



Suzano Petroquímica Announces 2005 Results

Polibrasil's incorporation and Riopol's start up are historical marks for the Company

São Paulo, March 14, 2005 – Suzano Petroquímica S.A. (the "Company") (BOVESPA: SZPQ4; LATIBEX: XSUPT), the Latin American leader in the production of polypropylene and a joint controller shareholder in relevant players in the petrochemical sector - Rio Polímeros S.A., Petroflex Indústria e Comércio S.A. and Políteno Indústria e Comércio S.A., announced today its earnings results for the fourth quarter (4Q05) and for the year 2005 (2005).

All the comparisons made in this release take into account the same quarter of 2004 (4Q04) or the year 2004 (2004), unless otherwise specified.



Special Features of this Earnings Release:

With the assumption of Polibrasil's control on September 1st, 2005, and its subsequent incorporation by Suzano Petroquímica on November 30th, since 3Q05 the Company decided to release its earnings results in a *pro forma* basis, in order to allow a better analysis of the business now held by Suzano Petroquímica and to insure a better comparison with previous periods and future results estimates. Therefore, operating and financial information is presented in a *pro forma* basis, considering full ownership (100%) of Polibrasil in all periods, in Brazilian reais, except where otherwise indicated. Standard accounting data is available at the Brazilian Securities and Exchange Commission (CVM).

(1) Suzano Petroquímica Parent Company *pro forma* analysis fully reflects the performance of the polypropylene business previously conducted by Polibrasil that is currently conducted by the Company itself, besides the activities that were already executed by the Company in the past (monitoring its share in Riopol, Petroflex and Políteno).

(2) Suzano Petroquímica Consolidated *pro forma* analysis take into consideration the Parent Company as disclosed in item (1) consolidating proportionally the share held by the Company in the jointly controlled companies Petroflex (20.1%), Políteno (33.9%) and Riopol (33.3%). The percentage used for Políteno's consolidation is different from the share held in the company because the "B class" preferred shares are granted a fixed annual dividend of 6% of the book value of the shares. Riopol's results will not be consolidated as it is currently at the pre-operating stage; we are only taking into consideration the pre-marketing results. The performance analysis of the companies where Suzano Petroquímica holds joint control is disclosed at the Suzano Petroquímica Consolidated section.

(3) Until September 1st, Polibrasil's financial statements reflected the results of the polypropylene compounding business, which on that date were transferred to Basell. In order to allow adjustments in past periods and improve comparison with the estimates, we indicate that in the last 3 years polypropylene compound sales volume represented approximately 5% of Polibrasil's total sales volume, while net revenue from this sale volume were equivalent, in average, to 8% of Polibrasil's total net revenues.

Share information

(in 03/14/06)

	SZPQ4
R\$/ share	4.22
Maximum – 52 weeks	5.92
Minimum – 52 weeks	4.05

Market Value: R\$ 957 million (US\$ 450 million)

Number of shares: 226,695,380

Exchange rate: 2,1269

Earnings Results Agenda

Apimec Meeting SP: March 15, 2006, at 6 pm (local time), at Hotel Intercontinental (Alameda Santos, 1.123 – Salão Nery & Milliet - Jardins)

Apimec Meeting RJ: March 17, 2006, at 12:30 pm (local time), at Hotel Meridien (Av. Atlântica 1.020 – Meeting Rooms Cristal 1 and 2 - Copacabana)

Conference call in English: March 16, 2006, at 10:30 am US EST.

Conference call in Portuguese: March 16, 2006, at 12:00 pm US EST

Further information available at our website www.suzanopetroquimica.com.br

Investor Relations Department
(55 11) 3345-5827 / 5856 / 5886



Highlights of the Year

Suzano Petroquímica takes control of the largest polypropylene operation in Latin America

Suzano Petroquímica concluded, on September 1st, the operation for the acquisition of Basell's stake in Polibrasil, for the amount of US\$ 276.8 million. This operation involved the simultaneous sale of Polibrasil's polypropylene compounding business to Basell, for US\$ 23.0 million, resulting in a net disbursement of US\$ 253.8 million by Suzano Petroquímica. In this operation a R\$ 418.5 million goodwill was generated, which will be amortized in 7 years.

With this transaction, Suzano Petroquímica became the Latin American leader in the production and trading of polypropylene and the second largest producer of thermoplastic resins in Brazil, with a production capacity of 625 thousand tons/year, which will be expanded to 875 thousand tons/year until 2008 after the conclusion of the on going expansion project.

Suzano Petroquímica receives the National Quality Award and the BSC Hall of Fame: important awards that acknowledge the excellence of its management

Suzano Petroquímica received, on October 28th, the National Quality Award (PNQ). This award was implemented in Brazil in 1992, using the same structure of the Malcolm Baldrige award (USA), the Deming award (Japan) and the European Quality Award (Europe) awards, in order to disseminate best management practices. The award, granted by the National Quality Foundation (FNQ), is a result of a selection process aiming at benefiting the Brazilian economy through the dissemination and exchange of experiences among the known to count on management excellence. Since its implementation only 19 companies, which are known by adopting FNQ's excellence criteria, were granted with the award. However, among all winners, Suzano Petroquímica is the only one to win the PNQ award having all of its units under assessment (Mauá, Duque de Caxias, Camaçari and Headquarters).

PNQ excellence criteria has as fundamentals: a) leadership and consistency of goals; b) vision of the future; c) focus on the client and on the market; d) social and ethical responsibility; e) decision based on facts; f) attention to the staff; g) approach by processes; h) focus on results; i) innovation; j) agility; k) corporate learning; and l) systemic vision.

In 2005, more than 40 companies participated in the process, out of which only 18 were approved to the second stage and only 8 went to the finals. The award ceremony took place on November 27th, and counted with the presence of authorities, Government representatives, besides top executives of the Country's greatest economic groups.

The Company also received the BSC Hall of Fame award, which honors companies that have stood out in the implementation of the *Balance Scorecard* methodology, developed by the Harvard teachers, David Norton and Robert Kaplan in order to assist companies to translate strategy into operating goals driving their behavior and performance. Companies from several countries participated in the third edition of the award, and Suzano Petroquímica was granted with the award on September 30th, 2005.

These two great awards confirm the Company's excellence in its strategic activity and business management.

Suzano Petroquímica is included in Latin America corporate governance good practices case study, sponsored by IFC and OECD

The publication, sponsored by the Organization for Economic Co-operation and Development (OECD) and the Corporate Governance Department of the International Finance Corporation (IFC), studied the cases of 8 Latin American companies considered to be ahead in terms of initiatives to reform and improve corporate governance practices in the continent. The book was presented in September 2005 at the Sixth Latin



American Round Table Meeting for Corporate Governance, in the city of Lima, Peru, and included Suzano's case, which comprised Suzano Petroquímica's and Suzano Papel e Celulose's practices.

Suzano Petroquímica accomplishes Corporate Restructuring

With the acquisition of Polibrasil's control, Suzano Petroquímica could accomplish an important corporate restructuring process, which allowed it to become a company with operations of its own, through the incorporation of Polibrasil on that date, and also allowed a significant simplification of its structure, providing more transparency and facilitating the understanding of its activities. Details on the evolution of the Company's ownership and the Takeover Bids can be found at the "Corporate Events" section.

Suzano Petroquímica implements new Financial Plan

Aiming not only at paying Basell for its stake in Polibrasil, but also at funding the project of expansion of production capacity, promoting the corporate restructuring and extending debt maturity with a simultaneous reduction in average cost, Suzano Petroquímica took advantage of a better moment of liquidity in the local and international financial markets, and structured a new financial plan. Among the operations, it is worth mentioning the International Finance Corporation - IFC long term financing signed on December 14th, 2005, in the amount of US\$ 200 million, which first disbursement occurred in January, 2006. The implemented measures resulted in the expansion of the average debt amortization term from 2.5 years to 6.4 years and, at the same time, the reduction of the cost of debt denominated both in local and foreign currencies. More details in the "Financial Result and Debt" section.

Suzano Petroquímica files a pioneer shelf registration program at CVM

In December, Suzano Petroquímica filed a shelf registration program at the Brazilian Securities and Exchange Commission (CVM) in order to be prepared to access the capital markets with a greater agility in the future. The program will be effective for two years and allows the issuance of securities in an amount up to R\$ 800 million, including the issuance of promissory notes, simple debentures, debentures convertible into shares and also common and preferred shares. The program filed by the Company is the first Brazilian shelf registration program that involve a share offering besides debt securities, with flexibility to be exclusively dedicated to one or a combination of these funding options.

With the filing of this shelf registration program, the Company has created means by which it could have faster and more flexible access to the capital markets in the future, diversifying and broadening funding mechanisms that will help in the implementation of the Company's growth strategy in the Brazilian petrochemical sector.

Release of the Financial Statements in US GAAP

Aiming at complying with the requirements of Bovespa's Level 2 of Corporate Governance, and also offering a greater disclosure and making it easier for foreign investors to understand the Company's results, from 4Q05 on Suzano Petroquímica will present its financial statements also in US GAAP (US accounting standards). The implementation of the US GAAP accounting procedures has been a complex and demanding process, causing a one-month delay in the release of 4Q05 results compared to the original schedule, in view of the Company's decision to make both financial data – according to Brazilian and American accounting standards – available to the public at the same time.

Riopol starts operation and concludes first sale

After more than 3 years of building the industrial facility through the construction consortium led by ABB Lummus, the Riopol's launch ceremony took place on June 23, 2005, and counted with the presence of authorities and representatives of the Federal, State and Municipal Government. After getting over a few operating issues faced during the start-up of its units in the end of August, in mid-November the first polyethylene line began its operations, dedicated to the production of low density polyethylene (LDPE) and, in mid-December, the second line, dedicated to the production of high density polyethylene (HDPE). Riopol produced some 10.5 thousand tons in 2005, of which approximately 4.3 thousand tons were sold to the



domestic market, 2.4 thousand tons were exported and the rest used to build-up inventories. Riopol also began to sell propylene to Suzano Petroquímica and hydrogen and pyrolysis gas to Petrobras. Still in 4Q05, some 290 tons of polyethylene were sold as pre-marketing, ending such activities with a total volume of domestic sales of 92 thousand tons of polyethylene during the program.



Message from the Management

2005 had a very special meaning for us. In a US\$ 253.8 million operation, we acquired Basell's stake in Polibrasil and turned Suzano Petroquímica, previously acting exclusively as a holding company, into a company with operations of its own, leader in the production of polypropylene in Latin America. This initiative granted the Company new dimensions and represented the most important step towards the concretization of the growing strategy designed by us, based on the production of thermoplastic resins through world class industrial units and a strong positioning in the Brazilian Southeast, where more than 60% of the consumer market is concentrated.

Focusing on this goal, we also proceeded with investments in two polypropylene production capacity expansion projects, approved by the end of 2004. Together, these projects amount to 250 thousand tons and will increase the Company's production capacity to 875 thousand tons until the end of 2Q08 with an investment quite below (1/3 lower) the ones required for completely new units with the same characteristics. The total raw material supply necessary to support our expansion plan is set out through long term agreements.

And not only did we reinforce our participation in the polypropylene business, but we also expanded the Company's presence in the polyethylene segment with the beginning of Riopol's operations – the first Brazilian petrochemical facility based on fractions of natural gas for the integrated production of polyethylene. As it counts on raw materials alternative to naphtha, a traditional input used by the Brazilian petrochemical industry, but with tendency to shortage as well as a price increase trend in the medium and long run, Riopol brought new dimensions to the domestic petrochemical sector and reinforced Suzano Petroquímica's strategic positioning. This was also the year to expand our strategy of building a long term partnership with the capital markets. We started with a steady commitment of maintaining share liquidity at a satisfactory level to all shareholders, engaging efforts that resulted in an average daily trading volume of R\$ 2.8 million, 339% above 2004 figures. In addition, with a groundbreaking operation in Brazil, the Company filed at the Brazilian Securities and Exchange Commission (CVM) a Shelf Registration Program comprising the issuance of shares or debt, on a joint or isolated basis, in an amount up to R\$ 800 million and effective for two years. This operation opens an agile and flexible gateway to access debt and capital markets, allowing adjustments in the Company's capital structure and improvement in the liquidity of the outstanding securities.

Regarding the financial area, we carried out several operations that confirmed the Company's solidity and credibility in the domestic and international markets. Within these operations, we highlight the long term financing package with International Finance Corporation - IFC, in the amount of US\$ 200 million, in order to fund Polibrasil's acquisition, our corporate restructuring, the polypropylene expansion projects and the reschedule of average debt maturity jointly with average cost reduction.

This period of accomplishments placed the Company in a more competitive position in the domestic petrochemical scenario of the next few years, when we expect a demand recovery derived from the acceleration of the economy that shall influence directly and indirectly the plastic segment in Brazil. In 2005, however, results reflect the difficulties imposed by the exchange variation, resulting in competitiveness loss of domestic prices in local currency and exports, as well as generate the increase in resins and transformed products import. In addition the difficulties settled by limited growth of the Country's economic activity and by the elevated prices of raw materials also affected the Company's results. Suzano Petroquímica Parent Company's operating cash generation (EBITDA), of R\$ 156.5 million in 2005, was down 51% over 2004 and pro forma net revenue reached R\$ 1,802.5 million, in line with the previous year. Net income closed at R\$ 15.2 million, 86% lower than in 2004, and dividends proposed for 2006, subject to the General Shareholders' Meeting approval, amount to R\$ 4.4 million, corresponding to 30% of the adjusted net income. Net income in 2005, when compared to 2004, was negatively impacted by approximately R\$60 million, due to the combined effect of goodwill amortization regarding Basell's stake in Polibrasil, financial charges regarding Promissory Notes and sale of the propylene splitter unit, these last two factors are non recurrent and generated a R\$ 42 million impact. The Company's management decided to keep the payment of dividends at its minimum obligatory level due to the accounting effects in the result recorded in the year, taking into account the phase of investments that the Company is starting.

Our shares also had their performance at the Stock Exchange affected by the sectors' scenario, ending the year priced at R\$ 4.78, 26% below the R\$ 6.46 year-end price in 2004. The Company's strategic movements helped its shares performance in 2005, which was better than the average of the petrochemical sector's shares traded at stock exchanges.

We understand that the sectors' recovery expected for 2005 was postponed due to transitory factors. Therefore, we keep working with a favorable scenario for the sector and internationally in the next years, specially in Brazil, hoping that the exchange and interest rates will change direction, contributing to reestablish the structural competitiveness of the industrial activity in the Country. We started the year with the satisfaction of having concluded important steps of the strategic plan designed for Suzano Petroquímica's growth, always focusing on the sustainability principles that characterize the Group's management and searching for opportunities that can create value to all stakeholders. We are following the proposed path, facing the new dimensions that we worked to conquer.

The Management



SUZANO PETROQUÍMICA PARENT COMPANY

Industry and Economic Outlook

2005 brought great challenges for the petrochemical industry. Starting the year with the momentum of enthusiasm that took over the end of 2004, the industry faced in 1H05 an unexpected demand retraction, consequence of the consumption of converters inventories build up by the end of 2004, which directly impacted resin price. By the end of 1H05, after a significant drop in the converters inventory levels, a demand recovery movement started, enabling a price recovery, which remained fairly stable in 2H05.

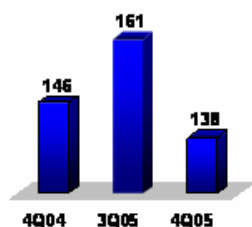
In Brazil particularly, this scenario was more dramatic for the petrochemical industry, as in addition to the international market similarity, some Brazilian economy fundamentals had negatively affected the competitiveness of the activity in the country. High interest rates promoted a strong slowdown in the economy, affecting industrial segments that are great thermoplastic resin consumers, such as the food and consumption goods sectors. In 2005, according to data provided by Coplast/Siresp, the domestic demand for polypropylene dropped by 3.8% in comparison to the domestic consumption recorded in 2004, after more than 10 years of consistent growth.

Additionally, the process of over-appreciation of the local currency directly affects the composition of the resin price in reais, once prices in the domestic market are influenced by international quotations in U.S dollars. As a consequence, they have a strong influence over the Company's net revenues and operating cash generation, especially when compared to periods when real was more depreciated. On the other hand, an appreciated exchange rate has a positive impact on financial expenses when denominated mostly in US dollars, as occurred from January 2006 – when we received the IFC financing package – on. The Company did not benefit from that in 2005, as it still had a relevant portion of its debt denominated in reais as a result of the Promissory Notes issued as a bridge loan to the acquisition of Basell's stake in Polibrasil.

In 2H05 a recovery in local sales and thermoplastic resin prices was observed, especially polypropylene, after the drop in converters inventories during 1H05 and demand's seasonality of the period, mainly in 3Q05, allowing a slight polypropylene sale price recovery. Even though, such sale price readjustments were not enough to insure a total recovery of the business margins, still quite depressed when compared to previous years.

Production

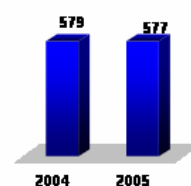
In thousand tons



Suzano Petroquímica, which operates the polypropylene (PP) business, produced 137.8 thousand tons in the quarter, 5.7% and 14.4% below 4Q04 and 3Q05, respectively. This lower production in 4Q05 was due to (i) an eighteen-day maintenance stoppage in the Camaçari unit in December, which combined the possibility of adjusting the production to a weaker demand in the period with the opportunity to anticipate regular maintenance activities in the unit; and (ii) the sale, to Basell, of the compounding business in September 2005.

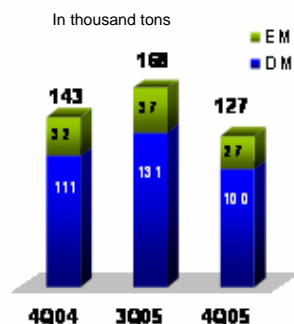
The production accumulated in the year reached 577.2 thousand tons, in line with the accumulated production recorded in 2004, even considering the sale of the compounding business, and the average operating rate in the year reached 90.0%.

In thousand tons



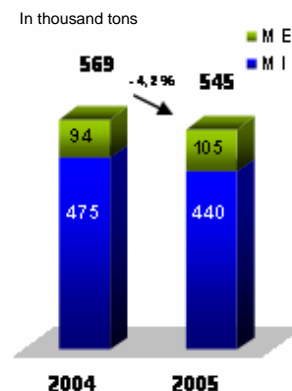


Sales



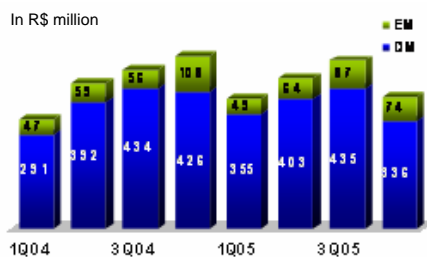
Total sales volume in the quarter, of 127.1 thousand tons, reflected a seasonal 24.4% drop in comparison to the previous quarter and an 11.1% drop in comparison to the same period of 2004. It is worth mentioning that 3Q05 posted a quarterly sales record in the Company's history. Sales volume in 2H05 recorded a 18.1% growth when compared to the first half, mainly led by the food, consumption goods and vehicle segments.

The Company's total sales volume in the year totaled 544.8 thousand tons, a volume 4.2% below the previous year, in line with the 3.8% decrease in the polypropylene domestic demand in the period, according to Coplast/Siresp data. The 32.5% increase in Brazilian polypropylene resin imports, and the 45% increase in the imports of plastic products already transformed in some important business segments, also contributed to the drop in 2005 domestic sales. In 2005, 80.8% of the Company's sales were directed to the domestic market.

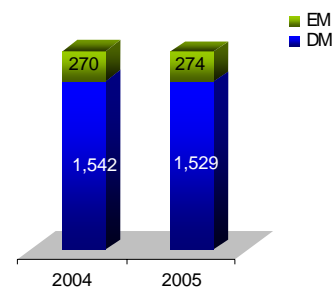


In 4Q05, polypropylene exports totaled 27.3 thousand tons, volume 14.8% below the same period of 2004 and 26.9% below the previous quarter. Since September 2005, when Basell was no longer a partner at Polibrasil, the Company broadened its expansion opportunities and started selling to the USA and Europe which represented, in the quarter, 4.2% and 8.0% of the Company's exports, respectively, pointing out the beginning of the Company's penetration and market development in these regions. Exports reached more than 104.6 thousand tons in the year, 11.8% above the volume recorded in 2004. In the year, the volume exported corresponded to 19.2% of the Company's sales volume, in comparison to 16.5% in 2004. South America was the main destination, responsible for 48% of total exports.

Net Operating Revenue



In 4Q05, Suzano Petroquímica Parent Company's net operating revenue reached R\$ 410.0 million, a 23.1% drop in comparison to the same period of 2004, as a result of the combination of the 11.1% and 12.7% drop in sales volume and average price, respectively, in Reais,

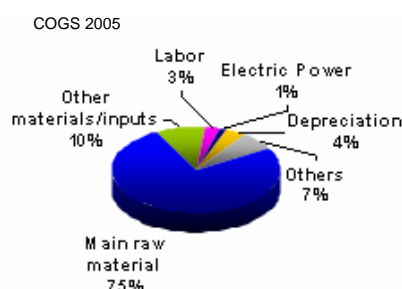


generated by the appreciation of the local currency versus the US Dollar. In comparison to 3Q05, net revenues in Reais was down 21.4%, as a result of the 24.4% decrease in sales volume, despite the 5% average raise in prices recorded in 4Q05. Net operating result in the year totaled R\$ 1.8 billion, in line with



2004 figures as, in 2005, the average price was 3.8% above the previous year, offsetting effect of the 4.2% drop in sales volume.

Cost of Goods Sold (COGS)



Polypropylene cost of goods sold in the quarter was R\$ 349.5 million, 22.6% lower than in the previous quarter mainly due to the 24.4% drop in sales volume. Unitary COGS in the quarter was 1.4% lower than the cost recorded in the same period of 2004, and 2.3% higher than the cost recorded in the previous quarter. Cost of goods sold in the year was R\$ 1.56 billion, 9.8% higher than in 2004, as a result of the 4.2% decrease in sales volume and an increase in variable costs resulting mainly from de elevation of the average cost of propylene, besides the raise in other inputs of the production process and electric energy.

Operating Expenses

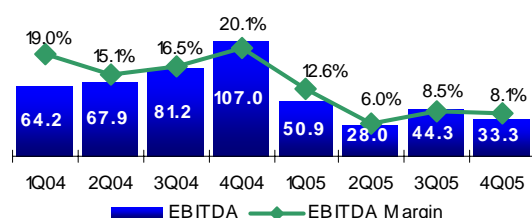
Selling, general and administrative expenses and other operating expenses regarding the polypropylene business reached R\$ 45.1 million in the quarter, 4.4% above 3Q05 and in line with the same period of the previous year. In 2005, the Company's operating expenses suffered adjustments regarding the revision of the booking of the *splitter*¹ in the Company's past results, which will not impact future results as the unit was sold to Petrobras - that decided to previously exercise its call option foreseen in the agreement between the parties - by the end of 2005,.

The main factor the impacted selling expenses was the increase in freight expenses, especially because of the increase in exports. Regarding administrative expenses, the increase was mainly due to the raise in personnel expenses, the booking of the goodwill amortization regarding Polibrasil's acquisition and the record of some non-recurrent effects related to expenses with the corporate restructuring. Total goodwill amounts to R\$ 418.5 million and will be amortized in 7 years.

In the year, selling, general and administrative expenses and other operating expenses totaled R\$ 155.7 million, 10.7% above the R\$ 140.6 million recorded in 2004. 68% of the total operating expenses relate to domestic and international freight expenses, and 24% to personnel expenses.

¹ Splitter – propylene splitting unit, installed at RECAP (Petrobras' refinery), at the time of the beginning of the operation of the Mauá unit. The splitter was built through investments made by the Company and sold to Petrobras by the end of 2005.

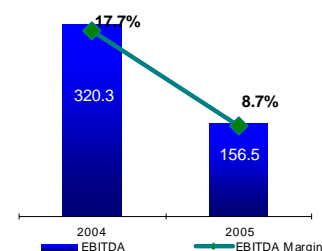
EBITDA



sales volume drop.

EBITDA margin was 8.1% in the quarter, 4 b.p. lower than 3Q04, and 2005 EBITDA margin was 8.7%, 9 b.p. below 2004 margin.

Parent Company's EBITDA was R\$ 33.3 million in 4Q05, 68.8% lower than in the same period of 2004, keeping in mind that during 4Q04 the industry experienced an extremely favorable momentum, induced by the enthusiasm of the expected beginning of the petrochemical industry fly-up. In comparison to 3Q05, there was a 25.3% drop, in line with the 24.4%





In 2005, the Company's EBTIDA accumulated totaled R\$ 156.5 million, 51.1% below the R\$ 320.3 million recorded in 2004. This drop in EBITDA in the last twelve months is a result of the marginal compression and by a lower sales volume accomplished.

Financial Result and Debt

In 2005, taking the opportunity provided by a better liquidity in the local and international financial markets, Suzano Petroquímica accomplished its restructuring aiming at (1) the acquisition of Polibrasil's control; (2) the corporate restructuring for the incorporation of Polibrasil, transforming the original holding Company into an operating Company; and (3) the partial financing of the polypropylene expansion project for the Mauá (SP) and Duque de Caxias (RJ) units in 250 thousand tons/year, which will allow Suzano Petroquímica to reach in 2008 a production capacity of 875 thousand tons/year.

In September 2005, to face Polibrasil's acquisition and the corporate restructuring, the Company raised approximately US\$ 265 million, previously through:

- (i) Export Credit Notes, through Banco Votorantim S.A., in the amount of US\$ 40 million, with a 10 year maturity and a 7.97% p.a. fixed cost in US\$; and
- (ii) Promissory Notes ("NPs") issued on August 31, 2005 in the amount of R\$ 540 million, equivalent to US\$ 225 million, with a 180 days maturity, renewable for more 180 days, with interest of 0.60 % p.a above CDI. The NPs worked as a bridge loan, as a long term loan with the International Finance Corporation - IFC was already under negotiation with the agreement being reached on December 2005.

Also in 2H05 the Company liquidated, previously and voluntarily, Polibrasil's debt, replacing them with longer average maturity and lower cost debts:

- (i) US\$ 30 million with Banco ABN Amro S.A., which remaining 3.3 years maturity with interest of Libor + 2.75% p.a. was refinanced by the same bank with a new credit line of the same amount, hired as export pre payment, with a 7-year maturity, and a 3-year grace period at a Libor + 1.60% p.a. cost;
- (ii) US\$ 59.9 million with FMO (Financierings-Maatschappij voor Ontwikkelingslanden N.V.) and a banking syndicate, with a remaining 2.1 year average weighted maturity and average interest of Libor + 3.61% p.a.: refinanced through an Export Credit Note with Banco Votorantim S.A. in the amount of US\$ 60 million and a 10-year maturity, at a 7.97% p.a. fixed cost in US\$; and
- (iii) Refinancing of US\$12.5 million through an export pre payment with Banco Santander. The operation cost was Libor +1.79% p.a., corresponding to a 71 b.p. decrease, and the expansion of the maturity in 1.5 years (total maturity of 5 years).

To continue with the Company's financial plan, the following debts were issued in order to partially liquidate the Promissory Notes:

- (iv) in October 10, 2005, the Company issued R\$ 96 million in Export Credit Notes with Banco Bradesco S.A., at a 105.5% of CDI interest rate maturing in 2011 and 2012;
- (v) In November 11, 2005, other Export Credit Notes in reais with swap to US Dollars were issued with Banco Itaú S.A. in the amount of R\$ 75 million and a 7-year term at an effective cost of exchange variation + 6.8% a.a.;
- (vi) in December 28, 2005, US\$100 million were funded through Export Credit Notes with Banco do Brasil, at a 106% over CDI rate and maturities in 2013 and 2014; and
- (vii) Finally, in December, 14, 2005 Suzano Petroquímica reached a long term financing agreement with IFC in the amount of US\$ 200 million, of which US\$ 160 million were disbursed at the beginning of 2006 and used to liquidate the rest of the NPs which were still part of the Company's debt in 12.31.05. Such financing represents the last stage of the Company's financial restructuring.



In December 29, 2005, the Company sold the Splitter (propylene splitting unit) to Petrobras for R\$ 65,7 million, anticipating the liquidation of the existing free lease agreement.

The IFC financing is divided in three lots: lot A, in the amount of US\$ 50 million, with a 11.5 year maturity, 3 years of grace period and a Libor + 2.75% p.a. cost; lot B, of US\$ 140 million, with a 8 year maturity, 2.5 years of grace period and Libor + 2.00% p.a.cost; and lot C, in the amount of US\$ 10 million, with a sole installment in the 12th year at a total maximum cost of 12% p.a.. The taxes of lots A and B can be reduced in 0.25% p.a. in case certain contractual clauses are followed.

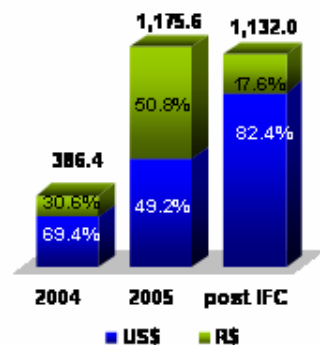
While lots A and C are directly financed by IFC, lot B was syndicalized and financed by first line international banks. The syndicalization recorded a demand higher than the supply, allowing a lower appropriation by each of the banks, named: Banco Santander Central Hispano S.A., ABN AMRO Bank N.V., Société Generale S.A. and Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) with US\$ 26.25 million each, and Banco Bilbao Vizcaya Argentaria S.A and Natexis Banques Populaires, with US\$ 17.5 million each.

The remaining US\$ 40 million to be disbursed will partially finance the expansion project at the Company's Mauá (SP) and Duque de Caxias (RJ) units as well as the marine terminal. It is also part of the package the approximately R\$ 95 million BNDES financing, in the final stage of negotiation and which terms and conditions shall follow the new operating policy of the bank.

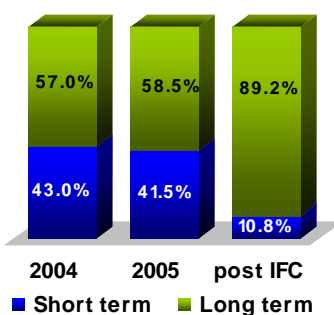
The first IFC financing disbursement, in the amount of US\$ 160 million, took place only in January 2006, and was used to settle the remaining Promissory Notes that were still part of the Company's total debt on December 31, 2005.

Therefore, the current profile of the Company's debt does not reflect the Company's reality by the end of 2005.

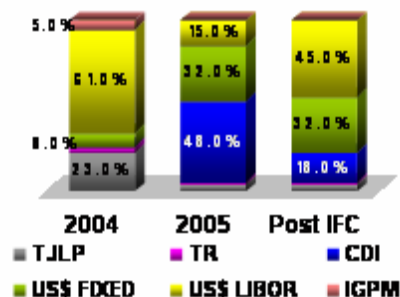
Total Indebtedness (R\$ million) and exposure per currency (%)



Exposure per term (%)

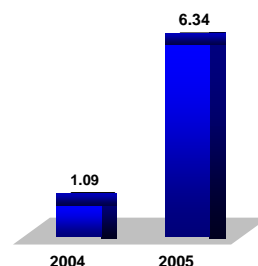


Exposure per Index (%)



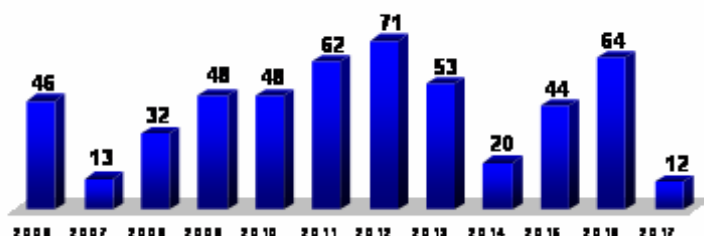
According to the Parent Company's pro forma Financial Statements, Net Debt/Ebitda ratio was 6.34 in December 31, 2005, against 1.09 in the end of 2004. This ratio was double affected in 2005 impacted, on one hand, by the raise in the Company's debt and, on the other, by the reduction in the cash generation, as described above.

The raise in the debt leverage ratio does not represent a relevant risk because of the significant lengthening in the average term of amortization of the debt. The strategy for reducing it is based mainly on the recovery of the levels of cash generation of the Company, which will count on the contribution of the expansions in the production capacity, already in course.





In US\$ million



The Company's financial restructuring allowed a decrease in the cost of debt after the IFC disbursement in January 2006. The cost of debt in August, 2005, before the disbursement, was exchange variation + 6.85% p.a., reduced to exchange variation + 6.54% p.a. after IFC, according to the market parameters at the time. Nowadays¹, the average cost of debt is monetary variation + 6.75% p.a. The average term of amortization of the debt was 2.5 years

before the financing, in August, 2005, and was extended to 6.4 years. Nowadays¹, the term is of 6.1 years.

In the quarter, financial expenses totaled R\$ 69.9 million due to higher debt and related costs, such as commission and taxes. In the year, the Company's financial expenses totaled R\$ 52.7 million, 74.0% above the financial expenses recorded in 2004, mainly due to the results of the fourth quarter of this year.

Net Income

In the year, Suzano Petroquímica's net income was R\$ 15.2 million, a 86.0% drop in comparison to 2004. This drop is explained by the lower margins recorded in 2005, besides the higher administrative, selling and financial expenses, the last two deriving from the new debts hired by the Company. Also contributed to this result the record of goodwill resulting from Polibrasil's acquisition and non-recurrent items, such as the accounting loss originated from the Splitter sale to Petrobras, in the amount of R\$ 13.9 million.

Dividends

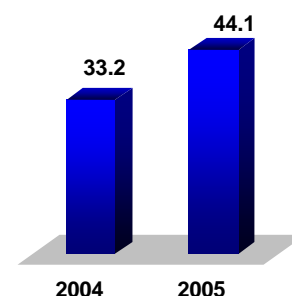
Based on the R\$ 15.2 million net income recorded in 2005, the dividend distribution proposal to be submitted to Shareholders' Meeting approval is of R\$ 4,352 thousand, corresponding to 30.1% of the adjusted net income, in compliance with the minimum 30% mandatory foreseen at the Company's Bylaws. Dividend proposed correspond to R\$ 0.0192 per share, common or preferred. Considering the weak result recorded in the year, and aiming at preserving the Company's financial health, the dividend payment for the fiscal year 2005 was limited to the mandatory level.

Capex

In 2005, Suzano Petroquímica invested R\$ 44.1 million in Capex, focused on expansion projects, improvement of the industrial facilities and development of new products.

The Company's main investment projects currently on going are: (1) the 250 thousand tons/year expansion Project in Mauá (SP) and Duque de Caxias (RJ) units; (2) the construction of a marine terminal in Duque de Caxias for receiving the units' propylene; (3) implementation of the first pilot plant in the Mauá unit. The total budget for these projects is of approximately US\$ 95 million, distributed as follows:

US\$ million	2005	2006	2007	2008	total
Capex Projects	2.0	52.6	26.6	13.8	95.0



For such projects, we chose to implement a financing strategy based on long term debt instruments. The International Finance Corporation (IFC) will finance US\$ 40 million in two steps, with a 12 year total maturity and three year grace period for the first, and a 8 year maturity with a two and a half year grace period for the

¹ March, 06, 2006.



second. BNDES will participate with approximately R\$ 95 million in conditions still to be settled, but that will follow the bank's policy.

The Mauá unit expansion will demand investments of some US\$ 45.3 million and enable its installed production capacity to grow from the current 300 thousand tons/year to 450 thousand tons/year until 2008. In 2Q06 the first stage of the expansion project shall be concluded, increasing the unit's polypropylene production capacity to 360 thousand tons/year and, at a second stage, which is expected to be concluded until 2Q08, such capacity will increase by another 90 thousand tons/year. After the expansion, the Mauá unit will be the world's largest unit operating with Spheripol technology.

The estimated investment for the Duque de Caxias unit expansion project, from the current 200 thousand tons/year to 300 thousand tons/year, is amounts to approximately US\$ 34.3 million, and should be concluded in 2Q07.

Aiming at optimizing the logistics potential and reaching a higher independency in the propylene supply of the Duque de Caxias unit, the Company will built its own marine terminal for the reception of raw material, which is expected to be concluded by the end of 2006 trough a total estimated investment of US\$ 15.5 million. Such investment is very important for this unit's operation, as it will reduce the waiting period for the reception of propylene, as well as the risk of receiving contaminated raw material, improving the unit's operating efficiency and the quality of its products.

Both projects present a a very low investment per additional ton produced, as they consist of expanding capacities that already exist, making their budget quite lower than what would be required for a completely new unit.

The Company is currently evaluating a project for the implementation of its first pilot plant in the Mauá unit, which could be concluded in 2Q08. The new pilot plant will reproduce, in a lower scale, the unit's polypropylene production process and will allow great technological developments, considering the possibility of testing new products in a smaller scale, reducing the costs related to the creation of test products, restricted because of the scale, and improving the production process.

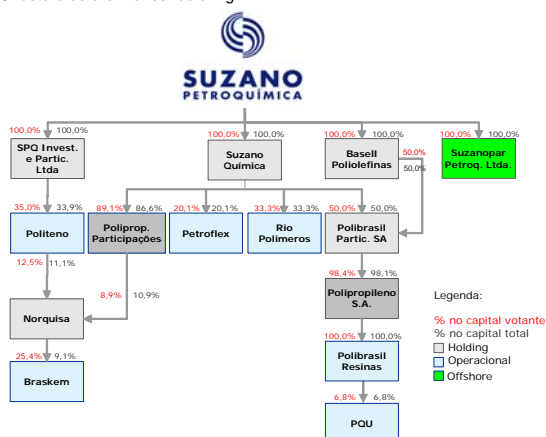
Corporate Events

The acquisition of Polibrasil's control in September 2005 enabled the Company to start a large corporate restructuring process, aiming at simplifying the structure of its joint controlled companies, as well becoming an operating company. The corporate restructuring took place between September and November 2005 and involved (1) the incorporation, by Suzano Petroquímica, of Suzano Química Ltda., Polibrasil Participações S.A., Suzano Poliolefinas Ltda. (previously Basell Brasil Poliolefinas Ltda.), Polipropileno S.A., Polibrasil Resinas S.A. and Polibrasil Compostos S.A. on November 30, 2005, and (2) the accomplishment of two Takeover Bids for Polipropileno S.A. and Polipropileno Participações S.A..

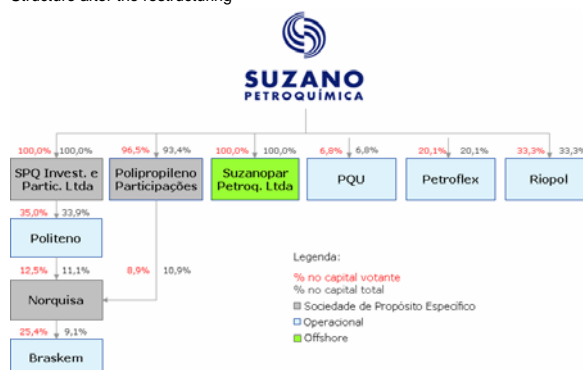
The financial settlement for these two takeover bids took place on November 29, Suzano Petroquímica only incorporated Polipropileno S.A., as the amount of Polipropileno Participações S.A. shares remaining after the takeover bid was slightly higher than 5% of the total capital.

By the end of the process, concluded on November 30, 2005, the Company was able to accomplish an important simplification of its structure, providing more transparency and facilitating the understanding of its activities, as follows.

Structure before the restructuring



Structure after the restructuring



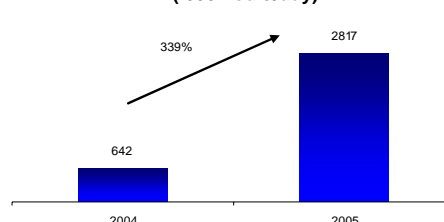
Legenda:
 % no capital votante
 % no capital total
 Sociedade de Propósito Específico
 Operacional
 Offshore



Capital Markets

Suzano Petroquímica aims at being an attractive investment alternative in the capital markets for its corporate governance practices excellence. Liquidity, fair disclosure, transparency and accountability are some of the Company's priorities, which shares are listed at Bovespa's Level 2 of Corporate Governance. After the Company's IPO on December 2004, it was possible to observe, in 2005, an important increase in the share liquidity, increasing its average daily traded volume from a R\$ 642 thousand/day level in 2004 to approximately R\$ 2.8 millions/day in 2005.

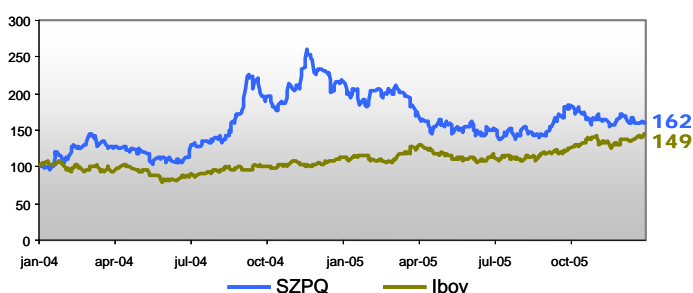
Average daily trading volume \szpq
('000 Reais/day)



Due to the difficult petrochemical scenario in 2005, which impacted the sector's companies results, the ones with shares traded in stock Exchange recorded a significant drop in their share price during 2005. Suzano Petroquímica, due to its strategic movements accomplished in 2H06, had its shares less impacted by the sector's performance when compared to its peers.

With the filing of the shelf registration program at CVM by the end of 2005, the Company expects to access the capital markets – by debt or shares – in order to enable the execution of its strategy to consolidated itself as one of the two main players in the petrochemical industry in Latin America.

SZPQ4 x Ibovespa Performance
FBI jan/04 = 100



Social environmental Responsibility for Sustainable Development

Suzano Petroquímica monitors its environmental performance as to evaluate the impact of its activities and set plans for minimizing these impacts even more. Still in 2002, the Company decided to adopt the environmental standards settled by the World Bank, which are more restrictive than the Brazilian legislation, and started the necessary researches and projects for adequacy of its units to these standards. The implemented projects attended to a large part of the World Bank's requirement and allowed effluent treatment systems improvement. Attending World Bank's standards is also part of the financial agreement with IFC.

In 2005 Suzano Petroquímica invested R\$ 1.2 million in environmental projects, aiming to adequate units to the standards settled by the World Bank. The main projects executed in the year were: (1) improvement at the effluent treatment stations and building a new area for residual storage at the Mauá unit (R\$ 136 thousand investment); (2) implementation of piping for connecting its effluents from the Duque de Caxias unit to Petroflex, to be treated at an advanced treatment station (R\$ 500 thousand investment); and (3) improvement on the boiler for the burning of non reacting gases in the process of Camaçari, aiming at reducing volatile organic compounds, and the implementation of philter for the reduction in powder issuance (R\$ 522 thousand investment).

In a partnership with the State of Bahia Environmental Resources Center (CRA), the Company develops a program, with the Camaçari's Recycling Materials Cooperative (Coopemarc), to diagnose, recommend and follow the implementation of good environmental practices, and also supply tools that allow the continuity of the collectors' activities. In 2005, the work accomplished with Coopemarc was awarded with the FIEB award, promoted by the Federation of Industries of the State of Bahia, at the Ecology category as the best social



environmental project of the State of Bahia, and the Bramex Environmental Award, promoted by the Brazil-Mexico Commerce, Industry and Tourism Chamber as the best social environmental project in Brazil. The Bramex award aims at acknowledging companies' initiatives that create and implement a clean development mechanism, therefore reducing the environmental impact of its production activities and promoting environmental responsibility among its employees.

Suzano Petroquímica, in compliance with its Social Performance principles, understands that the relationship with the community should be translated into a co-responsible partnership for social development, through the capacity of hearing different affected parties' opinion, and incorporating them to its activities.

Its Social Investments search for the development of the local community, under the company's influence, long term and sustainable relationship that enables the internal and external participation focused on Education.

As a highlight we can mention the V Script Competition Reading is Necessary in partnership with the Ecofuturo Institute, directed to children and teenagers between 7 and 14 years of age, students of public and private schools, aiming at stimulating and valuating the creativity through writing, revealing that writing is a way to share ideas, histories and adventures, approaching youngsters to books. The 5th Edition of the Script Competition Reading is Necessary counted with the participation of 5,853 schools, with more than 400,000 children and teenagers and 21 thousand scripts applied.

Also in partnership with Ecofuturo Institute, Suzano Petroquímica launched in January 2006 its second Public Library Reading is Necessary of Camaçari (the first library is in Mauá) searching for the democratization of the access to books, reading and writing, introducing reading in the community's daily activities, aiming also at cultural diffusion, ransom and appreciation of the local culture. It counts with a 2,500 book collection.

In Duque de Caxias, with the Little Great Friends Chorus Project, with the Jardim Ana Clara community, the Company aims at stimulating social development trough music, improving the human been sensibility, its concentration capacity and memory, providing benefits, in children's case, to the alphabetization and mathematical logics, enlarging their horizon, and enabling their potential, for greater opportunities in each children's life.

In summary, Suzano Petroquímica understands that its responsibility is not only of paying taxes, creating jobs and offering quality products to the market. In addition to the economical contribution, its is involved with an active participation in projects for improving community's life, not implying on a paternal relationship but, above everything, being translated into a way to stimulate the development without settling dependency.

Guidance for the polypropylene business

The international scenario for the petrochemical industry continues to be positive for the period between 2006 and 2008 as, despite the high level of petroleum prices, the international economic activity, especially in countries such as India, China and the USA, has shown consistency and assured a good phase for the industry and a positive outlook for the next years, mainly until 2008. But the effects of such moment will only be positive for the Brazilian petrochemical industry if there is a reversion of the process that combines high interest rates with an over appreciated exchange rate, reestablishing the competitiveness of the domestic industry.

The low reduction in interest rates observed in Brazil so far has already shown its reflexes on the recovery of domestic demand, which could also be propelled in 2006 by the 16.7% minimum wage readjustment, together with the expansion of consumer financing, besides events such as the world cup and elections, which could stimulate even more the use of plastic material. Despite that fact, the current situation of the exchange rate has practically offset the effect of the importing tax, highly stimulating the entrance of imported goods in the Country and reducing the competitiveness of our exports.

If interest and exchange rate levels go back to normal, we expect the polypropylene business to return to its normal activity levels, allowing a more consistent transfer of the raise in the price of raw materials derived from the elevation of petroleum prices.



Recent Events

- ❖ In January, the first IFC disbursement took place, in the amount of US\$ 160 million, fully driven to settling the Company's Promissory Notes issued to face a payment to Basell on September 1st, for its stake in Polibrasil
- ❖ The Company was granted with the EMBANEWS 2006 award, in the Research/Company category, with the Polibrasil Shoe Collection packages. Granted since 1992 by the Embanews Magazine, this award is dedicated to companies that propose innovation for its packages. The Research category evaluates innovation, implementation easiness, adequacy, engineering, safety and benefit to the community.
- ❖ Considering the Company's strategy of promoting a rotation of market makers for the shares traded in the stock exchange, with the termination of the term of the contract between Suzano Petroquímica and Ágora Sênior in February, 28, 2006, Pactual Corretora started acting as the market maker for the Company's preferred shares from March 1st, on. Ágora Sênior remained as the Market Maker of Suzano Papel e Celulose's shares, and the group believes that a healthy competition between the market makers could stimulate even further the growth of the liquidity of the companies' shares and benefit their respective shareholders.



SUZANO PETROQUÍMICA CONSOLIDATED

Summary of the Consolidated Results

Consolidated Highlights* (R\$ million)	4Q05	4Q04	Δ% Year	2005	2004	Δ%
Net Revenue	573.4	717.7	(20.1)	2,520.6	2,516.3	0.2
Gross Income	86.3	178.8	(51.7)	376.0	536.5	(29.9)
Gross Margin	15.1%	24.9%	(9.8) b.p.	14.9%	21.3%	(6.4) b.p.
Ebitda	45.3	129.6	(65.1)	232.8	414.5	(43.8)
Ebitda Margin	7.9%	18.1%	(10.2)b.p	9.2%	16.5%	(7.3)b.p

* Pro-forma consolidated results taking into consideration 100% stake in Polibrasil Participações S.A. for all analyzed periods

Production (000 t)	4Q05	4Q04	Δ% Year	2005	2004	Δ%
Politeno	88.3	87.9	0.5	354.5	327.5	8.2
Petroflex	81.8	95.0	(13.9)	331.6	362.0	(8.4)
Riopol*	10.5	NA	-	NA	NA	-

* Regarding pre-operating stage

Sales (000 t)	4Q05	4Q04	Δ% year	2005	2004	Δ%
Politeno	82.5	86.6	(4.7)	352.9	335.9	5.1
DM	64.3	68.6	(6.3)	279.5	290.9	(3.9)
EM	18.2	18.0	1.1	73.4	45.0	63.1
Petroflex	81.9	95.6	(14.3)	322.2	363.5	(11.4)
DM	48.8	68.7	(29.0)	203.8	258.0	(21.0)
EM	33.1	26.9	23.0	118.4	105.5	12.2
Riopol	7.0	10.4	(32.2)	35.1	45.4	(22.7)
DM	4.6*	10.4	(55.4)	32.7	45.4	(22.8)
EM	2.4*	-	-	2.4	-	-

* Regarding pre-operating stage: include.s only 290 tons ok pre-marketing sales, concluding the activity

Riopol

4Q05 represented an important step-forward period for Riopol. After same operating problems faced during the unit's start up, by the end of August, by mid November 2005 Riopol started its first polyethylene production line, dedicated to the production of linear low density polyethylene (LLDPE) and, by mid December started to operate its second production line directed to the production of high density polyethylene (HDPE). During 4Q05 Riopol carried out some tests at the ethylene and polyethylene



2005 Results

production units, producing approximately 10.5 thousand tons until December 2005, out of which 4.3 thousand tons were commercialized to the domestic market, 2.4 thousand tons to export markets and the remaining amount was directed to inventories build up. It is worth mentioning that resins sold in the quarter, through pre operating activities, will not be reflected in Riopol's results. As it is a test and implementation of the new facility stage, the result of this sale receives a specific booking treatment, being differed from total investment, therefore, not affecting the Company's financial statements. The pre operating stage is expected to be concluded by the end of 1Q06, when the acceptance of the facility by Riopol is expected, as it is still under custody of the construction consortium. In 4Q05 there approximately 290 tons of polyethylene were also commercialized as pre marketing, concluding such activities, reaching a total polyethylene sales of approximately 92 thousand tons during the program.

The pre operating stage is expected to be concluded by the end of 1Q06, when the acceptance of the facility by Riopol is expected after the conclusion of the tests, as it is still under custody of the construction consortium.

The delay at Riopol's operating start up caused the necessity of an additional input by its stakeholders. In December, the Company inputted an additional amount of US\$ 21 million in Riopol, which was already foreseen at the structural project up to the limit of 1/3 of US\$ 50 million, corresponding to US\$ 16.7 million, in the case of a cost overrun in the project. Also in December, Riopol hired a new financing line with BNDES in the amount of R\$ 21.4 million.

As a result, investments in Riopol, until now, reached US\$ 1.155 billion, out of which US\$ 496 million from stakeholders own capital, US\$ 659 million from financing lines and the remaining amount from Riopol's own financial investments.

The Company's guidance for Riopol's production in 2006, of 460 thousand tons, does not correspond to the present reality, taking into consideration the delay in the operating schedule. As during 1Q06 Riopol continued with performance and reliability tests at the ethylene and polyethylene units, the new polyethylene production in 2006 guidance is of 370 thousand tons. Taking into consideration that Riopol holds a contract obligation of directing 150 thousand tons to export per year, 220 thousand tons should be directed to domestic market and inventories build up.

Due to the delay in the facility's construction and the conclusion of pre operating tests, Riopol is negotiating with the financing banks the rollover of loans maturity to 2007. The negotiations are at an advanced stage and should be concluded in the first half of 2006.

Politeno

The production in the quarter reached 88.3 thousand tons, in line with the same period of 2004 and 2.0% below the previous quarter, even with a 98% operating rate. The production accumulated in the year was 354.5 thousand tons, 8.2% above 2004, corresponding to the highest annual production in Politeno's history, accomplished through a higher ethylene reception, its main raw material. During the year, the average operating rate was 98.5%, being of 91.0% in the previous year, with a 96.7% average rate of first line products.

The company recorded sales volume of 82.5 thousand tons in the quarter, down by 4.7% the same period of 2004, mainly at the domestic market, where a 6.3% drop was recorded. Sales volume in the year, on the other hand, was 5.1% above the sales volume recorded in 2004, reaching 352.9 thousand tons. This growth was possible mainly due to the Company's ability to direct sales to export markets, which grew by 63% in comparison to 2004, as an alternative for its products due to a weaker demand recorded in 2005.

Petroflex

Petroflex produced 81.8 thousand tons of synthetic elastomers in the quarter, 13.9% below the same quarter of 2004, with an 80% average operating rate. The production accumulated in the year was 331.6 thousand



tons, down by 8.4% the production in 2004, as a result of the adequacy to a weaker demand level in the year, mainly for basic products.

The company's sales volume in the quarter was 81.9 thousand tons, recording a 14.4% decrease in comparison to 2004, but recording a 10.8% recovery in comparison to the previous quarter, already as a result of the increase in the domestic market. Sales volume in the year was 322.2 thousand tons, posting an 11.4% drop in comparison to the previous year, mainly due to the drop in domestic demand, where sales dropped 21% in 2005. The segment that was mostly affected by this retraction was basic products, with a 21.8% drop, while performance and special products sales, directed mainly to export markets, grew 42.8% and 8.6%, respectively.

Net Operating Revenue

Pro forma consolidated net operating revenue reached R\$ 573.4 million in the quarter, 20.1% lower than the net operating revenue recorded in 4Q04, as a result of the drop in sales volume, mainly of polypropylene and synthetic elastomers. Net operating revenues accumulated in the year, R\$ 2,520.6 million, was in line with 2004, as, despite lower sales volume, counted with higher average sale price in 2005.

Net Operating Revenue						
R\$ million	4Q05	4Q04	Var. %	2005	2004	Var. %
Suzano Petroquímica Parent Company	410.0	533.4	(23.1)	1,802.5	1,812.4	(0.5)
Politeno*	96.7	93.6	3.4	409.3	391.7	4.5
Petroflex*	66.7	77.3	(13.7)	276.3	262.7	5.2
Riopol*	(0.07)	13.4	-	32.4	49.5	(34.5)
Suzano Petroquímica Consolidated**	573.4	717.7	(20.1)	2,520.6	2,516.3	0.2

* Suzano Petroquímica Stake

** Pro forma consolidation, taking into consideration for all analyzed periods a 100% stake in Polibrasil, 34.99% in Politeno, 20.12% in Petroflex and 33.33% in Riopol.

- Riopol:** In the year, Riopol's net operating revenue was R\$ 97.4 million, 34.5% lower than in the previous year due to the decrease in sales volume for the pre marketing, as per the imminence of the unit's start up. Riopol's negative consolidated net revenue in 4Q05 was due to the replacing of own production sales, which had unduly been booked instead of differed from assets, as the only sale genre acknowledged for Riopol up to that moment was from the pre marketing program.
- Politeno:** Politeno's net operating revenue in the quarter reached R\$ 276.4 million, 3.4% higher than in 4Q04, as the 8.5% average sale price increase was offset by a 4.7% lower sales volume in the period. Net operating revenue in the year was R\$ 1,169.9 million, 4.5% higher than in 2004, as a consequence of a sales volume 5.0% higher, once annual average price remained in line between the years.
- Petroflex:** Petroflex's net operating revenue in the quarter was R\$ 331.7 million, corresponding to a 13.7% drop in comparison to the same period of the previous year mostly due to lower sales volume. Net operating revenue in 2005 was R\$ 1,373.2 million, 5.1% above 2004 figures, as a result of a 18.6% higher average sales price in the year, offset by the 11.4% decrease in sales volume effect. Performance products (higher added value) represented 25% of total sale in 2005, versus 16% in 2004.



Cost of Goods Sold (COGS)

Consolidated COGS in the quarter was R\$ 487.1 million, 9.6% below the same period of 2004, mostly explained by lower petrochemical products sale volume in the quarter. In the year, accumulated COGS was R\$ 2,144.6 million, corresponding to an 8.3% increase in comparison to 2004, mainly as a result of lower sales volume and higher petrochemical raw material costs.

Cost of Goods Sold						
R\$ million	4Q05	4Q04	Var. %	2005	2004	Var. %
Suzano Petroquímica Parent Company	349.6	398.6	(12.3)	1,561.5	1,422.4	9.8
Politeno*	79.5	67.6	17.6	332.5	303.0	9.7
Petroflex*	57.7	60.5	(4.6)	219.2	210.0	4.4
Riopol*	0.3	12.3	(97.2)	31.4	44.5	(29.3)
Suzano Petroquímica Consolidated**	487.1	539.0	(9.6)	2,144.6	1,979.8	8.3

* Suzano Petroquímica Stake

** Pro forma consolidation, taking into consideration for all analyzed periods a 100% stake in Polibrasil, 34.99% in Politeno, 20.12% in Petroflex and 33.33% in Riopol.

- Riopol:** In the year, Riopol's COGS, from pre marketing activities, was R\$ 94.3 million, 29.3% lower than in 2004, as a result of the drop in sales volume within the pre marketing program.
- Politeno:** Politeno's COGS in the quarter was R\$ 227.2 million, recording a 6.6% increase in comparison to the same period of 2004, consequence of the 4.7% drop in sales volume between the quarters, showing the effect of the ethylene cost increase during the period, calculated by *margin share* between 1st and 2nd generation units. In the year, Politeno's COGS was R\$ 950.3 million, 9.7% lower then in the previous year as a result of lower sales volume and higher ethylene price.
- Petroflex:** Petroflex's COGS in the quarter was R\$ 286.6 million, 4.7% below the same period of the previous year due to lower sales volume, its reduction effect in sales cost was partially neutralized by higher raw material costs. In the year, Petroflex's COGS was R\$ 1,089.2 million, 4.4% higher than in 2004 also as a result of the increase in raw material prices, which overlapped the 11.4% drop in sales volume. In the year, butadiene and styrene average costs in US dollar increased by 41.2% and 22.8%, respectively.

Operating Expenses

Consolidated selling, general and administrative expenses and other operating expenses (together, "operating expenses") totaled R\$ 61.8 million in the quarter, a 10.5% drop in comparison to the same period of 2004. In the year, operating expenses amounted to R\$ 225.4 million, 10.9% above the recorded in the previous year.

- Riopol:** Riopol's operating expenses reached R\$ 199 thousand in the quarter, a 96.5% drop in comparison to the same period of 2004, as a result of lower sales volume. In the year, Riopol's operating expenses totaled R\$ 11.1 million, 16.7% below 2004, due to the decrease effect from pre marketing activities.
- Politeno:** Politeno's operating expenses reached R\$ 31.3 million in the quarter, down by 24.0% operating expenses recorded in 4Q04. In the year, operating expenses reached R\$



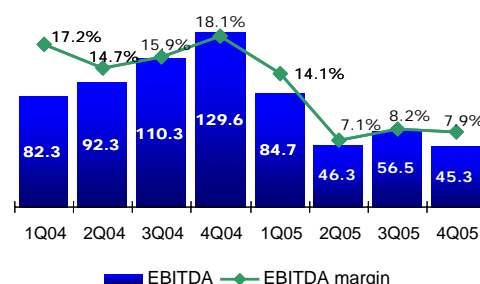
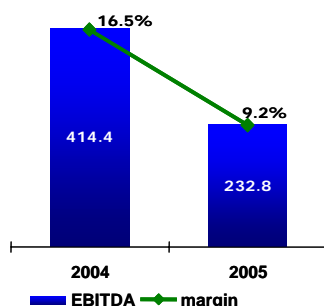
116.5 million, 8.3% above 2004, mainly due to selling expenses per ton approximately 10% higher than in the previous year.

• **Petroflex:**

Petroflex's operating expenses reached R\$ 25.0 million in the quarter, 12.7% below the same period of the previous year, mostly due to lower sales volume. In 2005, Petroflex's operating expenses totaled R\$ 112.9 million, 28.4% above 2004, mainly as a result of higher logistic costs, also evidenced by the 12.2% increase in exports during 2005 and domestic freight costs.

EBITDA

Suzano Petroquímica Consolidated EBITDA reached R\$ 45.3 million in the quarter, recording a 65.1% drop in comparison to 4Q04, due to a decrease in the joint controlled companies' EBITDA between the periods. In comparison to 4Q05, pro forma consolidated EBITDA recorded a 19.9% drop, mainly due to the 24.7% drop in the Parent Company's EBITDA in comparison to the



previous period. Consolidated EBITDA margin in the quarter was 9.2%, 7.3 b.p. below the same period of 2004.

2005 EBITDA was R\$ 232.8 million, with a 9.2% margin.

EBITDA						
R\$ million	4Q05	4Q04	Var. %	2005	2004	Var. %
Suzano Petroquímica Parent Company	33.3	107.0	(68.8)	156.5	320.3	(51.1)
Politeno	23.0	40.1	(42.5)	123.4	170.1	(27.5)
Petroflex	22.0	56.8	(61.3)	180.9	181.9	(0.6)
Riopol	0.8	(1.3)	-	(5.8)	3.0	-
Suzano Petroquímica Consolidated*	45.2	129.6	(65.1)	232.8	414.5	(43.8)

* Pro forma consolidation, taking into consideration for all analyzed periods a 100% stake in Polibrasil, 34.99% in Politeno, 20.12% in Petroflex and 33.33% in Riopol.

• **Riopol:**

The EBITDA calculated for Riopol is not an adequate parameter for analysis as it only reflects the pre marketing activity, which consists in the resale of third party products.

• **Politeno:**

Politeno recorded a 42.5% drop in the quarter's EBITDA, versus 4Q04, due to the strong decrease in operating margins. The Company's accumulated EBITDA in 2005 amounted to R\$ 123.3 million. Politeno's EBITDA margin was 8.3% in the quarter and 10.5% in the year

Petroflex:

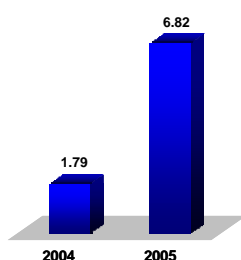
Petroflex recorded a 61.3% drop in the quarter's EBITDA, versus 4Q04, due to higher raw material costs in addition to lower sales volume. However, 2005 EBITDA was very in line with 2004, with a 13.2% EBITDA margin.



Financial Result and Debt

The Company's consolidated net financial result in the year was negative R\$ 52.7 million, mostly as a consequence of the Parent Company's financial result, previously discussed.

Consolidated net debt as of December 31, 2005 reached R\$ 1,586.8 million, reflecting the Company's new debt position generated by Polibrasil's acquisition by Suzano Petroquímica. 89.2% of the total indebtedness has a long term maturity (after IFC).



Net Debt / EBITDA

As from the pro forma consolidated financial statements, the Net Debt / EBITDA ratio was 6.82 by the end of 2005, versus a 1.79 ratio recorded by the end of 2004. This ratio, besides reflecting the Parent Company's happening (debt increase and cash generation decrease as per the previously mentioned factors), regarding consolidated indebtedness it is also compound Riopol's indebtedness disregarding cash generation return, as it is still under pre operating stage.

Income/Loss for the Period

The Company recorded a consolidated net loss of R\$ 33.3 million, as a result of the period's financial result due to the new funding accomplished. In the year, Suzano Petroquímica's net income was R\$ 15.2 million, 86.0% below the net income recorded in 2004.

Attachments

1. Pro Forma Balance Sheet – Assets – Parent Company and Consolidated
2. Pro Forma Balance Sheet – Liabilities – Parent Company and Consolidated
3. Pro Forma Financial Statements – Parent Company and Consolidated

Attachment I – Pro Forma Balance Sheet

Suzano Petroquímica - Parent Company Balance Sheet

R\$ 000

	12/31/2005	12/31/2004
Cash and cash equivalents	183,495	35,920
Other current assets	442,788	356,147
Long-term assets	127,240	52,239
Other permanent assets	1,213,889	764,487
Property, plant and equipment	473,718	611,750
Total Assets	2,441,130	1,820,543
Suppliers	130,837	20,348
Short-term loans	487,701	165,973
Other short-term liabilities	101,736	105,067
Long-term loans	687,895	220,459
Other long-term liabilities	41,541	47,699
Future Periods Results	24,866	21,742
Minority interest	-	283,593
Shareholders' equity	966,554	955,662
Total liabilities	2,441,130	1,820,543

Suzano Petroquímica - Consolidated Balance Sheet

R\$ 000

	12/31/2005	12/31/2004
Cash and cash equivalents	215,729	171,903
Other current assets	664,034	545,708
Long-term assets	236,196	151,979
Other permanent assets	731,703	211,171
Property, plant and equipment	1,443,495	1,492,084
Total Assets	3,291,157	2,572,845
Suppliers	207,755	68,313
Short-term loans	591,269	208,234
Other short-term liabilities	145,687	148,914
Long-term loans	1,211,261	704,824
Other long-term liabilities	121,841	158,373
Future Periods Results	45,318	42,193
Minority interest	1,472	286,332
Shareholders' equity	966,554	955,662
Total Liabilities	3,291,157	2,572,845



Attachment II – Pro Forma Financial Statements Parent Company

Suzano Petroquímica - Parent Company

Income Statement - Pro forma

R\$ thousand

	4Q05	4Q04	Var. %	2005	2004	Var. %
Gross Revenues	533,597	695,246	-23%	2,361,875	2,370,878	-0.4%
Gross Revenues Deductions	(123,403)	(161,833)	-24%	(559,331)	(558,469)	0.2%
Net Revenues	409,994	533,413	-23%	1,802,544	1,812,409	-1%
Cost of Goods Sold	(349,554)	(398,617)	-12%	(1,561,537)	(1,422,393)	10%
Gross Income	60,440	134,796	-55%	241,007	390,016	-38%
Selling Expenses	(37,301)	(33,919)	10%	(130,623)	(117,822)	11%
General and Administrative Expenses	(13,684)	(14,468)	-5%	(54,050)	(48,527)	11%
Other Net Operating Revenue (Expenses)	5,930	3,192	86%	28,967	25,778	12%
Activity Result	15,385	89,601	-83%	85,301	249,445	-66%
<i>Activity Margin</i>	<i>3.8%</i>	<i>16.8%</i>		<i>4.7%</i>	<i>13.8%</i>	
Net Financial Revenues (Expenses)	(69,893)	6,973	-1102%	(52,723)	(30,296)	74%
Financial Revenues	4,244	3,912	8%	19,467	11,490	69%
Financial Expenses	(74,137)	3,061	n.m.	(72,190)	(41,786)	73%
Equity Results	4,693	9,640		42,156	61,812	
Goodwill Amortization	(13,936)	(1,089)	1180%	(20,692)	(4,358)	375%
Net non-Operating Revenues (Expenses)	(277)	(11,553)	-98%	(25,970)	(23,893)	9%
Income Before Income Tax and Social Contribution	(64,028)	93,572	n.m.	28,072	252,710	-89%
Income Tax and Social Contribution	30,883	(30,217)	n.m.	4,132	(72,975)	-106%
Minority Interest	179	(31,213)	n.m.	(16,960)	(70,671)	-76%
Net Income/Loss for the Year	(32,966)	32,142	-203%	15,244	109,064	-86%
Number of shares	33,336	106,981	-69%	156,488	320,262	-51%
Income (loss) per Share	8.1%	20.1%		8.7%	17.7%	



Attachment III – Pro Forma Financial Statements Consolidated

Suzano Petroquímica - Consolidated Income Statement - Pro forma

R\$ thousand

	4Q05	4Q04	Var. %	2005	2004	Var. %
Gross Revenues	733,778	955,630	-23%	3,254,888	3,260,050	0%
Gross Revenues Deductions	(160,424)	(237,890)	-33%	(734,329)	(743,729)	-1%
Net Revenues	573,354	717,740	-20%	2,520,559	2,516,321	0%
Cost of Goods Sold	(487,054)	(538,988)	-10%	(2,144,595)	(1,979,825)	8%
Gross Income	86,300	178,752	-52%	375,964	536,496	-30%
<i>Gross Margin</i>	<i>15.1%</i>	<i>24.9%</i>		<i>14.9%</i>	<i>21.3%</i>	
Selling Expenses	(48,437)	(46,730)	4%	(176,300)	(157,115)	12%
General and Administrative Expenses	(20,006)	(20,880)	-4%	(76,712)	(68,978)	11%
Other Net Operating Revenue (Expenses)	6,660	(1,452)	-559%	27,659	22,951	21%
Activity Result	24,517	109,690	-78%	150,611	333,354	-55%
Net Financial Revenues (Expenses)	(73,404)	(1,126)	n.m.	(68,114)	(42,781)	8%
Financial Revenues	9,345	3,777	147%	21,497	20,672	-57%
Financial Expenses	(82,749)	(4,903)	1588%	(89,611)	(63,453)	41%
Equity Results	-	-		-	-	
Goodwill amortization	(13,936)	(1,089)	1180%	(20,692)	(4,358)	375%
Net non-Operating Revenues (Expenses)	(258)	(11,584)	-98%	(26,272)	(23,773)	11%
Income Before Income Tax and Social Contribution	(63,081)	95,891	-166%	35,533	262,442	-86%
Income Tax and Social Contribution	29,838	(32,361)	-192%	(3,282)	(82,809)	-96%
Minority Interest	(91)	(31,388)	-100%	(17,007)	(70,569)	-76%
Net Income/Loss for the Year	(33,334)	32,142	-204%	15,244	109,064	-86%
EBITDA	45,270	129,566	-65%	232,821	414,463	-44%
<i>EBITDA Margin</i>	<i>7.9%</i>	<i>18.1%</i>		<i>6.5%</i>	<i>6.5%</i>	