBITDA	124.619	120.405	137.773	137.773	111.527	101.822

Historical Ebitda, in US dollar:

US\$ million



Capex: R\$ 497.5 million in 3Q06



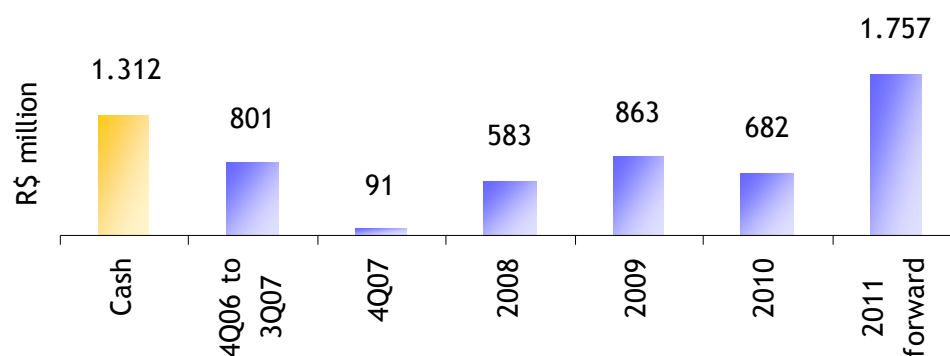
Suzano's capital expenditure in 3Q06 totaled R\$ 437.6 million (excluding investments in Ripasa), as follows: (i) R\$ 350.7 million on the Mucuri project; (ii) R\$ 71.0 million on current forestry and industrial investment; (iii) R\$ 13.3 million in the Capim Branco hydroelectric project; and (iv) R\$ 2.6 million in other projects. It's included a credit amounting R\$ 69,5 million of Pis and Cofins in this R\$ 437.6 million investment.

There was capital investment of R\$ 59.9 million in Ripasa (Suzano's 50% of the total investment), of which R\$ 7.3 million was in the project to expand pulp production capacity (the P630 project), and the rest in operational improvement of machinery and forest operations.

Pro-forma inclusion of 50% of Ripasa's cash flow brings annualized Net debt/Ebitda to 2.9

Suzano's consolidated net debt on September 30, 2006 was R\$ 3.466 billion, resulting in last-12-months' Net debt/Ebitda of 3.48. This reduces to 2.9 with inclusion, pro-forma, of 50% of Ripasa's LTM Ebitda.

Debt schedule of amortization



NOTE: Non-financial data, such as volumes, average prices and international prices and Ebitda, in reais and in US\$, and financial data in pro-forma financial statement were not subject to our auditors limited revision.

Corporate Information



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

Forward-looking statements

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

Contacts

1) **Investor relations:** ri@suzano.com.br / tel: 55 11 3037 9061

Gustavo Poppe / Fernando Mearim / Rosely D' Alessandro

2) **Press office:** **GWA Comunicação Integrada** – gwa@qwacom.com / 55 11 3816 3922

Fernanda Burjato

3) **Exports:** sales@suzano.com.br

--- *Nine pages of tables follow.* ---



Attachments

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

Consolidated Balance Sheets considering the proportional consolidation of Ripasa stake (in thousand R\$)

	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005
Current Assets				
Cash and Cash Equivalent	1,311,876	1,081,878		
Trade Accounts Receivable	734,421	695,218		
Other Accounts Receivable	47,342	18,923		
Inventories	534,285	463,068		
Recoverable Taxes	98,724	95,464		
Deferred Income And Social Contribution Taxes	53,367	58,257		
Prepaid Expenses	6,436	4,558		
	<u>2,786,451</u>	<u>2,417,366</u>		
Non Current Assets				
Marketable securities	23,500	-		
Related Parties	24	19		
Recoverable Taxes	32,569	22,538		
Deferred Income And Social Contribution Taxes	156,665	140,505		
Advances To Suppliers	139,970	116,367		
Judicialdeposits	62,421	42,471		
Other Accounts Receivable	34,200	26,389		
	<u>449,349</u>	<u>348,289</u>		
Permanent Assets				
Investments	770,542	484,978		
Property, Plant And Equipment	5,428,597	4,085,334		
Deferred Charges	4,972	3,728		
	<u>6,204,111</u>	<u>4,574,040</u>		
Total Assets	<u>9,439,911</u>	<u>7,339,695</u>		
Current Liabilities				
Trade Accounts Payable			173,714	158,593
Loans And Financing			800,667	982,020
Debentures			25,720	27,793
Accrued Salaries and Payroll Taxes			63,340	53,693
Taxes Payable Other than on Income			26,665	18,894
Income and Social Contribution Taxes			8,308	2,509
Deferred Taxes and Contribution			3,710	1,382
Dividends Payable			457	119,265
Other Accounts Payable			68,772	73,276
Related Parties			504	504
			<u>1,171,857</u>	<u>1,437,929</u>
Non Current Liabilities				
Loans and Financing			3,251,231	2,082,559
Debentures			723,911	464,421
Accounts Payable			7,989	11,580
Deferred Income and Social Contribution Taxes			32,873	23,277
Provision For Contingencies			272,186	210,432
			<u>4,288,190</u>	<u>2,792,269</u>
Shareholder's Equity				
Share Capital			2,053,620	1,479,990
Capital Reserves			378,832	378,832
Profit Reserves			1,265,755	1,265,755
Treasury Shares			(15,080)	(15,080)
Accumulated Profit			296,737	-
			<u>3,979,864</u>	<u>3,109,497</u>
Total Liabilities			<u>9,439,911</u>	<u>7,339,695</u>



Income Statements considering the proportional consolidation of Ripasa stake (in thousand R\$)

	2Q06	3Q06	3Q05	3Q06x2Q06	3Q06x3Q05
NET SALES	788,099	835,945	756,303	6.1%	10.5%
COST OF SALES	(500,347)	(512,580)	(488,087)	2.4%	5.0%
GROSS PROFIT	287,752	323,365	268,216	12.4%	20.6%
SELLING EXPENSES	(48,262)	(50,992)	(42,811)	5.7%	19.1%
GENERAL AND ADMINISTRATIVE EXPENSES	(59,629)	(62,006)	(56,192)	4.0%	10.3%
FINANCIAL EXPENSES	(74,793)	(87,458)	(66,809)	16.9%	30.9%
FINANCIAL INCOME	31,968	33,776	35,808	5.7%	-5.7%
EQUITY INCOME IN SUBSIDIARIES AND AFFILIATES	(106)	(149)	84	40.6%	-277.4%
AMORTIZATION OF GOODWILL	(16,893)	(20,987)	(25,118)	24.2%	-16.4%
OTHER OPERATING INCOME	6,052	1,799	3,800	-70.3%	-52.7%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	126,089	137,348	116,978	8.9%	17.4%
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	4,428	(14,212)	77,218	-421.0%	-118.4%
OPERATING PROFIT	130,517	123,136	194,196	-5.7%	-36.6%
NONOPERATING INCOME	187	(369)	1,180	-297.3%	-131.3%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	130,704	122,767	195,376	-6.1%	-37.2%
INCOME AND SOCIAL CONTRIBUTION TAXES	(27,355)	(24,760)	(42,197)	-9.5%	-41.3%
NET INCOME FOR THE PERIOD	103,349	98,007	153,179	-5.2%	-36.0%



Statement of Cash Flow considering the proportional consolidation of Ripasa stake (in thousand R\$)

	Sep/2006	Sep/2005
Cash flows from operating activities		
Net income for the year	353,544	502,645
Adjustments to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	232,001	183,778
Result on sale of property, plant and equipment	(3,838)	(13,845)
Equity interest in subsidiaries and affiliates	278	157
Amortization of goodwill	50,441	25,118
Deferred income and social contribution taxes	(668)	75,148
Interest, exchange and monetary variation of noncurrent assets and liabilities (1)	116,146	(280,831)
Increase in provisions	56,739	15,351
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	(87,574)	(77,800)
(Reduction) Increase in other current and non-current assets	(159,663)	(143,702)
Increase (reduction) in other current liabilities (1)	83,023	45,181
Net cash from operating activities	640,429	331,200
Cash flows from investing activities		
Non current marketable securities	(23,500)	-
Acquisition of investments	(337,308)	(503,201)
Acquisition of property, plant and equipment and Increase of deferred charges	(1,613,553)	(629,953)
Transfer from non current to current assets	8,557	-
Receipt from sale of property, plant and equipment	32,631	24,572
Net cash used in investing activities	(1,933,173)	(1,108,582)
Cash flows from financing activities		
Capital increase due to Ripasa's shareholders migration	573,630	2,027
Dividends paid	(179,305)	(82,114)
Loans received	2,037,862	1,514,068
Payment of loans (1)	(874,405)	(774,972)
Net cash from financing activities	1,557,782	659,009
Effects of exchange rate variation on cash and cash equivalents	(35,040)	27,039
Increase (decrease) in cash and cash equivalents	229,998	(91,334)
Beginning of year	1,081,878	1,086,220
End of year	1,311,876	994,886

(1) Reclassified in 2005



Loans and Financing considering the proportional consolidation of Ripasa stake (in thousand R\$)

	Index	Interest	Sep 30, 2006	Jun 30, 2006
For acquisition of equipment				
BNDES - Finem	TJLP (1) (2)	8.88%	1,079,093	927,200
BNDES - Finem	cesta de moedas (2)	9.44%	207,016	178,821
BNDES - Finame	TJLP (1) (2)	10.06%	28,070	30,729
BNDES - Automático	TJLP (1) (2)	8.00%	82,398	89,391
FNE - BNB	Taxa préfixada	11.90%	102,082	52,381
Finep	TJLP	6.00%	7,860	7,823
BNDES - Crédito Rural	TJLP	8.75%	12,314	93,323
Working capital				
Exporting financing	US\$	5.64%	2,287,153	2,180,459
FMO	US\$	8.66%	12,099	18,230
Importation financing	US\$	4.46%	82,021	80,571
Export credit note	TJLP	11.33%	65,226	0
Others	US\$	6.65%	86,566	64,929
			4,051,898	3,723,857
Current liabilities			800,667	975,039
Noncurrent liabilities			3,251,231	2,748,818
Long-term loans and financing mature as				
2007			91,140	139,506
2008			582,592	579,863
2009			862,527	785,409
2010			682,123	503,816
2011			1,032,849	740,224
			3,251,231	2,748,818

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

Issue	Series	Units	Sep/2006			Jun/2006	Index	Interest	Maturity
			Current	Non current	Total	Total			
3ª	1ª	333,000	16,377	340,297	356,674	344,429	IGP-M	10% *	01/04/2014
3ª	2ª	167,000	6,231	124,833	131,064	127,299	USD	10.38%	01/04/2014
4ª	1ª	80,000	1,068	86,233	87,301	-	TJLP	2.50%	01/12/2012
4ª	2ª	160,000	2,044	172,548	174,592	-	TJLP	2.50%	01/12/2012
Total			25,720	723,911	749,631	471,728			

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



Consolidated Balance Sheets without Ripasa

(in thousand R\$)

	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005
Current Assets				
Cash and Cash Equivalent	1,244,539	1,041,609		
Trade Accounts Receivable	614,093	631,007		
Other Accounts Receivable	42,996	17,522		
Inventories	466,910	424,241		
Recoverable Taxes	87,054	89,153		
Deferred Income And Social Contribution Taxes	48,517	56,901		
Prepaid Expenses	6,436	4,558		
	2,510,545	2,264,991		
Non Current Assets				
Marketable securities	23,500	-		
Related Parties	24	19		
Recoverable Taxes	20,288	17,376		
Deferred Income And Social Contribution Taxes	126,409	113,797		
Advances To Suppliers	139,970	116,367		
Judicialdeposits	33,022	30,748		
Other Accounts Receivable	23,542	21,973		
	366,755	300,280		
Permanent Assets				
Investments	1,371,973	755,426		
Property, Plant And Equipment	4,727,905	3,750,757		
Deferred Charges	927	1,105		
	6,100,805	4,507,288		
Total Assets	8,978,105	7,072,559		
Current Liabilities				
Trade Accounts Payable			185,899	137,480
Loans And Financing			743,065	943,515
Debentures			25,720	27,793
Accrued Salaries and Payroll Taxes			50,831	49,145
Taxes Payable Other than on Income			14,741	15,884
Income and Social Contribution Taxes			1,010	631
Deferred taxes payable ans contributions			-	-
Dividends Payable			444	119,265
Other Accounts Payable			56,457	65,648
Related Parties			504	504
			1,078,671	1,359,865
Non Current Liabilities				
Loans and Financing			2,986,962	1,940,752
Debentures			723,911	464,421
Accounts Payable			3,837	11,580
Deferred Income and Social Contribution Taxes			16,502	15,064
Provision For Contingencies			188,358	171,380
			3,919,570	2,603,197
Shareholder's Equity				
Share Capital			2,053,620	1,479,990
Capital Reserves			378,832	378,832
Profit Reserves			1,265,755	1,265,755
Treasury Shares			(15,080)	(15,080)
Accumulated Profit			296,737	-
			3,979,864	3,109,497
Total Liabilities			8,978,105	7,072,559



Income Statements without Ripasa

(in thousand R\$)

	2Q06	3Q06	3Q05	3Q06x2Q06	3Q06x3Q05
NET SALES	652,556	701,151	675,888	7.4%	3.7%
COST OF SALES	(407,144)	(427,842)	(428,171)	5.1%	-0.1%
GROSS PROFIT	245,412	273,309	247,717	11.4%	10.3%
SELLING EXPENSES	(34,393)	(37,514)	(35,859)	9.1%	4.6%
GENERAL AND ADMINISTRATIVE EXPENSES	(52,281)	(51,067)	(50,300)	-2.3%	1.5%
FINANCIAL EXPENSES	(65,353)	(78,487)	(62,198)	20.1%	26.2%
FINANCIAL INCOME	27,755	30,805	34,071	11.0%	-9.6%
EQUITY INCOME IN SUBSIDIARIES AND AFFILIATES	4,189	17,648	(11,281)	321.3%	-256.4%
AMORTIZATION OF GOODWILL	(12,706)	(20,987)	-	65.2%	-
OTHER OPERATING INCOME	4,900	(1,136)	4,374	-123.2%	-126.0%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	117,523	132,571	126,524	12.8%	4.8%
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	8,118	(15,322)	72,425	-288.7%	-121.2%
OPERATING PROFIT	125,641	117,249	198,949	-6.7%	-41.1%
NONOPERATING INCOME	1,279	(427)	1,537	-133.4%	-127.8%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	126,920	116,822	200,486	-8.0%	-41.7%
INCOME AND SOCIAL CONTRIBUTION TAXES	(23,571)	(18,815)	(47,307)	-20.2%	-60.2%
NET INCOME FOR THE PERIOD	103,349	98,007	153,179	-5.2%	-36.0%



Statement of Cash Flow without Ripasa

(in thousand of R\$)

	Sep/2006	Sep/2005
Cash flows from operating activities		
Net income for the year	353,544	502,645
Adjustements to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	169,734	159,308
Result on sale of property, plant and equipment	(5,308)	(14,354)
Equity interest in subsidiaries and affiliates	(22,654)	3,505
Amortization of goodwill	33,693	-
Deferred income and social contribution taxes	(2,790)	79,849
Interest, exchange and monetary variation of noncurrent assets and liabilities (1)	104,899	(268,894)
Increase in provisions	16,978	13,440
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	16,914	(21,059)
(Reduction) Increase in other current and non-current assets	(98,285)	(56,369)
Increase (reduction) in other current liabilities (1)	32,407	(39,968)
Net cash from operating activities	599,132	358,103
Cash flows from investing activities		
Non current marketable securities	(23,500)	-
Acquisition of investments	(627,396)	(742,553)
Acquisition of property, plant and equipment and Increase of deferred charges	(1,174,027)	(273,063)
Receipt from sale of property, plant and equipment	32,631	24,572
Net cash used in investing activities	(1,792,292)	(991,044)
Cash flows from financing activities		
Capital increase due to Ripasa's shareholders migration	573,630	2,027
Dividends paid	(175,628)	(81,505)
Loans received	1,837,032	1,312,737
Payment of loans (1)	(803,904)	(742,454)
Net cash from financing activities	1,431,130	490,805
Effects of exchange rate variation on cash and cash equivalents	(35,040)	27,039
Increase (decrease) in cash and cash equivalents	202,930	(115,097)
Beginning of year	1,041,609	1,086,220
End of year	1,244,539	971,123

(1) Reclassified in 2005



Loans and Financing without Ripasa

(in thousand R\$)

	Index	Interest	Sep 30. 2006	Jun 30. 2006
<u>For acquisition of equipment</u>				
BNDES - Finem	TJLP (1) (2)	8.88%	1,079,093	927,200
BNDES - Finem	cesta de moedas (2)	9.44%	207,016	178,821
BNDES - Finame	TJLP (1) (2)	10.06%	27,866	30,491
BNDES - Automático	TJLP (1) (2)	8.00%	1,163	1,578
FNE - BNB	Taxa préfixada	11.90%	102,082	52,381
Finep	TJLP	6.00%	7,860	7,823
BNDES - Crédito Rural	TJLP	8.75%	12,314	88,323
<u>Working capital</u>				
Exporting financing	US\$	5.64%	2,078,935	1,949,695
FMO	US\$	8.66%	12,099	18,230
Importation financing	US\$	4.46%	49,807	49,021
Export credit note	TJLP	11.33%	65,226	0
Others	US\$	6.65%	86,566	64,929
			<u>3,730,027</u>	<u>3,368,492</u>
Current liabilities			743,065	891,780
Noncurrent liabilities			<u>2,986,962</u>	<u>2,476,712</u>
Long-term loans and financing mature as				
2007			76,190	115,745
2008			475,871	473,540
2009			780,714	703,896
2010			641,675	463,551
2011			1,012,512	719,980
			<u>2,986,962</u>	<u>2,476,712</u>

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



Statement of pro-forma calculation, considering 50% stake in Ripasa at all times. Excluding performance revenues.
(in thousand of R\$)

	1Q06	2Q06	3Q06	9M06
Net Sales	743,357	816,719	835,945	2,396,021
COGS	485,652	520,242	512,580	1,518,473
Gross profit	257,706	296,477	323,365	877,547
Selling Expenses	44,526	50,764	50,992	146,282
General and administrative expenses	57,716	61,107	62,006	180,829
Other operating income	(3,082)	(5,926)	(1,799)	(10,806)
Ebit	158,546	190,532	212,166	561,243
Depreciation	82,743	81,650	86,940	251,333
Ebitda	241,288	272,182	299,106	812,575
<i>Ebitda Margin</i>	<i>32.5%</i>	<i>33.3%</i>	<i>35.8%</i>	<i>33.9%</i>

	1Q05	2Q05	3Q05	9M05
Net Sales	743,119	778,174	848,109	1,521,294
COGS	463,744	483,580	555,889	947,324
Gross profit	279,375	294,595	292,220	573,970
Selling Expenses	50,087	52,478	51,063	102,564
General and administrative expenses	64,353	55,043	61,726	119,395
Other operating income	11,305	(2,157)	(1,872)	9,148
Ebit	153,632	189,232	181,304	342,863
Depreciation	81,112	78,219	80,206	159,331
Ebitda	234,744	267,451	261,510	502,194
<i>Ebitda Margin</i>	<i>31.6%</i>	<i>34.4%</i>	<i>30.8%</i>	<i>33.0%</i>

