



Suzano Papel e Celulose: 2Q 2007 consolidated results

**Consolidated net profit R\$ 172 million.
Mucuri Project prepares for start-up.**

São Paulo, July 26, 2007: Suzano Papel e Celulose (Bovespa: SUZB5), one of Latin America's largest integrated producers of pulp and paper, announces its consolidated results for the second quarter of 2007 ("2Q07"). This release gives consolidated operational and financial figures in Reais, by the Brazilian Corporate Law accounting method. Unless otherwise stated comparisons are with 1Q07 and 2Q06.

Highlights

- Mucuri Project on schedule and within budget.
- Pulp price: US\$20 / ton increase in June.
- Pulp inventories down to 27 days of shipments in June.
- Market capitalization reaches US\$4.2 billion.
- 2Q07 Ebitda R\$ 279.3 million, Ebitda margin 34.0%, under stronger Real.
- Inaugurated the third turbine of the HPP Amador Aguiar (Capim Branco).
- Pulp cash-cost down to R\$ 446/ton in 2Q07.
- Suzano Pulp and Paper Asia – office established in China.
- 2Q07 net profit R\$ 172 million, 62.1% higher than in 1Q07.
- New Chief of Forestry Business Unit Officer: João Comério.

Financial indicators in R\$ tsd	1Q07	2Q07	2Q06
Net Sales	809,323	820,947	788,099
Ebitda	274,630	279,307	262,976
Net Income	106,142	172,084	103,349
Sales volume (tsd tons)	439.6	457.8	439.3
Ebitda Margin	33.9%	34.0%	33.4%
Net Debt	4,084,521	4,150,725	3,052,328
Net Debt / Ebitda (LTM)	3.72	3.73	3.27
Net Income per share	0.3389	0.5496	0.3301
Financial indicators in US\$ tsd			
Net Sales	383,984	413,972	360,835
Ebitda	130,248	141,040	120,451
Net Debt	1,992,060	2,154,877	1,410,306

CONFERENCE CALL AND WEBCAST

ON THESE RESULTS

In Portuguese:

July 30 – 9.00 a.m. (Brasília)
Access: +55 11 2101 4848
Password: Suzano

In English:

July 30 – 11.00 a.m. (Brasília)
Access: +1 973 935-8893
Password: 899 6968

www.suzano.com.br/ri

The results in this release include Suzano's 50% holding in Ripasa.

Year-on-year comparisons are made with the consolidated results based on Suzano's actual holdings in Ripasa in each period (23.03% up to April 2006, 50% from May 2006).

To help in comparison, we include a section of pro-forma results, based on a uniform 50% holding throughout all the periods.

The Appendices to this release contain financial tables for the operations of Suzano Papel e Celulose in the following formats:

(i) reflecting the historic variation of the stake in Ripasa – initially 23.03%, then 50%;

(ii) with the stake in Ripasa reported by the equity method; and

(iii) pro-forma tables based on 50% of Ripasa since 1Q05.

Participation of Embu reflected as of March 07

Notes:

Adjusted Ebitda = operational profit, less (net financial revenue/expenses, equity income, depreciation and amortization), to the extent these are included in operational profit.

The dollar conversion is made with the average taxes for the results tables and the final taxes for the balance sheet

Second quarter 2007 (2Q07) : Summary

Pulp price higher on an environment of strong demand

International market prices of pulp increased again in the second quarter of 2007 influenced by low world inventories, higher demand and constraints on supply. Prices of eucalyptus market pulp increased to US\$ 735/ton in North America, US\$700 /ton in Europe and US\$650 /ton in Asia. These prices are the highest since February 2001.

The pulp market continued with positive perspectives in this quarter. The volume sold of 175,8 tsd tons was 1.2% more than in the previous quarter and 1% less than 2006.

Prices of printing and writing papers stood strong along the quarter. Prices were readjusted in EUR 30/ton in the quarter, with a spread of US\$ 210/ton (reels, CIF Europe) over price of eucalyptus pulp, US\$ 6/ton less than the historical average over the past 10 years.

In Brazil consumption of printing and writing papers and paperboard in 2Q07 was approximately 8% and 6,5% higher than in 1Q07, respectively. Comparing with the same quarter of the last year, the domestic market of printing and writing papers grew 2,8%, influenced by a lower volume of exports of notebooks in 2007, and the paperboard market grew by 19% in comparison with 2Q06.

Pulp cash production cost decreased to R\$ 446 /ton, equivalent to US\$225/ton – reflecting further improvements over previous quarters.

The Mucuri Project continues to be on schedule and within initial budget. Engineers and technical teams are now making preparations for startup.

Higher results on higher volumes sold

Net sales of R\$ 820.9 million in 2Q07 were 1.4% higher than the previous quarter, mainly reflecting increased volume of papers sold in the domestic market. Operational cash flow, measured as Ebitda, was R\$ 279.3 million. Ebitda margin was 34.0%, 0.1 percentage points higher than in 1Q07, also reflecting good operational performance.

Business Environment

Costs discipline increases margins, even with the stronger Real

The Real appreciated further against the US dollar in 2Q07: the exchange rate was R\$ 1.93/US\$ at the end of the quarter, and averaged R\$ 1.98/US\$ in the quarter, 5.9% lower than in 1Q07, and 9.2% lower than in 2Q06. However, Ebitda margin remains stable in spite of this reduction, as a result of (i) actions to reduce operational costs, and (ii) implementation of the Matrix Budgeting Project.

Fx rate, R\$ / US\$	1Q07	2Q07	2Q06
Start of period	2.14	2.05	2.17
End of period	2.05	1.93	2.16
Average	2.11	1.98	2.18
Variation	-4.1%	-6.1%	-0.4%
Average Fx variation	-2.0%	-5.9%	-0.4%

Note: Comparisons are based on figures to four decimal places.
Source: Brazilian Central Bank

Pulp prices continued to rise on strong demand and scarce supply

The international pulp market continued to provide a favorable context for Brazilian producers. World demand was up by 2% (355,000 tons) in comparison of the same period of 2006 (1H07 x 1H06).

Demand for eucalyptus pulp increased by 13% (594,000 tons) in the same comparison, with a highlight for the demand in the European market in first half 2007, which was 291,000 tons higher than in first half 2006. These increases reflect paper producers' growing tendency to seek out a competitive fiber with the characteristics of eucalyptus.

On the supply side, availability was not enough to serve all consumers, resulting in a price increase of US\$ 20 in the international market of pulp. New pulp prices were increased to US\$ 735 / ton in North America, US\$ 700 / ton in Europe and US\$ 650 / ton in Asia.

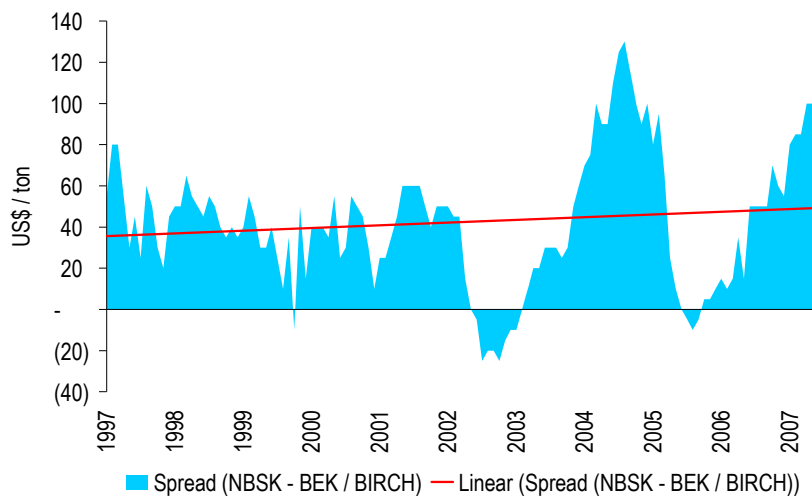
(US\$/ tons)

Market Pulp list prices	2Q06	3Q06	4Q06	1Q07	2Q07	Jul/07
North America	675	695	715	715	735	735
Europe	640	660	680	680	700	700
Asia	610	630	650	650	650	650

OBS: Price at the end of each period

It was a period of scarcity of wood in Europe, reflecting weather conditions, and increases of tax on exports of wood from Russia, making its importation impracticable for the high-cost European producers. Both producers' and consumers' inventories of market pulp are low. For the producers – with 27 days of shipments - these are the lowest levels since 2003, as well as below the 34-day average for the last 10 years.

Pressure of demand, restraints on availability and present price levels create a very favorable outlook for the startup of our new pulp line at the Mucuri Project. The spread between softwood and hardwood pulps continues to be high, around US\$100/ton, indicating sustained prices and potential growth for eucalyptus pulp.



Mucuri Project

Mucuri Project enters commissioning phase

With assembly practically completed, the equipment is entering testing (commissioning) phase, all on schedule.

The first firing of oil in the recovery boiler was run in June, for tests of the start-up burners. Construction of this recovery boiler took exactly 20 months and 15 days – a record for projects on this scale, and an indication of commitment, good management and good performance of both contractor and engineering team.

The water treatment stations, the boiler water treatment stations and the cooling tower were also being finalized and tested in June.

With the boiler producing steam, the blowing process of the high-pressure steam containers began, for cleaning of the system. Tests of the new wood handling yard also began in June, and the first chips have been produced for Line 2.

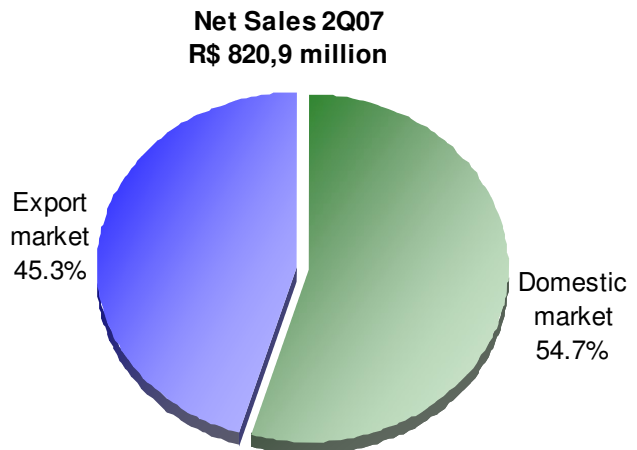
The schedule for July includes: (i) burning of black liquor in the recovery boiler; (ii) startup of a turbo generator, generating energy for the continued and now increasingly intense testing; and (iii) steam supply by the new recovery boiler also to the Line 1, allowing the existing boiler to be retrofitted. The cooking process will now use water, and at the beginning of August tests with dissolved pulp will begin on the drying machine.

Net Sales

Our total net sales in 2Q07 were R\$ 820.9 million, 1.4% higher than in 1Q07, and 4.2% higher than in 2Q06, reflecting the strong trend in prices and also the effects of the acquisition of 100% of the Embu Unit.

Exports provided 45.3% of net revenue, or R\$ 372 million. This was 5.7% less than in 1Q07, and 4.5% more than in first quarter 2006. The difference reflects increased sales of paper in the domestic market, and the appreciation of the Real.

Domestic sales were 54.7% of 2Q07 sales, at R\$ 449 million, 8.2% more than in 1Q07 and 3.9% more than in 2Q06.



Breakdown – Paper and Pulp

Net Sales

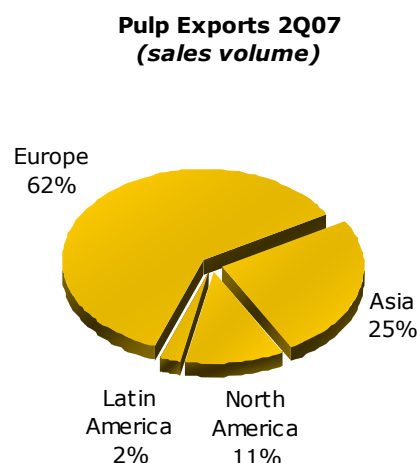
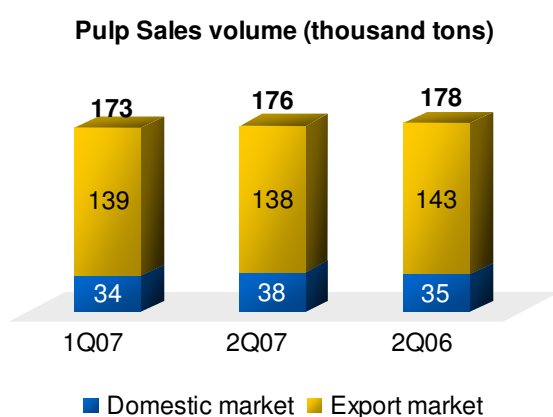
	1Q07		2Q07		2Q06	
	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd	R\$ tsd	Tons tsd
Pulp	39,331	34.3	41,242	37.8	36,220	35.0
Coated P&W Paper	63,055	24.0	66,425	25.8	72,132	26.6
Paperboard	109,468	45.7	110,290	45.2	91,850	36.9
Uncoated P&W Paper	190,205	79.3	228,462	97.0	228,145	99.9
Domestic Market	402,059	183.3	446,419	205.8	428,347	198.4
Pulp	172,859	139.4	162,689	138.0	173,927	142.6
Coated P&W Paper	8,241	3.9	12,050	6.1	13,769	6.8
Paperboard	33,293	20.9	28,748	18.2	29,098	17.6
Uncoated P&W Paper	179,955	92.1	168,549	89.7	139,325	73.9
Export Market	394,348	256.3	372,036	252.0	356,119	240.9
Pulp	212,190	173.7	203,931	175.8	210,147	177.6
Coated P&W Paper	71,296	27.9	78,475	31.9	85,901	33.4
Paperboard	142,761	66.6	139,038	63.4	120,948	54.5
Uncoated P&W Paper	370,160	171.4	397,011	186.7	367,470	173.8
Total	796,407	439.6	818,455	457.8	784,466	439.3

Note: The above figures exclude revenue from other products (IT and office materials), of R\$ 12.9 million in 1Q07, R\$ 2,5 million in 2Q07 and R\$ 3.6 million in 2Q06.

Pulp Business Unit

Growth in world demand, and reduction in high-cost producers' output, boost optimistic outlook

We sold 175,800 tons of pulp in 2Q07, 1.2% more than in 1Q07, and 1.0% less than in 2Q06. Exports provided 78.5% of our total pulp sales in the quarter – 3.2% lower than in 2Q06.



Average net selling price for pulp in the export market was US\$ 594/ton in 2Q07, compared to US\$ 588/ton in 1Q07 and US\$ 558/ton in 2Q06.

Net sales from pulp in the quarter totaled R\$ 203.9 million, 3.9% lower than in 1Q07, and 3.0% lower than in 2Q06. This reflects an increase of 1.2% in volume sold in relation to 1Q07, partially mitigated by the reduction in average prices in Reais which resulted from the exchange rate for the Real. Net sales revenue from pulp was 24.8% of total net sales revenue in the quarter.

Paper Business Unit

Paper: revenue 5.2% higher in second quarter

Paper net sales in 2Q07 was R\$ 614.5 million, 5.2% more than in the previous quarter (1Q07) and 7.0% higher than in 2Q06. This can be explained by the increasing in the volumes and the larger share in the domestic market. Paper revenue in 2Q07 was 74.9% of our total net revenue.

Total paper sales volume in 2Q07 was 282,000 tons, approximately 6.1% more than in 1Q07, and 7.8% more than in 2Q06.

The average paper price during the 2Q07 was R\$ 2,179 / ton, a slightly lower than in the 1Q07 and 2Q07, reflecting the appreciation in the Real in the period, which affects prices received for exports.

Domestic market represented 59.6% of total paper volume in 2Q07 (56,0% in 1Q07 and 62.2% in 2Q06)

Domestic Market

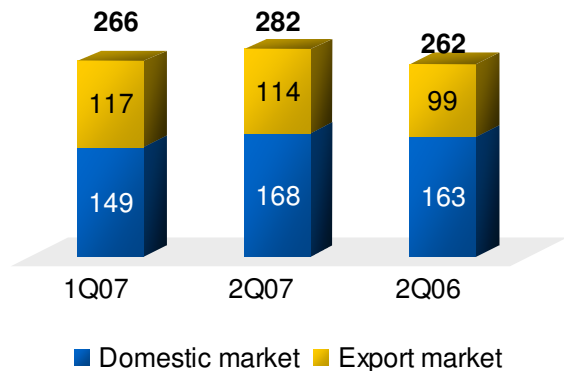
Paper net revenue in the domestic market grew 11.7% comparing to the 1Q07 and 3.3% comparing to the 2Q06. Paper volume was 168,000 tons, 12.7% higher than in 1Q07. Average prices remained stable.

Comparing to the 1Q07, the uncoated paper sales increased 22.3% explained by seasonality. Average prices were 1.7% lower explained for the bigger share of sales in the editorial segment.

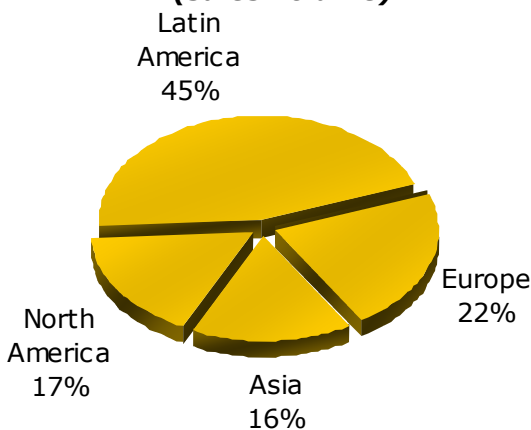
In coated papers, in spite of the competition from imported products, our domestic market sales were 7.5% higher than in 1Q07, while being 2.7% lower than those of 2Q06. Average prices were negatively affected for the same reason.

Paperboard sales volume was 22.3% higher than in 2Q06, influenced for the warming up of the packaging segment and also reflecting the acquisition of the Embu plant. Comparing to 1Q07 our sales stayed stable and price increased 1.9%.

Paper sales volume (thousand tons)



Paper Exports 2Q07 (sales volume)



Export Market

Sales in the export market reached 114,000 tons, 2.4% lower than 1Q07 and 16.0% bigger than 2Q06.

Sales in the quarter were more concentrated in Latin America, and this factor, together with the increase in prices in Europe, contributed to the growth of 2.9% in average prices in US dollar terms. At the same time, the 6.3% appreciation in the Real directly affected average prices converted into Reais, resulting in a reduction of 3.2% in relation to 1Q07, and 1% in relation to 2Q06.

Prospects for the second half include increased volume of uncoated paper sales, for the government's textbook production program, and due to the annual 'back to school' period. There is also the prospect of higher volume sales of paperboard for packaging, on the normal market seasonality.

Production and Costs

Consolidated Production (in thousand tons)

	1Q07	2Q07	2Q06
Production	458,5	446,1	444,6
Market Pulp	174,1	167,4	172,5
Coated P&W Paper	49,7	37,5	34,3
Paperboard	59,8	62,9	59,4
Uncoated P&W Paper	174,9	178,4	178,4

Total production output in 2Q07 was 446,100 tons, made up of 167,400 tons of market pulp and 278,700 tons of paper. These figures reflect our efforts to achieve operational improvements and greater productivity from our equipment. Output in 2Q07 was 2.7% less in volume terms than in 1Q07, due to the scheduled maintenance shutdown at the Suzano Unit, and 0.3% higher than in 2Q06.

Market pulp cash production cost in 2Q07 (excluding the cost of standing woods) was R\$ 446/ton: 3.5% lower than in 1Q07, and 0.2% lower than in 2Q06. The comparisons reflect the trend to normalization of costs in our operations. Cash cost in dollars was US\$ 225/ton. In the third quarter we have a maintenance shutdown scheduled for the Mucuri Unit.

Average unit cost of product sold in 2Q07 was R\$ 1,166/ton, which compares with R\$ 1,198/ton in the previous quarter – a reduction of 2.7%.

Financial Results

(In thousand R\$)

	1Q07	2Q07	2Q06
Net Sales	809.323	820.947	788.099
Cost of Sales	(526.773)	(533.825)	(500.347)
Gross Profit	282.550	287.112	287.752
Selling Expenses	(43.061)	(51.284)	(48.262)
General and Administrative expenses	(57.306)	(53.492)	(59.629)
Financial Expenses	(72.139)	(68.047)	(74.793)
Financial Income	36.340	36.428	31.968
Equity Pickup in Subsidiaries and Affiliates	912	(995)	(106)
Amortization of Goodwill	(20.989)	(21.003)	(16.893)
Other Operating Income	6.537	8.163	6.052
Operating Profit before Monetary and Exchange Rate Variation	132.844	136.892	126.089
Net Monetary and Exchange Rate Variation	68.760	115.997	4.428
Operating Profit	201.604	252.889	130.517
Non Operating Income (Expenses), Net	(90)	969	187
Income and Social Contribution Taxes	(95.372)	(81.774)	(27.355)
Net Income for the Period	106.142	172.084	103.349

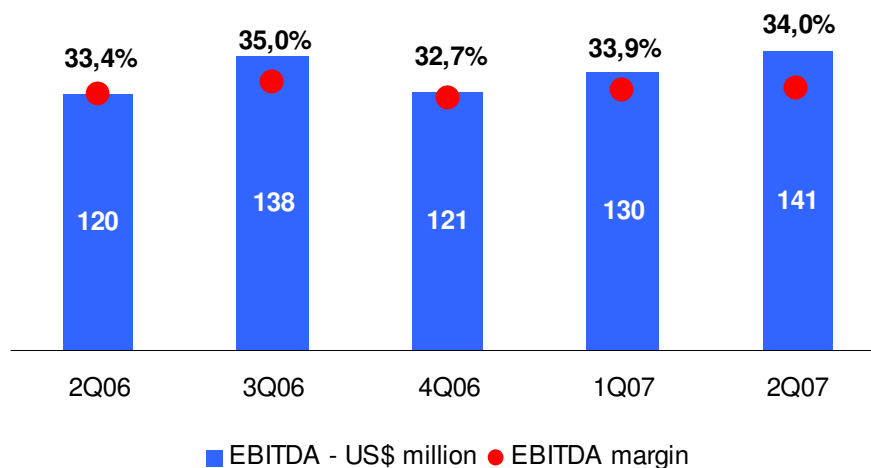
Adjusted Ebitda

Cash flow in the quarter, measured as adjusted Ebitda, was R\$ 279.3, 1.7% more than in the previous quarter, and 6.2% more than in 2Q06.

The *main positive effects* in Ebitda in the quarter were from:

- (i) paper and pulp export prices of;
- (ii) higher domestic sales volume of papers; and
- (iii) reduction in unit COGS –

Mitigated mainly by one factor: appreciation of the Real.



(In thousand R\$)

	1Q07	2Q07	2Q06
EBIT	188,720	190,509	185,913
Depreciation / Depletion / Amortization	85,910	88,798	77,063
EBITDA	274,630	279,307	262,976
Gross Profit / Net Sales	34.9%	35.0%	36.5%
EBITDA / Net Sales	33.9%	34.0%	33.4%
Net Debt / EBITDA (LTM)	3.72	3.73	3.27

Net profit

Net profit was R\$ 172 million, 62.1% higher than in 1Q07, and 66.5% higher than in 2Q06.

As well as the factors affecting adjusted Ebitda (*above*) the following impacted net profit:

- (i) variation in the R\$/US\$ exchange rate; and
- (ii) effective tax rate on profit of 32.2% (Income Tax plus Social Contribution).

Operational expenses

Selling expenses totaled R\$ 51.3 million in 2Q07, 19.1% higher than in 1Q07, due to a further provision of R\$ 5.0 million for doubtful receivables. Without this provision, selling expenses would have increased only 7.5% due to of the higher sales volume.

Administrative expenses in the quarter were R\$ 53.5 million, down from R\$ 57.3 million in 1Q07. The figure 6.7% lower represents the gains obtained from implementation of the Matrix Budgeting Project in the company, and our efforts to reduce expenses.

Other operational revenue totaled R\$ 8.2 million. Elements in this revenue include sales of paper offcuts, waste and uncut timber.

Other Information

New Chief of Forestry Business Unit Officer

In the second quarter we announced our new Chief Officer for the Forestry Business Unit: João Comério. He began his career with Champion Papel e Celulose in 1991, company that was absorbed in the year 2000 by International Paper. There he held various technical and management posts up to the beginning of last year, most recently as Global Forest Strategic Planning Director at the head office in the United States. Prior to his appointment with International Paper, he was a Director of the forestry consulting company STCP Engenharia e Projetos, and Managing Partner of the forestry investment company Resco/Finagro.

Suzano Pulp and Paper opens office in Asia

Our office on the Asian Continent – Suzano Pulp and Paper Asia – was established in June, in Shanghai, China. It will conduce the promotion of sales of pulp in the Asian market directly.

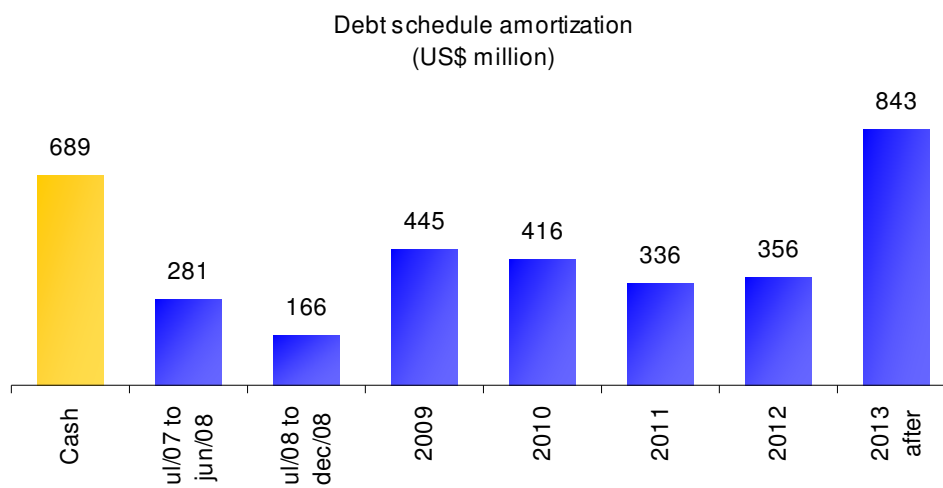
Now, together with the other sales units outside Brazil, in North America and Europe, Suzano has a complete structure to support its global operations.

Capital expenditure

We disbursed a total of R\$ 327.7 million (US\$170.1 million) in capital expenditure in 2Q07, excluding any capex in the operational units of Ripasa. Most important components: (i) R\$ 52.9 million in forestry, industrial, administrative and logistics capital expenditure; (ii) R\$ 3.5 million in construction of the Amador Aguiar (Capim Branco) hydroelectric power plant complex; (iii) R\$ 271.2 million on the Mucuri Project; and (iv) R\$ 126,300 in general capex.

Debt

Net debt / Ebitda ratio situation was stable: consolidated net debt at the end of 2Q07 was R\$ 4,150.7 million, representing 3.73 times cash flow in the period (last 12 months Ebitda). This compares with debt of R\$ 4,084.5 million, and a net debt/Ebitda ratio of 3.72, in 1Q07.



The Amador Aguiar (Capim Branco) Hydroelectric Power Plant

The Capim Branco Hydroelectric Power Plant Complex is being built by a consortium of Suzano Pulp and Paper, Vale do Rio Doce, Cemig and Votorantim – building a complex with two hydro plants, each with three rotors, on the Araguari River in Minas Gerais between the municipalities of Uberlândia and Araguari.

The third turbine of the second plant started operation in June 2007, bringing the project to full capacity. Our take, of 51MW, will provide energy self-sufficiency for the unit at Suzano, and also reduce both energy costs and costs of hedge transactions against energy price variations.

The total investment in the project is planned at R\$ 220 million, of which R\$ 212 million has so far been disbursed.

Market Capitalization: US\$ 4,2 billions

Market capitalization at June 30, 2007 was US\$4.2 billion, a considerable increase – of 40% – in the quarter, further drawing attention to the strong performance of our shares on the São Paulo Stock Exchange.

Once again paper and pulp stocks outperformed the market as a whole, led by the figures for Suzano Papel e Celulose “A” preferred (SUZB5), which rose 34% in the quarter (Ibovespa 18.7%), and has risen 102.9% in the last 12 months (Ibovespa 48.5%).

Observation

Non-financial data such as volumes, quantities, average sales prices, average market prices, and Ebitda, in Reais and in dollars, and financial data contained in the pro-forma statements, have not been reviewed by our external auditors.

General Information

Suzano Pulp and Paper, with annual revenue of R\$ 1.5 billion, is one of the largest vertically integrated producers of eucalyptus pulp and paper in Latin America, with annual production capacity for 700,000 tons of market pulp and 1.1 million tons of paper. It offers a broad range of pulp and paper products for the domestic and international markets, with leadership positions in key Brazilian markets. It has four product lines: (i) eucalyptus pulp; (ii) uncoated wood free printing and writing paper; (iii) coated wood free printing and writing paper; and (iv) paperboard.

Statements on future expectations

Some statements contained in this release may be forecasts or statements on future expectations. Such statements are subject to known and unknown risks and uncertainties, which may result in such expectations not materializing, or future facts being substantially different from those expected. These risks include, among others, changes in future demand for the company's products, changes in factors affecting domestic and international prices of the products, changes in the costs structure, changes in seasonal market patterns, changes in prices charged by competitors, exchange rate changes, changes in the Brazilian political-economic scenario, and changes in the emerging and international markets.

Contacts

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Letícia Volponni

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--- Eleven pages of tables follow ---

Appendices

Balance sheets, with proportional consolidation of Ripasa (R\$ '000)

	June 30, 2007	Dec 31, 2006	June 30, 2007	Dec 31, 2006
Current Assets			Current Liabilities	
Cash and Cash Equivalent	1.300.946	1.500.112	Trade Accounts Payable	221.312
Trade Accounts Receivable	670.586	729.940	Loans And Financing	525.170
Other Accounts Receivable	7.995	34.646	Debentures	16.796
Inventories	644.755	576.073	Accrued Salaries and Payroll Taxes	59.436
Recoverable Taxes	191.728	78.563	Taxes Payable Other than on Income	29.683
Deferred Income And Social Contribution Taxes	58.581	56.068	Income and Social Contribution Taxes	2.822
Prepaid Expenses	9.421	5.397	Deferred Taxes and Contribution	4.994
			Dividends Payable	473
			Other Accounts Payable	48.852
			Related Parties	504
	2.884.012	2.980.799		
				910.042
				996.554
Non Current Assets			Non Current Liabilities	
Marketable securities	25.667	24.227	Loans and Financing	4.226.128
Related Parties	544	-	Debentures	709.244
Recoverable Taxes	138.012	100.374	Accounts Payable	8.234
Deferred Income And Social Contribution Taxes	307.799	158.758	Deferred Income and Social Contribution Taxes	403.151
Advances To Suppliers	161.800	150.286	Provision For Contingencies	239.973
Judicialdeposits	25.449	25.449		
Other Accounts Receivable	24.033	23.228		
				5.586.730
	683.304	482.322		5.150.541
			Shareholder's Equity	
Permanent Assets			Share Capital	2.054.427
Investments	709.790	749.862	Capital Reserves	412.229
Property, Plant And Equipment	6.507.776	5.943.201	Profit Reserves	1.561.948
Deferred Charges	3.640	4.397	Treasury Shares	(15.080)
			Accumulated Profit	278.226
	7.221.206	6.697.460		
				4.291.750
				4.013.486
Total Assets	10.788.522	10.160.581	Total Liabilities	10.788.522
				10.160.581

Income statements, with proportional consolidation of Ripasa (R\$ '000)

	1Q07	2Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
NET SALES	809.323	820.947	788.099	1,4%	4,2%
COST OF SALES	(526.773)	(533.825)	(500.347)	1,3%	6,7%
GROSS PROFIT	282.550	287.122	287.752	1,6%	-0,2%
SELLING EXPENSES	(43.061)	(51.284)	(48.262)	19,1%	6,3%
GENERAL AND ADMINISTRATIVE EXPENSES	(57.306)	(53.492)	(59.629)	-6,7%	-10,3%
FINANCIAL EXPENSES	(72.139)	(68.047)	(74.793)	-5,7%	-9,0%
FINANCIAL INCOME	36.340	36.428	31.968	0,2%	14,0%
EQUITY PICKUP IN SUBSIDIARIES AND AFFILIATES	912	(995)	(106)	-209,1%	838,7%
AMORTIZATION OF GOODWILL	(20.989)	(21.003)	(16.893)	0,1%	24,3%
OTHER OPERATING INCOME	6.537	8.163	6.052	24,9%	34,9%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	132.844	136.892	126.089	3,0%	8,6%
NET MONETARY AND EXCHANGE RATE VARIATION	68.760	115.997	4.428	68,7%	2519,6%
OPERATING PROFIT	201.604	252.889	130.517	25,4%	93,8%
NONOPERATING INCOME (EXPENSES), NET	(90)	969	187	-1176,7%	418,2%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	201.514	253.858	130.704	26,0%	94,2%
INCOME AND SOCIAL CONTRIBUTION TAXES	(95.372)	(81.774)	(27.355)	-14,3%	198,9%
NET INCOME FOR THE PERIOD	106.142	172.084	103.349	62,1%	66,5%

Cash flow statements, with proportional consolidation of Ripasa (R\$ '000)

	2Q07	2Q06
Cash flows from operating activities		
Net income for the year	278.226	255.537
Adjustments to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	174.708	145.061
Result on sale of property, plant and equipment	(6.755)	(5.739)
Equity interest in subsidiaries and affiliates	83	129
Amortization of goodwill	41.992	29.454
Deferred income and social contribution taxes	219.120	4.109
Interest, exchange and monetary variation of noncurrent assets and liabilities ⁽¹⁾	54.069	8.136
Increase in provisions	(6.741)	48.036
Others provisions	5.509	1.126
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	59.354	(4.180)
(Reduction) Increase in other current and non-current assets	(203.162)	(104.216)
Increase (reduction) in other current liabilities ⁽¹⁾	(7.470)	34.881
Net cash from operating activities	500.795	412.334
Cash flows from investing activities		
Non current marketable securities	(1.440)	(22.711)
Acquisition of investments	(625)	(261.640)
Acquisition of property, plant and equipment and Increase of deferred charges	(760.091)	(1.215.040)
Transfer from non current to current assets	2.614	8.535
Receipt from sale of property, plant and equipment	17.503	30.256
Net cash used in investing activities	(742.039)	(1.460.600)
Cash flows from financing activities		
Capital increase due to Ripasa's shareholders migration	-	573.630
Capital increase due to conversion of convertible debentures	39	-
Dividends Paid	(50.534)	(122.526)
Loans Received	637.473	1.231.187
Payment of Loans	(514.411)	(558.130)
Net cash from financing activities	72.567	1.124.161
Effects of exchange rate variation on cash and cash equivalents	(30.489)	(37.227)
Demonstration of Increase (decrease) in cash and cash equivalents	(199.166)	38.668
Beginning of quarter	1.500.112	1.081.878
End of quarter	1.300.946	1.120.546
Increase (decrease) in cash and cash equivalents	(199.166)	38.668

Consolidated loans and financings, with proportional consolidation of Ripasa (R\$ '000)

	Index	Interest	June 30, 2007	March 31, 2007
<u>For acquisition of equipment</u>				
BNDES - Finem	TJLP (1) (2)	8,57%	1.528.626	1.442.365
BNDES - Finem	Basket of Coins (2)	8,89%	252.267	254.867
BNDES - Finame	TJLP (1) (2)	10,09%	23.615	25.209
BNDES - Finame	Basket of Coins	9,18%	191	0
BNDES - Automático	TJLP (1) (2)	8,00%	61.150	68.408
FNE - BNB	Pre-fixed Taxe	9,78%	132.826	102.104
FINEP	TJLP	6,00%	12.496	12.045
Rural Credit	TJLP	8,75%	12.322	12.062
<u>Working capital</u>				
Exporting financing	US\$	5,90%	2.031.161	2.011.169
FMO	US\$	8,90%	2.843	2.890
Importation financing	US\$	5,77%	350.691	346.775
Nordic Investment Bank	US\$	7,07%	97.954	102.480
Export credit note	TR	11,94%	180.144	132.962
Industrial credit note	TJLP	9,00%	5.272	5.190
Others	US\$	6,65%	59.740	62.759
			<u>4.751.298</u>	<u>4.581.285</u>
Current liabilities			525.170	473.651
Noncurrent liabilities			<u>4.226.128</u>	<u>4.107.634</u>
Loans				
2008 (since July, 1st 2007)			319.993	501.247
2009			857.586	872.921
2010			801.651	772.990
2011			646.576	599.603
2012			440.482	303.297
2013			1.159.840	1.057.576
			<u>4.226.128</u>	<u>4.107.634</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.

Issue	Series	Units	June/2007			March/2007	Index	Interest	Due date
			Current	Non current	Total	Total			
3 ^a	1 ^a	333.000	8.288	352.335	360.623	383.221	IGP-M	10% *	1/4/2014
3 ^a	2 ^a	167.000	1.151	112.128	113.279	123.667	USD	9,85%	7/5/2019
4 ^a	1 ^a	80.000	3.972	81.594	85.566	83.745	TJLP	2,50%	1/12/2012
4 ^a	2 ^a	160.000	3.385	163.187	166.572	167.491	TJLP	2,50%	1/12/2012
			16.796	709.244	726.040	758.124			

* 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 (R\$ '000)

	June, 30 2007	Dec, 31 2006	June, 30 2007	Dec, 31 2006
Current Assets				
Cash and Cash Equivalent	1.248.753	1.408.991		
Trade Accounts Receivable	638.112	640.945		
Other Accounts Receivable	5.160	45.519		
Inventories	602.987	516.152		
Recoverable Taxes	182.385	65.048		
Deferred Income And Social Contribution Taxes	53.325	51.871		
Prepaid Expenses	9.421	5.397		
	<u>2.740.143</u>	<u>2.733.923</u>		
Non Current Assets				
Marketable securities	25.667	24.227		
Related Parties	544	-		
Recoverable Taxes	126.503	89.023		
Deferred Income And Social Contribution Taxes	283.446	134.214		
Advances To Suppliers	161.800	150.286		
Judicialdeposits	25.449	25.449		
Other Accounts Receivable	14.711	14.674		
	<u>638.120</u>	<u>437.873</u>		
Permanent Assets				
Investments	1.289.464	1.343.759		
Property, Plant And Equipment	5.859.759	5.247.495		
Deferred Charges	972	863		
	<u>7.150.195</u>	<u>6.592.117</u>		
Total Assets	<u>10.528.458</u>	<u>9.763.913</u>		
Current Liabilities				
Trade Accounts Payable			186.839	204.105
Loans And Financing			461.434	494.449
Debentures			16.796	29.284
Accrued Salaries and Payroll Taxes			50.130	45.329
Taxes Payable Other than on Income			20.832	20.268
Income and Social Contribution Taxes			1.092	16.348
Deferred taxes payable ans contributions			-	-
Dividends Payable			465	50.999
Other Accounts Payable			39.291	50.452
Related Parties			120.686	523
			<u>897.565</u>	<u>911.757</u>
Non Current Liabilities				
Loans and Financing			4.039.262	3.899.141
Debentures			709.244	712.736
Accounts Payable			4.593	5.016
Deferred Income and Social Contribution Taxes			384.111	17.012
Provision For Contingencies			201.933	204.765
			<u>5.339.143</u>	<u>4.838.670</u>
Shareholder's Equity				
Share Capital			2.054.427	2.054.388
Capital Reserves			412.229	412.230
Profit Reserves			1.561.948	1.561.948
Treasury Shares			(15.080)	(15.080)
Accumulated Profit			278.226	-
			<u>4.291.750</u>	<u>4.013.486</u>
Total Liabilities			<u>10.528.458</u>	<u>9.763.913</u>

Consolidated income statements, without Ripasa (R\$ '000)

	1Q07	2Q07	2Q06	2Q07 x 1Q07	2Q07 x 2Q06
NET SALES	767.052	788.709	652.556	2,8%	20,9%
COST OF SALES	(508.120)	(530.603)	(407.144)	4,4%	30,3%
GROSS PROFIT	258.932	258.106	245.412	-0,3%	5,2%
SELLING EXPENSES	(37.357)	(46.938)	(34.393)	25,6%	36,5%
GENERAL AND ADMINISTRATIVE EXPENSES	(48.209)	(44.620)	(52.281)	-7,4%	-14,7%
FINANCIAL EXPENSES	(64.502)	(61.050)	(65.353)	-5,4%	-6,6%
FINANCIAL INCOME	33.601	33.484	27.755	-0,3%	20,6%
EQUITY PICKUP IN SUBSIDIARIES AND AFFILIATES	3.069	9.457	4.189	208,1%	125,8%
AMORTIZATION OF GOODWILL	(20.989)	(21.003)	(12.706)	0,1%	0,0%
OTHER OPERATING INCOME	4.273	8.648	4.900	102,4%	76,5%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	128.818	136.084	117.523	5,6%	15,8%
NET MONETARY AND EXCHANGE RATE VARIATION	61.384	106.220	8.118	73,0%	1208,5%
OPERATING PROFIT	190.202	242.304	125.641	27,4%	92,9%
NONOPERATING INCOME (EXPENSES), NET	8.377	3.667	1.279	-56,2%	186,7%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAX	198.579	245.971	126.920	23,9%	93,8%
INCOME AND SOCIAL CONTRIBUTION TAXES	(92.437)	(73.887)	(23.571)	-20,1%	213,5%
NET INCOME FOR THE PERIOD	106.142	172.084	103.349	62,1%	66,5%

Consolidated cash flows, without Ripasa (R\$ '000)

	2Q07	2Q06
Cash flows from operating activities		
Net income for the year	278.226	255.537
Adjustments to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	121.793	110.796
Result on sale of property, plant and equipment	(10.326)	(6.922)
Equity interest in subsidiaries and affiliates	(12.526)	(5.006)
Amortization of goodwill	41.992	12.706
Deferred income and social contribution taxes	216.413	(2.336)
Interest, exchange and monetary variation of noncurrent assets and liabilities ⁽¹⁾	(41.795)	4.631
Increase in provisions	(675)	7.281
Others provisions	(1.291)	1.126
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	2.833	62.783
(Reduction) Increase in other current and non-current assets	(215.245)	(21.068)
Increase (reduction) in other current liabilities ⁽¹⁾	81.419	(11.868)
Net cash from operating activities	462.109	407.660
Cash flows from investing activities		
Non current marketable securities	(1.440)	(22.711)
Acquisition of investments	(14.619)	(551.728)
Acquisition of property, plant and equipment and Increase of deferred charges	(710.470)	(805.408)
Receipt from sale of property, plant and equipment	17.503	30.256
Net cash used in investing activities	(709.026)	(1.349.591)
Cash flows from financing activities		
Capital increase due to Ripasa's shareholders migration	-	573.630
Capital increase due to conversion of convertible debentures	39	-
Dividends Paid	(50.534)	(118.849)
Loans Received	637.473	1.030.354
Payment of Loans	(469.810)	(528.861)
Net cash from financing activities	117.168	956.274
Effects of exchange rate variation on cash and cash equivalents	(30.489)	(37.227)
Demonstration of Increase (decrease) in cash and cash equivalents	(160.238)	(22.884)
Beginning of quarter	1.408.991	1.041.609
End of quarter	1.248.753	1.018.725
Increase (decrease) in cash and cash equivalents	(160.238)	(22.884)

Consolidated loans and financings, without Ripasa (R\$ '000)

	Index	Interest	June 30, 2007	March 31, 2007
<u>For acquisition of equipment</u>				
BNDES - Finem	TJLP (1) (2)	8,57%	1.528.626	1.442.365
BNDES - Finem	Basket of Coins (2)	8,89%	252.267	254.867
BNDES - Finame	TJLP (1) (2)	10,09%	23.465	25.040
BNDES - Finame	Basket of Coins	9,18%	191	0
BNDES - Automático	TJLP (1) (2)	8,00%	794	917
FNE - BNB	Pre-fixed Taxe	9,78%	132.826	102.104
FINEP	TJLP	6,00%	12.496	12.045
Rural Credit	TJLP	8,75%	12.322	12.062
<u>Working capital</u>				
Exporting financing	US\$	5,90%	1.864.785	1.816.857
FMO	US\$	8,90%	2.843	2.890
Importation financing	US\$	5,77%	326.971	318.759
Nordic Investment Bank	US\$	7,07%	97.954	102.480
Export credit note	TR	11,94%	180.144	132.962
Export credit note	TJLP	9,00%	5.272	5.190
Others	US\$	6,65%	59.740	62.759
			<u>4.500.696</u>	<u>4.291.297</u>
Current liabilities			461.434	412.531
Noncurrent liabilities			<u>4.039.262</u>	<u>3.878.766</u>
<u>Loans</u>				
2008 (since July, 1st 2007)			271.184	407.923
2009			792.642	794.700
2010			761.001	734.845
2011			626.181	588.145
2012			428.414	295.577
2013			1.159.840	1.057.576
			<u>4.039.262</u>	<u>3.878.766</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.

Composition of the Pro-forma amounts, based on 50% stake in Ripasa's operations.

(R\$ '000)

	1Q06	2Q06	3Q06	4Q06	2006
Net Sales	743.537	816.719	855.492	799.276	3.214.844
Cost of Sales	485.652	520.242	532.127	497.043	2.035.064
Gross Profit	257.706	296.477	353.365	302.233	1.179.781
Comercial Expenses	44.526	50.764	50.992	54.875	201.157
General and Administrative Expenses	57.716	61.107	62.006	69.578	250.407
Other operating income	(3.082)	(5.926)	(1.799)	2.778	(8.028)
EBIT	158.546	190.532	212.166	175.002	736.245
Depreciation	82.743	81.650	86.940	86.024	337.357
EBITDA	241.288	272.182	299.106	261.026	1.073.602
Margin EBITDA	32,5%	32,5%	35,0%	32,7%	33,4%

	1Q05	2Q05	3Q05	4Q05	2005
Net Sales	743.119	778.174	848.109	849.762	3.219.163
Cost of Sales	463.744	483.580	555.889	573.592	2.076.804
Gross Profit	279.375	294.595	292.220	276.170	1.142.360
Comercial Expenses	50.087	52.478	51.063	60.688	214.315
General and Administrative Expenses	64.353	55.043	61.726	69.080	250.201
Other operating income	11.305	(2.157)	(1.872)	(19.299)	(12.024)
EBIT	153.632	189.232	181.304	165.701	689.898
Depreciation	81.112	78.219	80.206	81.537	321.074
EBITDA	234.744	267.451	261.510	247.238	1.010.942
Margin EBITDA	31,6%	34,4%	30,8%	29,1%	31,4%

The figures for first and second quarter 2007 include proportional consolidation of 50% of Ripasa.

Resultado Pró-Forma (consolidando 50% da Ripasa em todos os períodos)

Net Sales - R\$ and Tons

	1Q07		2Q07		2Q06	
	R\$ tsd	tsd tons	R\$ tsd	tsd tons	R\$ tsd	tsd tons
Domestic Market	402,059	183.3	446,419	205.8	447,279	198.4
Pulp	39,331	34.3	41,242	37.8	38,518	35.0
Coated P&W Paper	63,055	24.0	66,425	25.8	76,379	26.6
Paperboard	109,468	45.7	110,290	45.2	94,877	36.9
Uncoated P&W Paper	190,205	79.3	228,462	97.0	237,505	99.9
Export Market	394,348	256.3	372,036	252.0	362,361	240.9
Pulp	172,859	139.4	162,689	138.0	173,927	142.6
Coated P&W Paper	8,241	3.9	12,050	6.1	14,896	6.8
Paperboard	33,293	20.9	28,748	18.2	29,237	17.6
Uncoated P&W Paper	179,955	92.1	168,549	89.7	144,301	73.9
Total	796,407	439.6	818,455	457.8	809,640	439.3
Pulp	212,190	173.7	203,931	175.8	212,445	177.6
Coated P&W Paper	71,296	27.9	78,475	31.9	91,275	33.3
Paperboard	142,761	66.6	139,038	63.4	124,114	54.5
Uncoated P&W Paper	370,160	171.4	397,011	186.7	381,806	173.8
Net Sales	796,407	100%	818,455	100%	809,640	100%
Cogs	526,773	66.1%	543,952	66.5%	520,242	63.7%
Gross profit	282,550	34.9%	276,995	33.7%	296,477	34.7%
SG&A	93,830	11.8%	86,486	10.6%	105,946	13.0%
EBIT	188,720	23.3%	190,509	23.2%	190,531	21.3%
Depreciation/ Depletion/ Amortization	85,910	10.8%	88,798	10.8%	81,650	10.0%
EBITDA	274,630	33.9%	279,307	34.0%	272,181	32.5%
Net Debt	4,084,521	n.a	4,150,726	n.a	3,052,328	n.a.
Net debt / EBITDA (Anualized)	3.72	n.a	3.73	n.a	3.27	n.a.

Note: The above figures exclude revenue from other products (IT and office materials), of R\$ 12.9 million in 1Q07, R\$ 2.5 million in 2Q07 and R\$ 7.1 million in 2Q06.