Suzano Petroquímica Announces 1st Half 2005 Earnings Results

Net revenue reaches R$ 820 million in the first half of 2005

São Paulo, August 10, 2005 – Suzano Petroquímica S.A. (the "Company") (BOVESPA: SZPQ4; LATIBEX: XSUPT), one of the largest strategic investors in the Brazilian petrochemical sector, one of the joint controlling shareholders of Rio Polímeros S.A., Polibrasil Resinas S.A., Petroflex Indústria e Comércio S.A. and Politeno Indústria e Comércio S.A., announced today its earnings results for the second quarter of 2005 (2Q05).

The Company's operational and financial information, unless otherwise indicated, is presented based on consolidated figures and in Reais, as per Corporate Legislation. All the comparisons made in this release take into account the second quarter of 2004 (2Q04), unless otherwise specified.

For consolidation purposes, the elements composing the financial statements of each jointly controlled company were grouped in the Company's consolidated financial statements in proportion to the share held by the Company in the capital stock of the respective jointly controlled companies, through one or more of its intermediary companies (Suzano Química and SPQ), as follows: 50% in Polibrasil Participações S.A (holder of 98.1% of Polipropileno S.A., which holds 99.9% of Polibrasil Resinas S.A, which is the operating company); 20.12% in Petroflex; 33.33% in Rio Polímeros; and 34.99% in Politeno. In the case of Politeno, the percentage applied differs from equity interest held in view of Politeno's class B preferred shares, which have a fixed annual dividend of 6% of the equity value of the shares.

Highlights of the first half of the year

Suzano Petroquímica signs definitive agreement for the acquisition of Polibrasil

- ✓ Through the signature, on July 25, of the definitive and binding agreement for the acquisition of Basell's stake in Polibrasil, Suzano Petroquímica reached a historical mark for the accomplishment of the Company's strategic goal to be a consolidating agent of the Brazilian petrochemical sector, focused on the Southeast region of Brazil.
- ✓ In addition, this transaction represents a fundamental qualitative upgrade: Suzano Petroquímica will cease to be only an investor and joint controller to become an operating company, by integrating its well known strategic management to the operating management of the largest producer of polypropylene in Latin America, becoming the third largest producer of thermoplastic resins inthe region .
- ✓ After the closing of the transaction, Suzano Petroquímica will implement a corporate restructuring, aiming at simplifying its structure and formally becoming an operating company.
- ✓ Suzano Petroquímica confirms its strategic commitment both to the capital markets and to value creation to shareholders.

Riopol is launched

- ✓ Riopol, the first petrochemical complex to use natural gas fractions as petrochemical raw material in Brazil, with total installed capacity of 540 thousand tons per year, was launched on June 23, 2005. By the end of June 2005, Rio Polímeros had concluded its construction. The Company is beginning its start up process, and implementing final adjustments, the start up for the ethylene unit is estimated for the second half of August and the production of polyethylene for the beginning of September,
- ✓ Riopol enters the market with 300 customers, developed during the pre-marketing phase, including the main Brazilian converters, concentrated on the South, Southeast and Mid-west regions. Aiming at disseminating the "Riopol" brand in the petrochemical market, the pre-marketing activity has also allowed the company to structure its sales department, business management activities and internal management systems.

For further information, please contact the Investor Relations Department:

Andrea Azeredo	***Cristina Guedes***
(55 21) 3221 5717	*(55 21) 3221 5712*
aazeredo@suzano.com.br	*cguedes@suzano.com.br*

- ✓ This project confirms Suzano’s innovative positioning, for the Company believed in an innovative project and anticipated the needs for diversification of raw material sources in the sector.

Highlights of the results

- ✓ Consolidated net revenues was R$ 820 million, 15% above the 1st half of 2004.
- ✓ Consolidated production increased by 5.7%.
- ✓ Polibrasil: Operating rate in the quarter was above the historical level for the period and the company recorded a 26.6% recovery of sales volume in comparison to the first quarter of the year.

Consolidated Highlights (R$ million)	**2Q05**	**2Q04**	**Δ%**	**1H05**	**1H04**	**Δ%**
Net Revenues	419.7	401.0	4.7	820.0	711.2	15.3
Gross Income	54.5	75.8	(28.1)	138.0	137.5	0.4
Gross Margin	*13.0*	*18.9*	*- 5.9 p.p.*	*16.8*	*19.3*	*- 2.5 p.p.*
Net Income	14.4	25.9	(44.3)	41.5	45.3	(8.4)
Net Margin	*3.4*	*6.5*	*- 3.1 p.p.*	*5.1*	*6.6*	*- 1.5 p.p.*
Ebitda	27.4	53.6	(48.9)	81.6	98.6	(17.3)
Ebitda Margin	*6.5*	*13.4*	*-6.9 p.p.*	*9.9*	*13.9*	*-4.0 p.p.*

Industry and Economic Outlook

The international petrochemical scenario, in the first half of 2005, was marked by the converters' reduction of inventories built up by the end of 2004, when the prevailing outlook foresaw that higher oil prices would be passed along petrochemical products and that China would increase its demand for resins. The converters' inventories consumption, together with the temporary halt in resin purchases from China, have contributed for the retraction in thermoplastic sales worldwide, resulting in lower international prices during the 2H05. By the end of the period, after a significant drop in converters inventories, a demand recovery trend took place, resulting also in price recovery.

In Brazil, we noticed a similar scenario in petrochemical activities, but with some influence of the local economic fundamentals. The high interest rates in Brazil strongly slowed down economic activity, affecting industrial segments tightly linked to the thermoplastic resins demand. Important segments such as food and consumer goods industries, which are thermoplastic resins heavy-users, recorded a retraction in its activities in comparison to the same period of 2004, according to data from the Brazilian Institute of Geography and Statistics - IBGE. As a consequence, thermoplastic demand growth rate was below expectations. In polypropylene's case, apparent consumption (Abiquim – Brazilian Petrochemical Industry Association) in 1H05 recorded a 6% increase versus 1H04, what has not fully benefited domestic producers due to a higher resins imports in the period, strongly motivated by the Real appreciation. However, domestic producers have took advantage from good exports opportunities, what resulted in a 35% increase in export volumes versus 1H04.

Polyethylene's apparent consumption in 1H05 recorded a slight 2% drop in comparison to the same period of the previous year, and, as it was polypropylene's case, domestic producers have took advantage of exports opportunities to boost its export volumes by 25% versus 1H04. Thus, domestic polyethylene producers reached a production volume in 1H05 approximately 4% above the one recorded in the same period of 2004.

Recovery Outlook

The Brazilian interest rate decreasing outlook, in addition to the seasonal demand pick-up in the third quarter to fulfill year-end high demand, shall promote a recovery of the domestic petrochemical market, considering the converters' currently low inventories. Therefore, we expect increases in sales, price and margins to levels compatible with the recovery thatis beginning to be experienced in the international markets.

Growth in the world's main economies shall consolidate the demand recovery in petrochemical international markets during 2H05 and, therefore, the recovery at the industry's prices and margins, directly influencing the domestic market. In addition to this upturn, supply and demand of the main thermoplastic resins are fairly balanced, promoting the maintenance of price and margin levels. Finally, considering that the new worldwide polyethylene and polypropylene capacities, announced to be available from 2007 onwards, will not be enough to fulfill the expected demand for these resins, this improved prices and margins scenario may be extended.

Operating Performance of our Jointly Controlled Companies:

Suzano Petroquímica, as a non-operating holding company, directly depends on the results of its jointly controlled companies operations. Below, the operational highlights of our jointly controlled companies.

Production (000 ton)	2Q05	2Q04	Δ%	1H05	1H04	Δ%
Polibrasil	153.7	147.5	4.2	278.4	273.6	1.7
Politeno	91.9	86.3	6.6	176.1	146.4	20.3
Petroflex	80.5	87.6	(8.1)	171.3	171.9	(0.3)
Rio Polímeros	NA	NA	NA	NA	NA	-

Sales (000 ton)	2Q05	2Q04	Δ%	1H05	1H04	Δ%
Polibrasil	139.5	153.8	(9.2)	249.7	280.0	(10.8)
Domestic Market	115.2	131.5	(12.4)	209.8	237.4	(11.6)
Exports Market	24.3	22.3	9.1	39.9	42.6	(6.2)
Politeno	88.6	88.8	8.6	174.5	156.9	11.3
Domestic Market	70.8	78.9	(10.3)	139.4	142.2	(1.9)
Exports Market	17.8	9.9	79.3	35.1	14.7	139.0
Petroflex	83.4	86.2	(3.3)	166.5	175.4	(5.0)
Domestic Market	49.9	63.0	(20.7)	103.1	123.6	(16.5)
Exports Market	33.5	23.2	44.1	63.4	51.8	22.6
Rio Polímeros (DM)	9.9	12.7	(22.0)	21.8	22.8	(4.4)

DM – domestic market

Polibrasil

- ✓ Polibrasil's production in the quarter was 4.2% higher than the result recorded in the same period of 2004, due to a maintenance stoppage in the Camaçari unit in the previous year, which did not occur this year. The production was also 23.3% higher than in the previous quarter, showing a recovery of the production level as in the previous quarter we had supplying problems, due to a propylene specification and a temporary interruption related to raw material supply and to the production process at the Mauá and Camaçari units. The production accumulated in 1H05 was up 1.7% over 1H04.
- ✓ Average operating rate this quarter was 94.6%, versus 90.8% in the same period of 2004 and 76.7% in the previous quarter. The operating rate during this quarter was above the historical level for the period, and the operating rate accumulated in the first six months was 85.7%, 1.5 p.p. above 1H04.
- ✓ In 2Q05 Polibrasil recorded sales volumes of 139.5 thousand tons, a 9.2% drop in comparison to 2Q04 sales volume, but 26.6% higher in comparison to the sales volume recorded in the first quarter of the year. Such recovery was a result of the increase in sales volumes in the domestic market (+21.9%), and exports (+54.9%). Exports accounted for 17% of the total sales volume, versus 14% recorded in the previous quarter.
- ✓ Polibrasil's gross margin was 9.0% in the quarter, a drop of 9.4 percentage points in comparison to the same period of 2004, mainly due to the increase in raw material costs, which was not fully passed on to the final product price.
- ✓ EBITDA margin of 5.7% represents a fall of 9.0 p.p. versus the same period of 2004.

Rio Polímeros

- ✓ For more than two years, Rio Polímeros developed pre-marketing activities aiming at: (1) creating a client base able to absorb the future polyethylene production; (2) presenting the “Riopol” product to the market; (3) customer loyalty;; (4) tests of distribution processes and channels; (5) workforce training and (6) deeper knowledge of the market’s needs. Riopol continued developing these pre-marketing activities during this quarter, already preparing for the pre-operational stage, where the unit’s equipment and its products’ quality will be tested.
- ✓ Riopol sales volume in the quarter reached 9.9 thousand tons, as a result of its pre-marketing activities. This volume was22.0% down in comparison to the same period of 2004 and a 17.2% down versus the previous quarter, as a reflection of the conclusion of this stagefor Riopol. Pre-marketing products were already introduced to near300 clients in these two years, making the brand known and consolidating its client base, therefore preparing the beginning of its operations.
- ✓ Pre-marketing activities gross income in the quarter was R$ 1.9 million, a 42.5% drop versus the same period of 2004. Gross margin was 5.5%. The drop in gross income was an effect of the price increase of the polyethylene purchased for resale, which was not fully passed on to the resale price, therefore reducing the unit margin.
- ✓ The Company’s net income was negative at R$ 1.4 million, an effect of the gross margin drop associated with the increase in pre-marketing activities’ fixed expenses in the period.
- ✓ **The results from the pre-marketing activities are not related to the Company’s future results expectations, as it is exclusively a result of the purchase and sale of polyethylene.**

Politeno

- ✓ Politeno’s production was 91.9 thousand tons in the quarter, 6.6% higher than the same period of 2004 and 9.2% higher in comparison to the previous quarter. This increase was a result of a larger ethane supply, and better productivity. The accumulated production in the year was 176.1 thousand tons, 20% above the figure recorded in 2004, due to the interruption for preventive maintenance services in the first quarter of that year.
- ✓ Average operating rate in the quarter was 102%, versus 96% in the same period of 2004 and 94% in the previous quarter. Average operating rate in the semester was 97.9%.
- ✓ Politeno recorded sales volumes of 88.6 thousand tons in the quarter, practically stable in comparison to the same period of 2004. Sales volumes in the quarter were directed to the export market, which represented 20% of total sales, versus 12% in 2Q04. The exports accomplished are in line with the Company’s policy to maintain low inventories. Domestic market sales dropped 1.1% in comparison to the same period of 2004, and increased 3.2% versus the previous quarter, even with a weak demand from the domestic market.
- ✓ Politeno’s gross margin was 16.7%, a drop of 3.9 p.p. in comparison to the same quarter of 2004. Higher exports, despite the increase in total sales, allowed the drop in the unit margin, thus reflecting a lower gross margin.
- ✓ Politeno’s EBITDA margin was 8.8%, down by 6.3 p.p. in comparison to the EBITDA margin in 2Q04 and down by 7.8 p.p. in relation to 1Q05.

Petroflex

- ✓ Petroflex produced 80.5 thousand tons synthetic elastomers in 2Q05, volume 8.1% lower than the production recorded in the same period of 2004 and 11.4% lower than the previous quarter, mainly due to the market slowdown, which is resulting in sales decrease and therefore generating inventories and a drop in production. The production accumulated in the first six months of 2005 was 171.3 thousand tons, in line with 2004.
- ✓ Average operating rate this quarter was 79%, versus 96% in 2Q04, due to the previously explained reduction and also to the production expansion in the Cabo unit capacity (an additional 35 kta as of August, 2004). Average operating rate for the first half of 2005 was 83.6%, versus 93.9% also explained by the aforementioned reduction.
- ✓ In 2Q05, Petroflex recorded sales volumes of 83.4 thousand tons, 3.3% lower than 2Q04 sales volume, but with a better value added product mix, increasing the price by 25%. Sales volume remained in line with the first quarter of the year, but with a higher exports volume, which represented 38% of the total volume sold, versus 27% in 2Q04 and 36% in 1Q05. The increase in exports sales is a reflection of the Company's globalization policy and the migration to products with better value added, which are demanded by theexport markets. The decrease in domestic sales, 20.7% lower than 2Q04, is explained by the domestic market retraction and also by higher inventory levels held by clients.
- ✓ Gross margin was 22.0% in the quarter, 1.8 p.p. higher than the same period of 2004.
- ✓ EBITDA margin was 14.0% in the quarter, recording a 0.5 p.p. drop in comparison to 2Q04 and an 8.3 p.p. drop over the previous quarter.

Net Revenue

In 2Q05, consolidated net revenue reached R$ 419.7 million, 4.6% higher than the one recorded in the same period of 2004. Such increase was mainly a result of higher average prices during the quarter, despite a slight 4.8% drop in total sales volume of our jointly controlled companies, especially Polibrasil. In this semester, net revenues were 15.3% higher than in the same period of 2004, although the reduction of prices in Reais during the second quarter of the year.

Net Revenue	Total		Suzano Petroquímica's Participation		
R$ million	**2Q05**	**2Q04**	**2Q05**	**2Q04**	**Chg. %**
Polibrasil [1]	467.1	451.1	233.6	225.6	3.5
Politeno	296.0	295.0	103.6	103.1	0.5
Petroflex	353.6	296.6	71.1	59.7	19.2
Rio Polímeros	34.4	37.9	11.5	12.6	(9.3)
Total	**-**	**-**	**419.7**	**401.0**	**4.6**

(1) Polibrasil Participações S.A.

Net Revenue	Total		Suzano Petroquímica's Participation		
R$ million	**1H05**	**1H04**	**1H05**	**1H04**	**Chg. %**
Polibrasil [1]	870.9	788.3	435.5	394.1	10.5
Politeno	604.6	509.8	211.5	178.4	18.6
Petroflex	731.3	577.5	147.1	116.2	26.6
Rio Polímeros	77.7	67.4	25.9	22.5	15.2
Total	**-**	**-**	**820.0**	**711.2**	**15.3**

(1) Polibrasil Participações S.A.

- **Polibrasil:** In 1Q05, Polibrasil's net revenue reached R$ 467.1 million, a 3.5% increase compared to the same period of 2004, despite the 9.2% drop in sales volume. The increase in revenues is a result of the 14% increase in average prices, mainly in the domestic market. Comparing to the previous quarter, higher sales volume contributed for the 16% increase in net revenues, offsetting the 8.6% drop in the average sales price. Exports sales volume represented 16% of total volume in 1H05, versus an average of 15% in 1H04. Sales average price in 1H05 continues 23.9% higher than in the same period of 2004.

  Polibrasil's net revenues share in our result was 55.6% of our consolidated net revenue in the quarter and 53.1% in the half year period, in comparison to 56.2% and 55.4% respectively in the same periods of 2004.

- **Rio Polímeros:** Riopol's net revenue reached R$ 34.4 million, a 9.3% drop in comparison to the same period of 2004, due to the decrease in pre-marketing sales volume, despite higher polyethylene prices.

  Riopol's share in our consolidated net revenues was R$ 11.5 million in the period, or 3.2% of our consolidated net revenues.

- **Politeno:** Politeno's net revenue reached R$ 296.0 million in the quarter, aligned to the same period of 2004, with prices and volumes at the same levels. The decrease in revenues by ton is due to higher export volumes, which are traded at lower average prices, despite the 3.5% increase in domestic sales prices. Exports represented 20% of the total sales volume, versus an average of 13% in 2004. Politeno's average sales price was 7% higher than the one recorded in the previous quarter, following international prices trend.

  Politeno was responsible for 24.7% of our consolidated net revenues in the quarter and for 25.8% in the first semester, versus 25.7% and 25.1%, respectively, in the same periods of 2004.

- **Petroflex:** Petroflex's net revenue reached R$ 353.6 million this quarter, 19.2% higher than the same period of 2004, due to the prices realignment policy, which increased its average prices by 25%, besides the larger participation of higher value-added products in the product mix, which offset the slight 3.3% sales volume drop. Performance products (higher added-value) went up from 15% to 25% of total sales. Also as an effect of the prices realignment policy and sales mix improvement, accumulated net revenues in the semester totaled R$ 731.3 million, 26.6% above the figure recorded in the same period of 2004, even with the 6.4% decrease in 2Q05 revenues versus the previous quarter.

  Petroflex's participation in our consolidated net revenues reached R$ 71.1 million in 2Q05, or 14.9% of our consolidated net revenues.

Cost of Goods Sold

In 2Q05, consolidated cost of goods sold totaled R$ 365.2 million, a 12.3% increase in comparison to the same period of 2004, mainly explained by the increase in raw material costs during 2004 and during the quarter, despite lower sales volume. In comparison to the previous quarter COGS recorded a 15.3% increase, as a result of the price increases in the main raw materials, besides the 14% increase in consolidated sales volumes.

Cost of goods sold	Total		Suzano Petroquímica's Participation		
R$ million	2Q05	2Q04	2Q05	2Q04	Chg. %
Polibrasil [(1)]	425.2	368.3	212.6	184.1	15.5
Politeno	246.5	234.0	86.2	81.9	5.3
Petroflex	275.9	236.8	55.5	47.6	16.5
Rio Polímeros	32.5	34.7	10.8	11.6	(6.2)
Total	**-**	**-**	**365.2**	**325.3**	**12.3**

(1) Polibrasil Participações S.A.

Cost of goods sold	Total		Suzano Petroquímica's Participation		
R$ million	1H05	1H04	1H05	1H04	Chg. %
Polibrasil [(1)]	760.3	633.5	380.2	316.8	20.0
Politeno	480.7	404.2	168.2	141.4	18.9
Petroflex	542.5	473.8	109.1	95.3	14.5
Rio Polímeros	73.5	60.5	24.5	20.2	21.5
Total	**-**	**-**	**682.0**	**573.7**	**18.9**

(1) Polibrasil Participações S.A

- **Polibrasil:** In 2Q05 Polibrasil's cost of goods sold equaled R$ 425.2 million, a 15.5% increase compared to the same period of 2004 and a 26.9% increase over the previous quarter. This increase in comparison to the previous year is mainly explained by a considerable increase, of approximately 30%, in propylene costs and the increase in this quarter is due to the 26.6% sales volume increase and, in a smaller proportion to the 2% increase in propylene costs.

  Polibrasil's COGS represented 58.2% of our consolidated COGS in 2Q05 and 55.7% versus 56.6% and 55.2% in the same periods of 2004.

- **Rio Polímeros:** Riopol's cost of goods sold, a result of the polyethylene purchase for resale, totaled R$ 32.5 million in the quarter, 6.2% lower than the same quarter of the previous year, due to the decrease in the sales volume, despite the increase in polyethylene prices.

  Riopol's share in our consolidated COGS this quarter amounted to R$ 10.8 million, representing 3.6% of our consolidated production costs.

- **Politeno:** Politeno's cost of goods sold reached R$ 246.5 million, 5.3% above the amount recorded in the same period of the previous year as a result of the increase in ethylene prices. Unitary costs, however, were 5.6% higher this quarter. In comparison to 1Q05, COGS also recorded an increase of 5.3%, due to the same factors mentioned previously.

Politeno's cost of goods sold accounted for 23.6% of our consolidated COGS in 2Q05 and 24.7% in 2005, versus 25.2% and 24.7% in the same period of 2004.

- **Petroflex:** Petroflex's cost of goods sold in 2Q05 was R$ 275.9 million, 16.5% higher than 2Q04. This growth is a result of the increase in raw material prices, especially butadiene, which went up by 52.2% in US dollars terms year-over-year, despite the decrease in sales volumes, generating a 20.4% increase in the unitary COGS. Other factors that impacted COGS the most were, besides higher butadiene costs, the increase in the styrene price and personnel and third-party expenses.

  Our participation in Petroflex's cost of good sold reached R$ 55.5 million this quarter, equivalent to 14.6% of our consolidated cost of goods sold.

Gross Income

The Company's consolidated gross income reached R$ 54.5 million in 2Q05, and R$ 138.0 million year-to-date, corresponding to a 28.1% reduction in comparison to the gross income recorded in 2Q04 and in line with 1H04. Consolidated gross margin was 13.0% in the period, a 5.9 p.p. drop. This drop in gross income and gross margin reflect the results of our jointly controlled companies, which went up through a period of demand slowdown in the domestic economy and an increase in raw material costs, as follows:

Gross Margin %	2Q05	2Q04	Var. (p.p)	1H05	1H04	Chg. (p.p)
Polibrasil (1)	9.0	18.4	(9.4)	12.7	19.6	(6.9)
Politeno	16.7	20.6	(3.9)	20.5	20.7	(0.2)
Petroflex	22.0	20.2	1.8	25.8	18.0	7.8
Rio Polímeros	5.5	8.7	(3.2)	5.4	10.3	(4.9)

(1) Polibrasil Participações S.A.

- **Polibrasil:** In 2Q05, Polibrasil's gross margin was 9.0%, a drop of 9.4 p.p over the gross margin recorded in the same period of 2004 and 8.0 p.p. versus the previous quarter. Such drop can be explained by a higher unitary cost, mainly due to the increase in propylene costs, despite the higher resins prices in comparison to the same period of 2004.

- **Rio Polímeros:** Gross margin related to Riopol's products resale (pre-marketing) reached 5.5%, lower by 6.9 p.p. over the same period of 2004, due to the increase in PE purchase price that was not fully passed on to the Company's sale price.

- **Politeno:** Politeno's gross margin was 16.7%, down by 3.9 p.p. over 2Q04 and by 0.2 p.p. over the previous quarter. This drop in gross margin is a result of the unitary net revenue drop, despite the small decrease in unitary COGS.

- **Petroflex:** Petroflex's gross margin reached 22.0%, up 1.8 p.p. over 2Q04, as a reflection of the increase in the Company's price realignment policy and by the improvement in the product mix, despite the expressive increase in its main raw material costs.

Selling, General and Administrative Expenses (SG&A)

In 2Q05, selling, general and administrative expenses totaled R$ 38.8 million, a 15% hike over the same period of 2004. In comparison to the previous quarter, these expenses were only 4.5% lower. Such variation can be explained as follows:

- **Company:** In 2Q05, the Parent Company's selling, general and administrative expenses reached R$ 4.2 million, a 22.8% hike when compared to 2Q04, mainly explained by higher expenses related to some changes in the organizational structure, including the creation of the Investor Relations and financial departments, previously placed at the holding and also to higher expenses regarding consulting companies and research. The parent company's general and administrative expenses corresponded to 11.0% of the consolidated result.

- **Polibrasil:** Polibrasil's selling, general and administrative expenses reached R$ 33.8 million, a 3.7% drop against the same period of 2004. This drop is explained by the reversion in the provision for bad credit in the amount of R$ 3.8 million, despite the increase in freight and personnel expenses. Polibrasil's participation in our SG&A expenses totaled R$ 16.5 million, or 42.4% of the consolidated result.

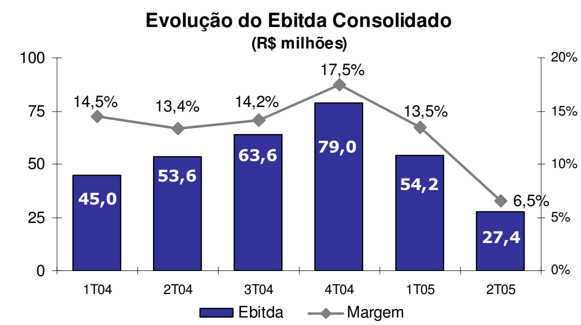
- **Rio Polímeros:** Riopol's selling, general and administrative expenses went up by 40.5% versus the same period of 2004, totaling R$ 4.0 million, as a reflection of the increase in personnel, aiming to prepare Riopol for the operating stage, despite lower sales volumes in the quarter. Riopol's participation in the consolidated SG&A expenses was 4.0%, or R$ 1.3 million.

- **Politeno:** Politeno's selling, general and administrative expenses reached R$ 28.4 million, recording a 36.7% increase against the same period of 2004. This increase was mainly due to the expenses related to the Brasilplast Fair that takes place every two years; to the increase in freight expenses for international market in the amount of R$ 2,133 thousand; provision for bad credit, in the amount of R$ 1,233 thousand; provision for possible losses related to labor suits in the amount of R$ 959 thousand; payment of tax assessment regarding Value-Added Tax (ICMS) in the amount of R$ 772 thousand, among others. Politeno's selling, general and administrative expenses represented 25.6% of the consolidated result, or R$ 9.9 million in the quarter.

- **Petroflex:** Petroflex's selling, general and administrative expenses reached R$ 32.5 million, a 56.4% increase versus the same period of 2004, mainly due to the increase in freight expenses, and to the increase in exports volume, increase in taxes and charges, besides the increase in personnel and third-party expenses. Our participation in Petroflex's selling, general and administrative expenses totaled R$ 6.5 million, equivalent to 16.8% of the consolidated result.

EBITDA

The Company's consolidated EBITDA reached R$ 27.4 million, a 48.9% drop in relation to 2Q04 and a 49.4% reduction versus the previous quarter. This reduction is mainly explained by lower gross margins of our jointly controlled companies and by the increase in selling expenses. EBITDA margin was 6.5% this quarter, 6.9 p.p. lower than the margin recorded in the same period of 2004.



EBITDA	Total			Suzano Petroquímica's Participation	
R$ million	2Q05	2Q04	Chg. %	2Q05	2Q04
Polibrasil (1)	26.7	66.5	(59.8)	13.4	33.2
Politeno	26.2	44.8	(41.5)	9.2	15.7
Petroflex	49.6	43.2	14.8	10.0	8.7
Rio Polímeros	(2.1)	0.5	-	(0.7)	0.2

(1) Polibrasil Participações S.A.

EBITDA	Total			Suzano Petroquímica's Participation	
R$ million	1H05	1H04	Chg. %	1H05	1H04
Polibrasil (1)	76.7	129.3	(40.7)	38.3	64.7
Politeno	77.4	77.6	(0.2)	27.1	27.2
Petroflex	133.7	74.4	79.6	26.9	15.0
Rio Polímeros	(4.4)	2.2	-	(1.5)	0.7

(1) Polibrasil Participações S.A.

- **Polibrasil:** In 2Q05, Polibrasil's EBITDA margin was 5.7%, a 9.0 p.p. drop in relation to 2Q04. This margin decrease is a reflection of higher unitary production cost and of the higher exports volumes, therefore reducing the unitary margin. The EBITDA margin was also 6.7 p.p. lower than the previous quarter, as a result of a small drop at average sales prices associated to the unitary production cost increase.

- **Riopol:** Riopol had a negative EBITDA of R$ 2.1 million in the 2Q05, which is an expected result to the pre-marketing activity, that consists of reselling third parties' products. The cash generation in the 2Q04 of R$ 0.5 million was only possible due to the favorable market conditions.

- **Politeno:** Politeno's EBITDA margin was 8.8%, a 7.8 p.p. drop in comparison to 2Q04. This margin reduction is a result of lower average sales price, and of the increase in the exports volume, which together generated the decrease in unitary margin and also from the increase of selling expenses.

- **Petroflex:** Petroflex's EBITDA margin was 14.0%, a 0.5 p.p. drop in comparison to 2Q04. This decrease can be explained by higher production costs, due to the increase in raw material costs, in addition to a strong increase in selling expenses.

Net Financial Result

In 2Q05, our consolidated net financial result was positive at R$ 10.1 million, versus a negative R$ 13.8 million result in the same period of 2004, mainly due to the positive impact of the Real appreciation on the US dollar-denominated debt of our jointly controlled companies, despite the negative result on the cash of our Suzanopar Ltd. overseas. Suzanopar's cash is being reduced in the last months, from US$ 38.9 million on June 30, 2004 to US$ 14.3 at the end of this quarter, due to investments made in the Riopol project and the funding internalization policy adopted by the company.

Income Tax and Social Contribution

In the quarter, the consolidated income tax and social contribution were R$ 7.1 million, compared to the income tax and social contribution of R$ 6.4 million in the same period of 2004. Despite the higher income before income tax recorded in 2Q04, taxable income in the quarter was lower, due to the negative exchange rate variation of R$ 5.3 million in the quarter at Suzanopar, versus a positive exchange rate variation of R$ 8.9 million in 2Q04, both not taxable.

Net Income/Loss for the Period

In 2Q05, consolidated net income was R$ 14.4 million, in comparison to R$ 25.9 million in the same period of 2004, a 44.3% decrease. Lower net income is a result of the operating income drop of our jointly controlled companies during the quarter.

Cash and Debt

Consolidated net debt, on June 30, 2005, reached R$ 609.8 million, in comparison to a net debt of R$ 598.0 million in March of this year, recording a 2.0% increase in the period. Such expansion is a result of a decreased cash generation by Suzanopar Petroquímica Ltd., due to the real appreciation in the period, and to the slight increase in Polibrasil's net debt (+3.0%), resulting from the working capital shortage, despite the positive effect from Petroflex's net debt (-6.4%) and from Riopol (-2.2%), also as a result of the real appreciation.

Suzano Petroquímica's consolidated net debt /Ebitda ratio was 2.7x versus 2.4x in March, 2005, as a combined effect of the EBITDA decrease in the last twelve months and the small increase in the consolidated total debt. The consolidated net debt includes Riopol's debt as a balancing item for, its cash generation.

Recent Events

- ✓ On June 20, Suzano Petroquímica and Basell International Holdings reached an agreement for the sale of Basell's entire shareholding interest at Polibrasil Participações S.A., Polibrasil Resinas S.A.'s indirect controlling group;
- ✓ On June 23, Riopol's Duque de Caxias (RJ) unit hosted its inauguration ceremony, with an annual production capacity of 540 thousand tons of polyethylene. Riopol is the first company to use natural gas fractions as petrochemical raw material (ethane and propane), integrating cracking and resin production processes (ethylene and polyethylene production in the same complex).
- ✓ On July 25, 2005 the definitive and binding agreement for the sale of the entire shareholding interest of Basell International Holdings at Polibrasi Participações by Suzano Petroquímica was signed. The amount to be paid for Basell's shares, net of the polypropylene compounding business, is US$ 253.8 million. The conclusion of the deal should be until the end of August.

Conference Call

Thursday, August 11, we will host our conference call in English, as follows:

English Presentation
August 11 – Thursday
12pm – Brasília Time
11am – US EST
Phone: (+ 1 973) 935-2100
ID Code: Suzano Petroquímica or 6343773

The slide presentation will be available at the conference call webcast, available on our website www.suzanopetroquimica.com.br.

Apimec Meeting

The Company will host public meeting with investors and analysts to present 2nd quarter 2005 Financial Results, as follows:

Apimec São Paulo	**Apimec Rio de Janeiro**
Date: August 11 – Thursday	**Date: August 12 – Friday**
Time: 18:30 pm	Horário: 12 pm
Venue: Centro Brasileiro Britânico Rua Ferreira de Araújo, 741 – 4º andar - Pinheiros	Venue: Av. Rio Branco, 1 Pavimento de Convenções - Salão Mauá Entrada pelo elevador panorâmico
Reservations: (55 11) 3107-1571 or apimecsp@apimecsp.com.br	Reservations: (55 21) 2509-2944 or apimecrio@apimecrio.com.br

Suzano Petroquímica - Parent Company Balance Sheet

R$ 000

	31/3/2005	31/12/2004
Cash and cash equivalents	17.710	17.710
Other current assets	3.700	5.018
Long-term assets	10.719	10.689
Other permanent assets	973.340	988.738
Property, plant and equipment	859	754
Total Assets	**1.009.630**	**1.022.909**
Suppliers	-	-
Short-term loans	6.510	6.307
Other short-term liabilities	2.117	30.132
Long-term loans	3.152	3.127
Other long-term liabilities	729	639
Future Periods Results	-	-
Minority interest	-	-
Shareholders' equity	997.122	982.704
Total liabilities	**1.009.630**	**1.022.909**

Suzano Petroquímica - Consolidated Balance Sheet

R$ 000

	31/3/2005	31/12/2004
Cash and cash equivalents	165.035	172.413
Other current assets	391.817	433.827
Long-term assets	143.645	128.539
Other permanent assets	196.949	174.720
Property, plant and equipment	1.179.766	1.203.571
Total Assets	**2.077.212**	**2.113.070**
Suppliers	77.761	103.362
Short-term loans	180.958	142.406
Other short-term liabilities	35.555	68.951
Long-term loans	593.882	627.968
Other long-term liabilities	150.900	146.804
Future Periods Results	33.034	33.034
Minority interest	8.000	7.841
Shareholders' equity	997.122	982.704
Total Liabilities	**2.077.212**	**2.113.070**

Suzano Petroquímica - Parent Company
Income Statement
R$ 000

	2Q05	2Q04	Chg. %	1Q05	Chg. %
Gross Revenues	-	-		-	
Gross Revenues Deductions	-	-		-	
Net Revenues					
Cost of Goods Sold	-	-		-	
Gross Income	-	-		-	
Sales Expenses	-	-		-	
General and Administrative Expenses	(4.287)	(3.382)	27%	(4.421)	-3%
Other Net Operating Revenue (Expenses)	132	-		-	
Activity Result	**(4.287)**	**(3.382)**	**27%**	**(4.421)**	**-3%**
Activity Margin	*n.m.*	*n.m.*		*n.m.*	
Net Financial Revenues (Expenses)	906	(64)	-1516%	698	30%
Financial Revenues	1.372	297	362%	1.030	33%
Financial Expenses	(466)	(361)	29%	(332)	40%
Equity Results	18.269	29.307	-38%	30.783	-41%
Goodwill amortization	(167)	(167)		(167)	
Net non-Operating Revenues (Expenses)	-	(10)		5	
Income Before Income Tax and Social Contribution	**14.853**	**25.684**	**-42%**	**26.898**	**-45%**
Income Tax and Social Contribution	(435)	193		144	
Monirity Interest	-	-		-	
Net Income/Loss for the Year	**14.418**	**25.877**	**-44%**	**27.042**	**-47%**
# of shares	226.695.380	221.195.380		226.695.380	
Income (Loss) per share	0,06	0,12	-50%	0,18	-67%

SUZANO PETROQUÍMICA

Suzano Petroquímica - Consolidated Income Statement

R$ 000

	2Q05	2Q04	Chg. %	1Q05	Chg. %
Gross Revenues	540.538	510.750	6%	515.060	5%
Gross Revenues Deductions	(120.809)	(109.780)	10%	(114.760)	5%
Net Revenues	**419.729**	**400.970**	**5%**	**400.300**	**5%**
Cost of Goods Sold	(365.218)	(325.197)	12%	(316.761)	15%
Gross Income	**54.511**	**75.773**	**-28%**	**83.539**	**-35%**
Gross Margin	*20.9%*	*19.9%*		*24.7%*	
Selling Expenses	(25.480)	(23.359)	9%	(25.914)	-2%
General and Administrative Expenses	(14.778)	(12.028)	23%	(14.078)	5%
Other Net Operating Revenue (Expenses)	1.437	1.638	-12%	(839)	-271%
Activity Result	**15.690**	**42.024**	**-63%**	**42.708**	**-63%**
Net Financial Revenues (Expenses)	10.051	(13.779)	-173%	(7.856)	-228%
Financial Revenues	4.609	15.397	-70%	5.706	-19%
Financial Expenses	5.442	(29.176)	-119%	(13.562)	-140%
Management fee	-	-		-	
Equity Results	-	-		-	
Goodwill amortization	(628)	(628)	0%	(629)	0%
Net non-Operating Revenues (Expenses)	(3.416)	4.779	-171%	613	-657%
Income Before Income Tax and Social Contribution	**21.697**	**32.396**	**-33%**	**34.836**	**-38%**
Income Tax and Social Contribution	(7.117)	(6.427)	11%	(7.695)	-8%
Monirity Interest	(162)	(92)	76%	(99)	64%
Net Income/Loss for the Year	**14.418**	**25.877**	**-44%**	**27.042**	**-47%**
EBITDA	27.405	53.619	-48,9%	54.156	-49%
EBITDA Margin	*6,5%*	*13,4%*	-1,0 p.p.	*13,5%*	-4 p.p.