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Suzano Petroquímica Releases 2Q07 Results

Ebitda of R\$ 73 million, almost 4 times 2Q06 Ebitda and also 6% above the 1Q07, and Net Income of R\$ 71.5 million in the quarter consolidate a new level of profitability of the Company

São Paulo, August 2, 2007. Suzano Petroquímica S.A. (Bovespa: SZPQ4; Latibex: XSUPT), the Latin American leader in the production of polypropylene and a joint controller shareholder of relevant players in the petrochemical sector - Rio Polímeros S.A. and Petroflex Indústria e Comércio S.A., as well as a shareholder of Petroquímica União S.A. (PQU), releases its 2Q07 results.

2Q07 Highlights

Strong Ebitda of R\$ 72.8 million in the 2Q07, accumulating R\$ 141.2 million in the 1H07

The operating cash generation of Suzano Petroquímica measured according to the Ebitda criteria reached R\$ 72.8 million in the 2Q07, a growth of 296.4% compared to the 2Q06 and 6.3% higher than the level reached in the 1Q07. Thus, this is the fourth consecutive quarter of increase of the Company's cash generation.

The accumulated Ebitda of the Controlling Company in the 1H07 was of R\$ 141.2 million, 354.9% higher than the cash generation in the 1H06 and equal to 90.6% of the cash generation in the whole year of 2006.

The 2Q07 Ebitda margin slight decrease of 1.4 b.p. against 1Q07, reaching 14.1%, was due to the higher feedstock prices in the international market. Even though, the 1H07 Parent Company's Ebitda margin was 14.8%, 11.1 b.p. higher than the 1H06 Ebitda margin, confirming the important recovery of the Company's profitability.

Net Income of R\$ 71.5 million in the 2Q07, accumulating R\$ 126.1 million in the 1H07

The net income of Suzano Petroquímica in the 2Q07 was of R\$ 71.5 million, a result substantially higher than the historical levels recorded by the Company and further 30.9% above the net income reached in the 1Q07, of R\$ 54.6 million. This result was obtained combining the good performance of our business and those of our controlled companies, with an equity pick up of R\$ 31.7 million, and also the register of a positive impact of the financial result of R\$ 21.4 million, strongly influenced by the exchange rate fluctuation recorded in the quarter.

With this new level in our operations, the Company accumulated a Net Income in the 1H07 of R\$ 126.1 million, significantly reverting the loss of R\$ 29.1 million accumulated in the 1H06.



Deleveraging kept a strong path

The deleveraging process continued straight. Due to the significant evolution of the Ebitda started in the 3Q06, the Net Debt/(Ebitda + Dividends) ratio of the Parent Company, which in June 2006 reached its maximum of 7.1 times, after 1 year of strong deleverage returns to a level recommended by our Board of Directors, of 3.2 times in June of 2007.

Analogically, the consolidated leverage also presented a strong decreasing curve, since in the last 12 months analysis we are replacing quarters of weak cash generation in last year with stronger quarters this year, in much more robust levels, as equivalent effect in the Parent Company. The consolidated Net Debt/Ebitda ratio retreated consistently from the peak of 13.2 times reached in June 2006 to 4.0 times in June 2007. Considering that the contribution of Riopol in its first operating quarters of 2006 still reflected the beginning of its learning curve, the trend is that the consolidated deleveraging continues its accelerated movement.

Update of the earn-out formula related to the sale of Politenó

After 14 months of the 18-month period for assessment of the spreads of polyethylene in the domestic market according to the earn-out formula for assessing the final value of Politenó (sold through a down payment made last year), the visibility on the average value of the spread in the period increases and, therefore, increases even more the assurance of receiving a second installment for our interests, even greater than the one initially anticipated. Thus, we made an adjustment in the provision created upon the sale, generating an additional positive financial impact of R\$ 12.1 million in the Parent Company in the 2Q07, through equity pick up.

Further Events

FDIC of Suzano Petroquímica

On July 23, 2007, Suzano Petroquímica announced that it has been filed all necessary documents required by CVM Instructions for the registry of the Receivables Investment Fund Suzano Petroquímica and public offering of its Senior Quotas. This is an important step in the financial strategy of the Company, being its first fixed-income transaction in the capital markets aiming at optimizing its working capital. We highlight the strengthening of the robustness of the Company's capital structure that shall be provided by the Fund, as a result of the off balance treatment obtained by the Company since the establishment of the Fund, the first case in Brazil in this kind of transaction.

Potential sale of Petroflex

Through 2 notices to the market, dated of May 11, 2007 and July 12, 2007, Petroflex provided clarifications about proposals received from investors interested in acquiring its shares. The last notice informed that the controlling shareholders continued the proposals analysis and evolved significantly in the negotiations with the potential buyers. However, up to this moment, they did not reach an agreement on the final terms and conditions for an eventual transaction, that will be promptly informed to the market according to the development of the negotiations.

Change in the Executive Board of Riopol

On July 20, the shareholders of Riopol announced that Engineer Eduardo Karrer has requested to quit Riopol's Executive Board, considering his intention to accept new professional challenges outside the petrochemical industry. Karrer will remain as CEO until his substitute is announced. The shareholders of Riopol declared their fully support to the company's Executive Board, confident that the new senior management will lead the company to a further level of development.

Ethane and propane obtained tax equality to naphtha on Social Contributions (PIS and COFINS)

The raw materials ethane and propane, used for the production of the basic petrochemicals ethylene (feedstock for the production of polyethylene) and propylene were included in the Law No. 11,488, and signed on June 15, 2007. Thus, ethane and propane obtained tax equality to naphtha on Social Contributions (PIS and COFINS), according to Law No 11,488, signed on June 15, 2007. Therefore, the natural gas fractions, ethane and propane, sold to Riopol will be subject to aliquot of 1% for PIS, and 4.6% for COFINS, and Riopol may establish tax credits at an aliquot of 1.65% and 7.6%, respectively. This tax mechanism will allow the assessment of a tax credit equivalent to 3.65% of the amount of the purchase of ethane and propane, reducing then the final cost of

the raw materials acquired by Riopol, as described in the illustrative example below. The estimate gains for Riopol arising from the tax equality are approximately US\$ 20 million per year.

Settlement Agreement between Riopol and the EPC Contractor

On August 1st, 2007 was signed the settlement agreement between Riopol and the EPC contractor of its industrial complex, formed by ABB Lummus and Snamprogetti, finalizing all the discussions related to the delay of Riopol's start-up. The financial impact of the agreement will be a non-operating revenue of R\$ 142 million for Riopol. From this amount, R\$ 122 million will compensate EPC contractor payments still retained by Riopol and US\$ 10.5 million was received in cash, by Riopol in the signing date.

We believe that this final agreement with the EPC contractor represents a favorable closing for both parties and it is particularly positive for Riopol, specially in this moment that the company is consolidating its presence in the Brazilian petrochemical market.



Special Characteristics of this Result Disclosure:

With the taking over of Polibrasil's full control on September 1st, 2005 and its further merge with Suzano Petroquímica on November 30th of that same year, the Company had decided to discuss its results on a pro forma basis, aiming at allowing a better analysis of the business held by Suzano Petroquímica and thus ensuring better comparison with previous periods, and estimates of future results. However, since 1Q06 all information from the Parent Company already fully reflects the effective activities of the Company. Since this document is prepared based on comparisons with periods after 1Q06, including this one, the Parent Company results have no need to be discussed on a pro forma basis anymore.

The analysis of the Consolidated Suzano Petroquímica results considers the Parent Company result, proportionally consolidating the participation that the Company holds in its jointly controlled companies Riopol (33.33%) and Petroflex (20.12%). In view of the sale of the 33.9% participation in the total capital stock of Politeno on April 4, 2006, the Consolidated results will be discussed on a pro forma basis, i.e., not considering 1Q06 Politeno's results, aiming at a better comparison with other quarters. The performance of the joint controlled companies of Suzano Petroquímica is described in Consolidated Suzano Petroquímica.

All comparisons performed are related to the same period of 2006 (2Q06), except when otherwise indicated.

SUZANO PETROQUÍMICA PARENT COMPANY

Sector Scenario and Economic Context

Due to geopolitical tensions in the Middle East, together with a world refining capacity insufficient to serve the demand, there was an increase in oil prices and its derivatives throughout the 2Q07. The average price of the oil barrel Brent type increased about 17.6% in comparison to the 1Q07, evolving from an average of US\$ 58 in the 1Q07 to US\$ 69 per barrel in the 2Q07. The naphtha price followed the oil trend, but in a stronger way, with a high of 23.0% in its average price between the quarters, going from an average of US\$ 545/ton in the 1Q07 to US\$ 671/ton in the 2Q07. Thus, the naphtha/Brent oil price ratio increased from an average of 9.3 in the 1Q07 to 9.8 in the 2Q07.

The international propylene prices also had an average high in the quarter, as a result of a tight supply-demand balance together with some production restrictions both in refineries and in some crackers around the world. The US Gulf Coast based propylene price increased about 19.5%, reaching the average price of US\$ 1,133/ton in the 2Q07 and correcting the smaller levels recorded in the 1Q07, while in Europe the naphtha-base propylene increased about 6.3%, reaching US\$ 1,149/ton in the same period. The propylene in Asia presented a 3.4% decrease in its price during the quarter, reaching an average of US\$ 1,142/ton, as a result of a greater punctual offer of propylene in the region.

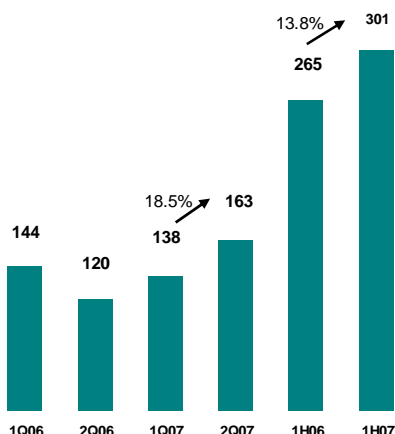
The polypropylene international prices followed the propylene's behavior, and also had an increase in its prices during the 2Q07. The Asian polypropylene average prices increased about 3.9% q-o-q, reaching the level of US\$ 1,284/ton CFR China, while the European polypropylene prices and for exports in the USA increased about US\$ 115/ton in the quarter, reaching average levels of US\$ 1,560/ton and US\$ 1,298/ton, respectively. This polypropylene price increase aimed to accommodate the recent increases of the propylene price, taking advantage of a very favorable environment of strong international demand in several regions of the world.

In Brazil, the thermoplastic resins market had a good performance in 2Q07. According to preliminary data from ABIQUIM/Coplast, the internal consumption of thermoplastic resins (without PET) increased 5.5% compared to 1Q07, reaching 1.092 million of tons of consumed resins. Furthermore, the resins imports decreased 7.2% q-o-q, reinforcing the capture of the market expansion by the local producers. In the 1H07, the Brazilian market of thermoplastic resins increased 5.7%, accumulating 2.127 million of tons of resins consumed locally. Now, the resins imports in the 1H07 reached 324.1 thousand tons, favored by the current levels of the exchange rate, representing a growth of 16.9% in comparison with the imports of the same period of last year.

Regarding polypropylene, we note that the demand growth had a stronger path than the aggregate of thermoplastic resins. The internal consumption of polypropylene increased 14.1% compared to 1Q07, reaching 319.8 thousand tons in the 2Q07. Most of this growth was absorbed by local producers, with sales increasing 15.7% q-o-q, while the imports increased 3.7%, totalizing 40.0 thousand tons in the 2Q07. In the accumulated of the year, the Brazilian polypropylene market was of 600.1 thousand tons, representing an increase of 8.0% in the comparison with the 1H06. In the 1H07, about 13.1% of the local demand was supplied with imports, while in the 1H06 the imports share was restricted to 8.8% of the internal demand, again an effect of the current levels of the exchange rate in Brazil.

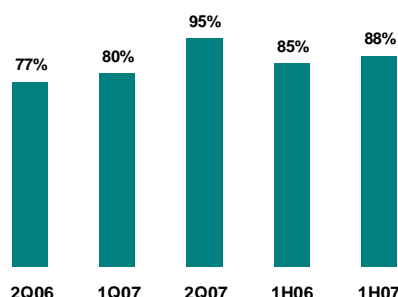
Production

'000 Ton



In the 2Q07, the polypropylene production of Suzano Petroquímica was of 163.2 thousand tons, representing an increase of 18.5% over the production of the 1Q07, due to a greater operating confidence in the period, and further 35.9% higher than the production in the 2Q06, due to two maintenance stoppages occurred in that quarter, one for 30 days in Mauá for its 60 thousand tons/year capacity expansion, and another of 20 days in Duque, to change the catalytic system of the facility aiming at improving its portfolio of products. The polypropylene production accumulated in the year reached 301.0 thousand tons, 13.8% higher than the production in the same period of last year, of 264.6 thousand tons.

Operating Rate

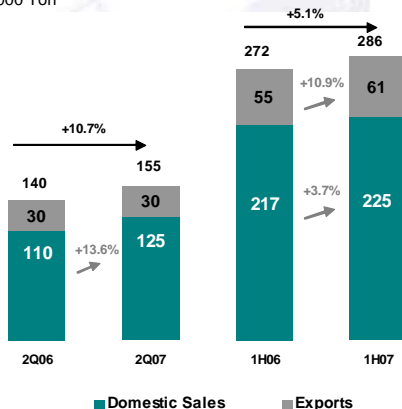


The 2Q07 operating rate was of 95.3%, 14.9 b.p. above the operating rate of the prior quarter, which had been negatively impacted by a stoppage for maintenance of 30 days in Camaçari unit and further for some stoppages in Mauá facility, causing an additional loss of production equivalent to 6 days. In the accumulated of the year, the average operating rate was of 87.9%, 3.2 b.p. above the 1H06 operating rate.

* considers the 685 kt/year production capacity from 07/11/06 on

Sales

'000 Ton



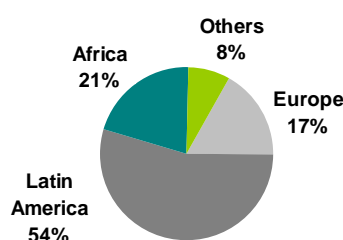
The Company's total polypropylene sales in the 2Q07 were of 154.7 thousand tons, representing an expressive increase of 18.0% and 10.6% compared to 1Q07 and 2Q06, respectively. In the 1H07, the total sales were of 285.8 thousand tons, 5.0% above the ones in the 1H06.

In the domestic market, the sales totalized 124.9 thousand tons in the 2Q07, 25.2% higher than 1Q07, thanks to the good demand in the domestic market. Disregarding the effect of domestic sales postponed from the 1Q07 to the 2Q07, the growth of the Company's domestic sales would be of about 13.9%, almost equivalent to the q-o-q evolution of the Brazilian consumption of polypropylene. In the comparison with 2Q06, the domestic sales presented an increase of 13.3%, reflecting again the better moment of the market in this year. The local sales accumulated in the 1H07 totalized 224.7 thousand tons, 3.5% above 1H06.

The good sale volumes observed in the 2Q07 were possible due to the good performance of sectors like agriculture, textile, food, automobile, electro-electronic and industrial.

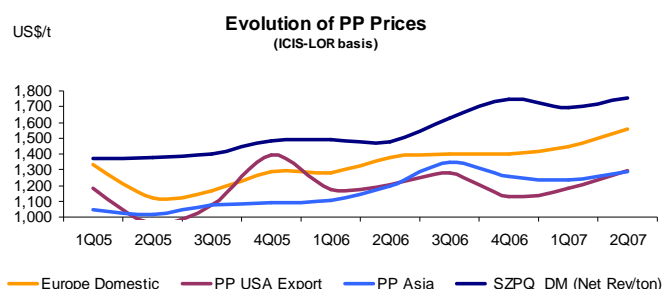
Out external sales were of 29.8 thousand tons in the quarter, representing 19.3% of the total sales in the period. This volume was 4.7% lower than 1Q07 and practically aligned with 2Q06, considering the priority given to the domestic market sales. From the export sales, the volume dedicated to Latin America, where we have the better margins, represented a share of 54%. In the 1H07, our exports totalize 61.0 thousand tons, 10.9% greater than the ones in the same period last year.

Exports Destination (%) 2Q07



- 2T07

Sales Prices



The maintenance of the good levels of international demand contributed to an increasing movement in the polypropylene prices in practically every consumption region of the resin, motivated also for the high in the international propylene prices. In the local market, however, the ascending movement in polypropylene prices has not happened locally with the same consistency observed in the international market, but with the proximity of the third quarter, seasonally the strongest of the year for resins

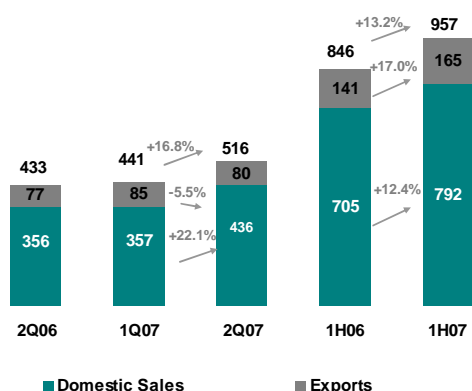
producers, may create a more favorable moment for the business in Brazil.

Our 2Q07 average net revenue per ton in Reals in the domestic market was 2.4% lower than the one in the 1Q07, but 8.1% higher than the 2Q06. When expressed in Dollars, the 2Q07 net revenue per ton in the domestic market was 3.7% higher than the 1Q07, and further 19.1% greater than the one in the 2Q06, mainly because of the Real appreciation q-o-q. Indeed, the trend of high of prices in Dollars is masked by the speed of appreciation of the Real occurred in the last months.

Now, the 2Q07 net revenue per ton assessed in the external market, when expressed in Reals, presented a slight fall of 0.8% in comparison to 1Q07, but was 2.8% higher than the net revenue per ton recorded in the 2Q06. When expressed in Dollars, we observe an increase of 5.4% in the exports net revenue per ton as regards the 1Q07, as a result of the better environment in the international market, and further 13.3% higher when compared to the exports net revenue per ton in the 2Q06, thanks to better commercial conditions obtained mainly from greater sales for countries in Latin America.

Net Operating Revenue

'000 Ton



The net operating revenue was of R\$ 515.6 million in the 2Q07, 16.8% higher than the one assessed in the 1Q07 as a result of a sales volume 18.0% higher and a net revenue per ton, in Reals, 1.0% lower q-o-q. When measured in Dollars, the net operating revenue in the 2Q07 was 24.2% higher than the one in the 1Q07 as a result of the recording of a global net revenue per ton in Dollars 5.2% greater this quarter.

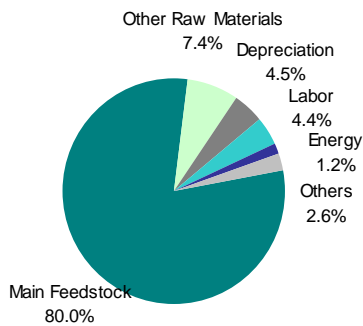
The accumulated net operating revenue in the 1H07 was of R\$ 957.0 million de Reals, 13.2% above the one in the 1H06 considering the combination of a 5.0% greater volume of sales and a 7.8% higher global net revenue per ton in Reals. When the comparison is done in Dollars, we see an increase of 21.1% in the 1H07, thanks mainly to a 15.3% greater global net revenue per ton in Dollars.

The net operating revenue originating from the volume commercialized in the domestic market in the 2Q07 was of R\$ 435.6 million, 22.1% higher than the one in the 1Q07 since the increase of 25.2% in the local sales volume more than compensated the 2.4% fall in the net revenue per ton in Reals. Analogically, when expressed in Dollars, the net revenue in the internal market was 29.8% higher than the one in the 1Q07, as an effect of the 3.7% higher net revenue per ton in Dollars in the period. In the accumulated of the 1H07, the net operating revenue assessed in the internal market in Reals was 12.4% higher, an effect of a 3.5% greater sales volume and a net revenue per ton in the domestic market 8.6% higher. In Dollars, the net operating revenue assessed in the internal market in 1H07 was 20.3% higher than the 1H06, as an effect mainly from a net revenue per ton in the domestic market 16.2% greater between the periods.

The net revenue arising from sales to the external market totaled R\$ 80.1 million in the 2Q07, 5.5% below the result of the 1Q07 as a combination of a 4.7% fall in the exported volume and the 0.8% lower exports net

revenue per ton comparing to the prior quarter. If expressed in Dollars, the exports net revenue in the 2Q07 practically reproduces the level recorded in the 1Q07, because the fall in the exported volume is neutralized by an exports net revenue per ton in Dollars 5.4% greater.

Cost of Goods Sold (CoGS)



The cost of goods sold (CoGS) in the 2Q07 was of R\$ 418.8 million, 19.7% above the one in the 1Q07 basically as a result of the volume sold 18.0% higher. The 2Q07 CoGS per ton was of R\$ 2,707/ton, 1.5% above the one in the 1Q07 due to a 4.7% increase in the cost per ton of propylene in Reals recorded in the quarter, thanks to the recent increase in prices of petrochemical raw materials in the international market. In Dollars, the 2Q07 CoGS per ton recorded was of US\$ 1,365/ton, 7.8% above 1Q07 basically as a result of the cost of propylene per ton in Dollars 11.3% greater.

In the accumulated of the 1H07, the CoGS totalizes R\$ 768.6 million, only 0.6% higher than 1H06, although the sold volume in the 1H07 was 5.0% higher. The 1H07 CoGS per ton of R\$ 2,690/ton was 4.2%

below the CoGS per ton recorded in the 1H06, of R\$ 2,808/ton, as a reflex, primarily, of an average cost of propylene per ton in Reals 2.5% lower this year. In Dollars, the 1H07 CoGS per ton was of US\$ 1,315/ton, 2.5% above the 1H06 basically as a function of a propylene cost per ton in Dollars 4.4% greater in the accumulated in 2007.

Sales, General, and Administrative Expenses (SG&A)

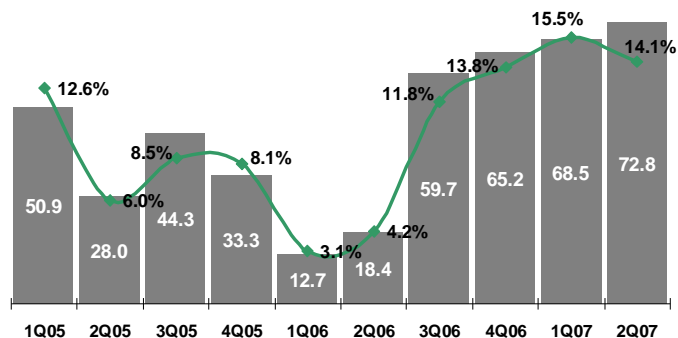
The total sales, general, and Administrative expenses (SG&A) totalized R\$ 48.0 million in the 2Q07, 4.8% above the 1Q07, R\$ 45.8 million. Excluding the SG&A non-recurring effects of the 1Q07 and 2Q07, the 2Q07 SG&A expenses would present an increase of 9.3% in comparison with 1Q07. Following the same analysis and excluding the non-recurring events, in the accumulated of the year the SG&A expenses totalized R\$ 90.8 million, 3.0% above the 1H06.

The 2Q07 sales expenses were of R\$ 32.8 million, 6.7% below the ones in the 1Q07. Eliminating the non-recurring effects, however, the 2Q07 sales expenses were 8.1% above the previous quarter mainly because of the higher volume sold. In the year, the sales expenses totalized R\$ 67.9 million and, on a recurring basis, R\$ 61.9 million, 3.1% above the ones in the 1H06.

The 2Q07 general and administrative expenses totalized R\$ 15.3 million, 11.9% higher than the ones in the 1Q07 on a recurring basis because of higher expenses with third parties and other general expenses and expenses with materials in 2Q07. In the accumulated of the year, the general and administrative expenses totalized R\$ 26.0 million, and, on a recurring basis, R\$ 28.9 million, 2.6% above the expenses recorded in the 1H06.

Ebitda

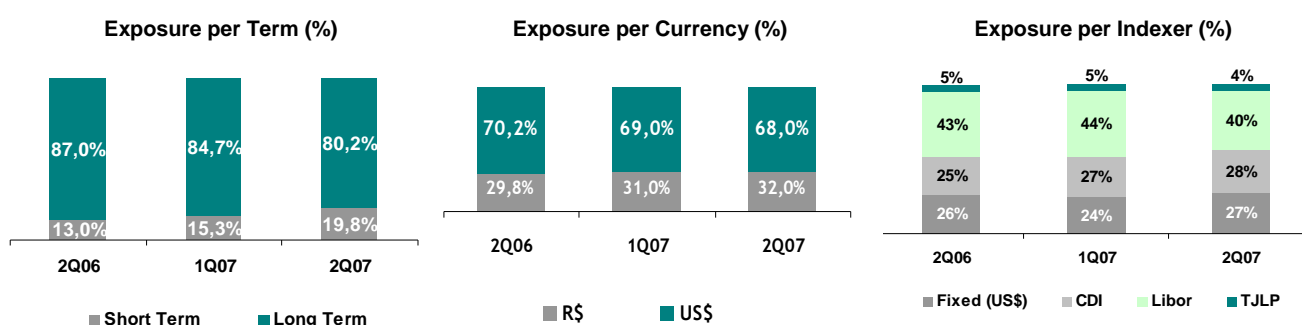
The operating cash generation of the Company measured by the Ebitda criteria reached R\$ 72.8 million in the 2Q07, confirming a strong quarterly result of the Company, despite the Ebitda margin has slightly decreased to 14.1%, following the trend of the gross margin, pressured by higher raw material prices. Nevertheless, this is the fourth consecutive quarter of growing cash generation, confirming the new level of results reached by the Company. The accumulated Ebitda in 2007, of R\$ 141.2 million, is 354.9% higher than the accumulated Ebitda in the same period of last year and represents 90.6% of the Ebitda recorded in the whole year of 2006. The 1H07 Ebitda margin was of 14.8%, 11.1 b.p. above the 1H06 Ebitda margin.



The Ebitda per ton reached R\$ 470 in the 2Q07, representing a decrease of 10.0% the level recorded in the 1Q07, the greatest since the 4Q04. When analyzed in Dollars, however, the 2Q07 Ebitda per was of US\$ 237, only 4.3% lower than the 1Q07, of US\$ 248. In the 1H07, the Ebitda per ton was of R\$ 494, 333.2% higher than the Ebitda per ton accumulated in the 1H06, of R\$ 114.

Financial Result and Indebtedness

On June 30, 2007, the gross indebtedness (considering both principal and interests) of Suzano Petroquímica was of R\$ 1,223.0 million, 3.7% below the 1Q07 indebtedness level, while the net indebtedness totaled R\$ 847.5 million, representing a decrease of 4.5% when compared to the previous quarter mainly due to a pre-payment of a US\$ 12.8 million debt, following the strategy of permanently enhance the cost and the average maturity of the debt.

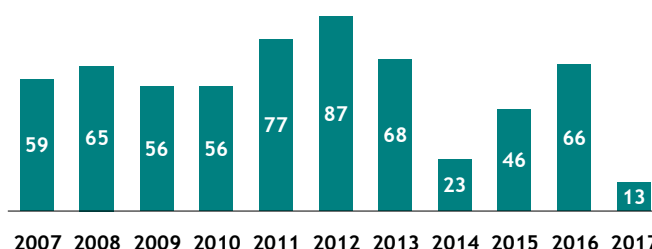


In the 2Q07, the Parent Company's net financial result was positive in R\$ 21.4 million, fundamentally because of the appreciation of 6.3% of the Real between March and June 2007, which generated a positive exchange rate variation on the debt of R\$ 47.7 million, besides a financial revenue of R\$ 5.9 million resulting from financial investments. The financial expenses related to payment of interests on the debt totaled R\$ 28.8 million, forming the financial result as in the table below:

Financial Result (R\$ million)	2Q07	1Q07	2Q06
Financial Expenses	15.6	5.1	(30.3)
Interests (ACC/ Loans)	(28.8)	(27.7)	(26.8)
Adjustment for Inflation	-	-	-
Exchange Rate Variation	47.7	35.9	-
Banks/ CPMF/ IOF taxes	(3.1)	(3.7)	(2.9)
Others	(0.1)	0.5	(0.6)
Financial Revenues	5.9	4.3	3.3
Interests on Financial Investments	5.9	4.4	3.3
Adjustment for Inflation	-	-	-
Exchange Rate Variation	-	(0.1)	-
Net Financial Result	21.4	9.4	(27.0)

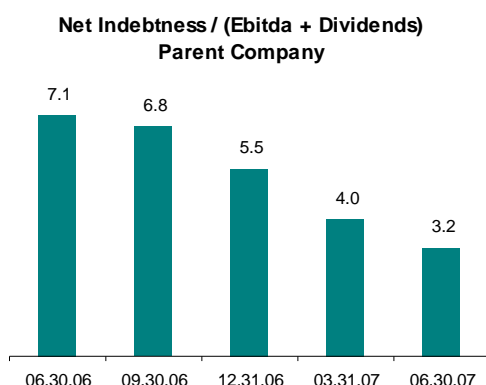
Debt Amortization Schedule (US\$ Million)

Additionally, the Company obtained revenue from interests on financial investments in the 2Q07 in the amount of R\$ 2.8 million, resulting from investment of the cash of its fully-owned subsidiary SPQ Investimentos e Participações, recorded in the result of the Parent Company through equity pick up.



According to the time schedule for amortization of the indebtedness, on June 30, 2007, the average debt maturity was of 4.5 years. The average indebtedness cost in the 2Q07 was of US\$ + 6.88%.

Net Indebtedness / (Ebitda+Dividends)



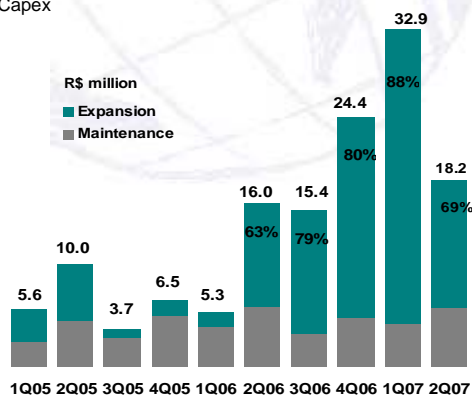
The Parent Company's leverage ratio measured by Net Debt/(Ebitda + Dividends), already considering the cash received as initial payment for the sale of Politeño and the positions of shares, owned by the Company and its controlled companies and intended to future sale, presented an important profile of reduction, leaving the level of 7.1 times in the 2Q06 and reaching 3.2 times in 2Q07, as a result of the improvement of our cash generation, since the indebtedness has been kept under a very stable level. After this, the Company reached a normalized leveraging level, which could suffer further reductions considering the cash that will probably be received in 4Q07 as the second installment for the Politeño sale, and also considering the hypothesis of a future sale of Petroflex.

Net Income

The maintenance of the recovery curve of our results contributed for the achievement, in the 2Q07, of a net income of R\$ 71.5 million, the greatest quarterly record in the last years and also exceeding in 30.9% the previous record, which had been registered in the 1Q07. Even with the recurring goodwill amortization of R\$ 13.7 million in the period, this net income was possible thanks to the good level of operating result of the Company, together with the positive contribution of a R\$ 21.4 million financial result, impacted by the appreciation of the Real, and also for the accounting of an equity pick up of R\$ 31.7 million, given the good results of Riopol and Petroflex, besides the financial revenue of SPQ resulting from the investment of the cash related to the first payment for the sale of Politeño. It is worthy to mention that the equity pick up was favorably impacted by the additional recording of R\$ 12.1 million related to the adjustment of the earn-out formula related to the sale of our interests in Politeño.

Investments

Capex



The investments of the Company were of R\$ 18.2 million in the 2Q07, of which 68.7% were destined to the expansion projects of our polypropylene production capacity, and the remaining to the maintenance of equipments and other investments.

The Company is increasing the production capacity of its Mauá and Duque de Caxias units, and is also investing in the construction of a sea terminal to receive propylene in Duque de Caxias.

The schedule for the start-up of the new capacities foresees the following stages: (1) construction of a sea terminal in Duque de Caxias to receive propylene for the Duque's facility, which will be completed in the 3Q07; (2) expansion of the polypropylene production capacity of the Duque de Caxias (RJ)

unit in 100 thousand tons/year in the 4Q07; (3) second stage of the increase in the polypropylene production capacity of the Mauá (SP) unit, which will add 90 thousand tons/year, planned for the 2Q08. The disbursement schedule updated as of 2Q07 is shown bellow.

US\$ million	Until 2T07	2007	2008	Total
Capex Projects	50.9	51.0	25.0	126.9
SeaTerminal	9.0	8.6	0.0	17.6
Expansions	41.9	42.4	25.0	109.3

The total amount estimated for the projects of expanding the capacity

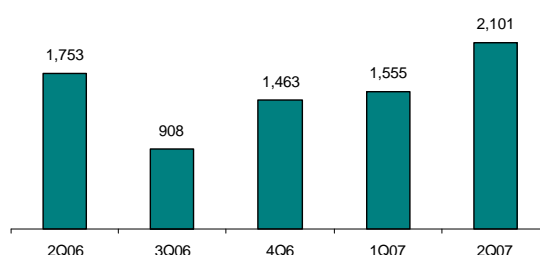
and the construction of the sea terminal, including the expansion of the Mauá unit already carried out, is of US\$ 126.9 million, and the funding for the projects mentioned above will be provided by the *International Finance Corporation-IFC* and also by BNDES. The total investment released this quarter differs from the one announced in the previous quarter due to the update of the exchange rate used to estimate the investments.

Capital Markets

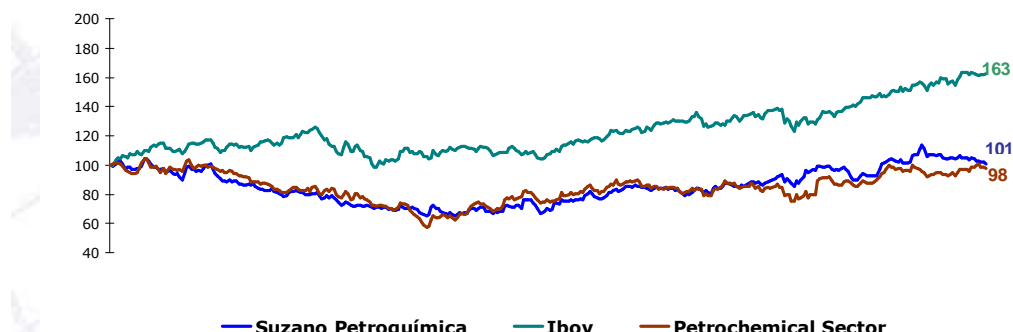
The daily average financial volume of the preferred share of Suzano Petroquímica (SZPQ4) negotiated at Bovespa in the 2Q07 reached R\$ 2.1 million, showing a growth of 35.1% compared to 1Q07, as a result of a greater amount of shares negotiated daily together with the appreciation of the share in the period. The 2Q07 Bovespa Index presented a daily average financial volume 18.3% higher than the one in the 1Q07, proving every quarter the strengthening of the Brazilian capital markets.

The Suzano Petroquímica preferred share negotiated at Bovespa closed the quarter priced at R\$ 4.78/share, showing an increase of 4.6% when compared to the price at the closing of the 1Q07. Up to 2Q07 closing, Suzano Petroquímica preferred share had an appreciation of 21.9% in the year, while the weighted rate of the petrochemical sector had a positive variation of 18.3% and the Bovespa Index raised 22.3% in the same period.

Average Daily Volume - SZPQ (R\$ '000 day)



SZPQ4 Performance x Ibovespa
Basis: Jan 2006 = 100



Information about the Share	June 30, 2007
Total Shares	226,695,380
Common Shares	97,375,446 (43.0%)
Preferred Shares	129,319,934 (57.0%)
Market Cap (=share price in 06.30.07 times the total number of shares)	
R\$ million	1,083.6
US\$ million	562.6

*Sources: Suzano Petroquímica / Econômica

Expectations for the polypropylene business

After the recent increase in the prices of oil and its derivatives, the strong levels of demand verified in several regions of the world allowed realignment movements in polypropylene international prices. The expectation of maintenance of a balanced supply-demand polypropylene international market in the next months shall maintain this positive scenario, and any adjustments and corrections in the current levels of polypropylene international prices shall depend strongly on the prices of oil and its derivatives in the next months.

The international market gives positive signs for the Brazilian petrochemical scenario, reinforced by a good moment of economic activity in the country, with many industrial segments registering strong operating levels, creating thus a good environment in the domestic market, specially considering the arrival of the third quarter, seasonably the best period of the year for the Brazilian resins producers.

Social and Environmental Responsibility for Sustainable Development

In this quarter was performed the process of external audit of the Integrated Management System in Health, Safety, Environment and Quality, by the international consultancy Det Norske Veritas (DNV). All the industrial facilities and the headquarters were audited, ensuring the maintenance of ISO 9001, ISO 14001 and OHSAS 18001 certificates.

At the same time, a pilot project of the VerificAR process of ABIQUIM was performed, to assess the grade of implementation of the new Responsible Care® Program, focused on the General and Supplies panels in the headquarters and in the General, Supplies and Production panels, in the Mauá facility, complying with the level required by ABIQUIM. The process was carried out with participation of representatives of the community.

The program of Local Productive Arrangement (APL) of Plastic of the surroundings of our Mauá facility (Grande ABC region) recorded new adhesions and the number of companies associated is already almost 40. The APL is a partnership of Suzano Petroquímica with other players in the region – City Halls, other companies of the petrochemical pole of Capuava, Universities, Unions, institutions like SEBRAE-SP and FIESP, IFC-World Bank and Economic Development Agency of the Grande ABC region. The purpose of the project is to stimulate micro and small companies of the petrochemical segment and located in the area to carry out actions in cooperation, together with several entities, aiming at enlarging the competitiveness of its businesses targeting the economic and social development of the Grande ABC region.

Suzano Petroquímica and other 5 companies of the Association of Industries of the Petrochemical Pole of the Grande ABC region (APOLO) began to give product donations to Cooperma (Cooperativa de Trabalho dos Profissionais em Reciclagem de Materiais de Mauá). It was also launched the Agir Mauá project or the Program for Integrated Management of Residues, which, in a partnership with the City Hall, is promoting the selective collection and directing the material to Cooperma.

The Company approved its new Social Investments Policy, based on the concept of supporting structured and sustainable projects in the long run. We believe that only giving funds to entities is not enough to change the life conditions of the population, and for that reason we aim to act in structured projects, with objectives and methodology feasible and transparent results. The social investment of Suzano Petroquímica must be done in a way that contributes to the development of the communities in the surroundings where the Company has its activities, but also the society in general and the country.

SUZANO PETROQUÍMICA CONSOLIDATED

Summary of the *Pro-Forma* Consolidated Result

Indexes Summary (R\$ million)	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Net revenue	700.6	592.7	18.2%	630.5	11.1%	1,331.1	1,067.3	24.7%
Gross Income	134.2	43.9	205.5%	126.2	6.3%	260.4	91.3	185.2%
Gross Margin	19.2%	7.4%	+ 11.8 b.p.	20.0%	- 0.8 b.p.	19.6%	8.6%	+ 11.0 b.p.
Ebitda	103.2	15.5	564.1%	99.4	3.9%	202.6	30.1	572.3%
Ebitda margin	14.7%	2.6%	+ 12.1 b.p.	15.8%	- 1.1 b.p.	15.2%	2.8%	+ 12.4 b.p.

Production (000 tons)	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Riopol ¹	103.3	97.7	5.7%	105.9	(2.5%)	209.2	150.2	39.3%
Petroflex	88.2	87.9	0.3%	76.7	15.0%	164.9	163.7	0.7%

1 - The production of 52.5 thousand tons in the 1Q06 refers to the pre-operating stage, started in November 2005 and ended on March 31, 2006.

Sales (000 tons)	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Riopol ¹	105.8	94.6	11.8%	115.0	(8.0%)	220.9	135.1	63.5%
Domestic Market	69.8	65.8	6.1%	63.2	10.4%	133.0	97.5	36.4%
Exports	36.0	28.8	25.0%	51.8	(30.5%)	87.9	37.6	133.8%
Petroflex	88.2	85.4	3.3%	82.3	7.2%	170.5	164.6	3.6%
Domestic Market	62.3	54.6	14.1%	58.9	5.8%	121.1	104.8	15.6%
Exports	25.9	30.8	(15.9%)	23.5	10.2%	49.4	59.8	(17.4%)

1 - From January to March 2006 40.5 thousand tons of polyethylenes were sold referring to the pre-operating stage of Riopol, which were not recorded in the results. The sales performed from April 2006 were totally of resins produced by Riopol, during its operating stage.

Riopol

This quarter the domestic demand of polyethylene increased 5.6% compared to 1Q07, and 91% of this growth was absorbed by local producers and only 9% by imports, mainly coming from the USA, due to reduction of availability of product for export in Argentina, as a result of problems in the supply of raw material (natural gas) in that country. Considering the priority to serve the domestic market by local producers, the polyethylene exports diminished 2.4% in this quarter compared to 1Q07.

In the accumulated of the year, the polyethylene domestic demand increased 2.4% over 1H06 and was basically served by a 3.1% increase in the local producers' sales, which also reduced the imports by 1.1%. In the same period, the exports had an increase of 29.8%, as a function of the good commercial conditions in the external market.

In the second quarter a movement of increase in the polyethylene prices in the USA, Europe and Asia was noted, supported by the increase in raw material prices combined with the warmed global demand. However, this polyethylene price increase did not happen in the same length in Brazil. Therefore, considering the typically warmer demand in the transformation sector in the 3Q07, combined with a reduction of local supply caused by energetic problems in Argentina, besides the increase of raw materials prices, for the next months it is expected a greater pressure for margin recovery by resins producers.

As a result of irregularities and interruptions in the supply of raw material, Riopol polyethylene production decreased 2.5% in when compared to 1Q07, reaching 103.3 thousand tons. Despite the 76.5% operating rate in the quarter, the ethylene and polyethylene units made important progress in their respective learning curves, reaching high levels of operating efficiency, a reflex of the greater conversion of raw materials into polyethylene. Thus, the production of off-spec products in the 2Q07 diminished 1.1% compared to the previous quarter, representing 4.3% of the total production of polyethylene in June.

Considering Riopol's strategy of prioritizing its sales in the domestic market, the 2Q07 sales in the local market, of 69.8 thousand tons, were 10.4% greater, while exports reduced 30.5% when compared to 1Q07. From the total amount of 105.8 thousand tons sold in the 2Q07, 34.1% were destined to the external market, improving the company's sales mix, which had exported 45.1% of the sales in the previous quarter. Even with a smaller export volume, Riopol complied with the off-take agreement in place with Vinmar.

In April, the company launched a new product in Brazil, Metapol, a resin produced with metallocenic catalyst and acknowledged by its good processability, weldability and transparency, and largely used in shrink packages (wrapper film of sets of water and soft drinks bottles and cans). With this launching, the company aggregates, through this product line, one more segment for application of polyethylene in the Brazilian market, capitalizing important opportunities of differentiation.

The Riopol result in the 1Q06 was recorded in the deferred asset of the company, since it was still in pre-operating stage. Therefore, the accumulated results in the 1H06 are not comparable to the results assessed in the 1H07. Only from the 2Q06 on the results have been recorded in the statements of result of the company and in our consolidated result, proportionally to our interests in the capital of Riopol.

Petroflex

In the 2Q07 the internal demand was positively influenced by the agricultural sector and by the excellent performance of the Brazilian automotive sector, reflected in the record of car sales in Brazil in June this year. On the other hand, sectors like footwear remained contributing for the increase of imports of elastomers in Brazil, trying to face the difficulties resulting from the appreciation of the Brazilian currency. In the international market a recovery was noted in the consumption of elastomers, mainly in Asia. Although the prices of synthetic rubber have presented a recovery compared to the previous quarter, they did not follow exactly the increase of the natural rubber prices observed in Asia.

Petroflex's production in the 2Q07 totaled 88.2 thousand tons of elastomers, representing an increase of 15.0% over the 1Q07, mainly as a result of the smaller comparison basis in that quarter, when planned stoppages were carried out for maintenance of the Cabo and Duque facilities. When compared to the 2Q06, the volume produced increased in only 0.3%, representing a reduction of 6 b.p. in the operating rate, considering the increase of 20 thousand tons in the nameplate capacity of the Cabo plant in January 2007. In the accumulated in 2007, the production reached 164.9 thousand tons of elastomers, in line with the 1H06, reaching 74% of operating rate.

Aiming to take advantage of the good moment of the Brazilian market, and to diminish the impact of the appreciation of the Real, Petroflex maintained the priority on its sales for the domestic market, which represented 58.1% of the sales increase in the 2Q07 over 1Q07. When comparing to the same quarter of last year, total sales of 88.2 thousand tons of elastomers showed an increase of 3.3%, despite a reduction in the exported volume of 15.9%. In the 2Q07, the products of greater added value, special and performance elastomers, represented 29% of the total sales.

Net Operating Revenue

The consolidated net operating revenue totaled R\$ 700.6 million in the 2Q07, 11.1% above the one recorded in the previous quarter, basically as a result of the net revenue of the Parent Company 16.8% higher. Considering the 2Q06, the consolidated net revenue was 18.2% greater, an effect of the recovery of the prices in the industry generating better results for all companies. The consolidated net revenue in the 1H07 showed a growth of 24.7% when compared to 1H06, due primordially to the non-contribution of the Riopol result in the 1Q06 as a result of its still pre-operating period.

Net revenue								
R\$ million	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Suzano Petroquímica								
Parent Company	515.6	433.0	19.1%	441.4	16.8%	957.0	845.7	13.2%
Riopol ¹	120.0	94.7	26.7%	129.0	(7.0%)	249.0	94.7	-

Petroflex ¹	73.2	65.0	12.6%	70.1	4.4%	143.3	127.0	12.8%
Offsets ³	(8.2)	-	-	(10.1)	-	(18.3)	-	-
Suzano Petroquímica Consolidated²	700.6	592.7	18.2%	630.5	11.1%	1,331.1	1,067.3	24.7%

1 - Participation of Suzano Petroquímica of 33.33% in Riopol and 20.12% in Petroflex

2 - Pro forma consolidation considering the participations in Petroflex and Riopol. It does not consider the participation held in Politeno in the periods previous to its sale which took place on Apr 04, 2006.

3 - In the process of consolidation, the revenues and costs among companies must be offset. In the 4Q06 the total adjustment of transactions between Suzano Petroquímica and Riopol occurred during 2006 and related to the propylene supply were recorded, being the main component of the adjustment in Offsets. Starting from the 1Q07, the offset of transactions between the companies started to be normally done on a quarterly basis.

Riopol: the net revenue in the quarter, of R\$ 359.9 million, diminished 7.0% when compared to the 1Q07 because of the 8.0% reduction in the volume sold, despite the better sales mix of the company in the 2Q07, which caused an increase of 2.3% in the polyethylene net revenue per ton, in Reals, of polyethylene q-o-q. In Dollars, the net revenue showed a slight reduction of 1.1% in comparison to 1Q07, thanks to a polyethylene net revenue per ton, in Dollars, 8.9% greater. From the total net revenue, 90.7% resulted from the polyethylene sale and the remaining from sale of co-products (propylene, hydrogen and pyrolysis gasoline). Riopol represented 16.0% of the Suzano Petroquímica consolidated net revenue in the 2Q07.

Petroflex: the net operating revenue of Petroflex in the 2Q07 was of R\$ 363.8 million, 4.4% higher than the 1Q07 due to the greater volume sold, which more than compensated the fall of 2.5% in the net revenue per ton of the company, in Reals. As regards the same period of 2006, the net revenue increased 12.6%, a joint effect of the 3.3% increase in the volume sold and the sale prices in Reals about 9.0% higher. In the first semester of 2007, the company accumulated net revenue of R\$ 712.4 million, indicating an increase of 12.8% over 1H06, thanks to a net revenue per ton in Reals 9.0% higher. Petroflex represented 10.4% of the consolidated net revenue of Suzano Petroquímica in the 2Q07.

Cost of Goods Sold (CoGS)

The consolidated cost of goods sold (CoGS) reached R\$ 566.4 million in the 2Q07, 12.3% above the one assessed in the 1Q07 and 3.2% higher than the one in the 2Q06, due mainly to the greater CoGS assessed in the Parent Company. The consolidated CoGS in the 1H07 was 9.7% greater than the 1H06, basically as a result of the greater contribution of Riopol in the consolidation, since in the 1Q06 the cost of goods sold by Riopol was still being deferred, given its pre-operating stage.

Cost of Goods Sold (CoGS)								
R\$ million	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Suzano Petroquímica Parent Company	418.8	392.8	6.6%	349.8	19.7%	768.6	764.0	0.6%
Riopol ¹	94.4	98.5	(4.2%)	104.2	(9.5%)	198.6	98.5	-
Petroflex ^{1,4}	61.4	57.4	7.0%	60.3	1.8%	121.7	113.4	7.3%
Offsets ³	(8.2)	-	-	(10.1)	-	(18.3)	-	-
Suzano Petroquímica Consolidated²	566.4	548.7	3.2%	504.2	12.3%	1,070.7	976.0	9.7%

1 - Participation of Suzano Petroquímica of 33.33% in Riopol and 20.12% in Petroflex

2 - Pro forma consolidation considering the participations in Petroflex and Riopol. It does not consider the participation held in Politeno in the periods previous to its sale which took place on Apr 04, 2006.

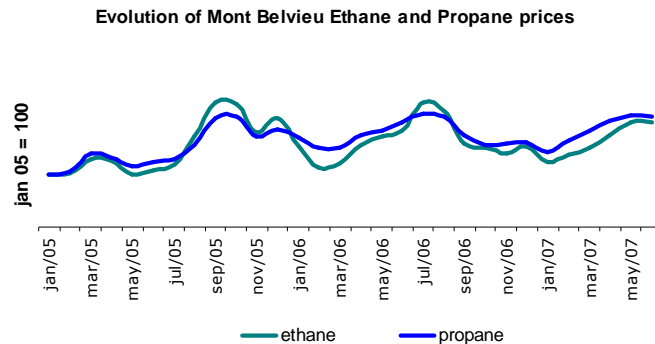
3 - In the process of consolidation, the revenues and costs among Companies must be offset. In the 4Q06 the total adjustment of transactions between Suzano Petroquímica and Riopol occurred during 2006 and related to the propylene supply were recorded, being the main component of the adjustment in Offsets. Starting from the 1Q07, the offset of transactions between the companies started to be normally done on a quarterly basis.

4 - At the end of 2006 Petroflex performed a reevaluation of assets, which increased the depreciation accounted in the CoGS. As Suzano Petroquímica does not use this accounting system, the Company made an adjustment to eliminate its effect, and for that reason the values of CoGS disclosed by Petroflex are different from ours. See more details at the Note in the Company's ITR.

Riopol: the CoGS in the 2Q07 was of R\$ 283.2 million, 9.5% below the one assessed in the 1Q07 as a result of the 8.0% reduction in the volume sold together with a smaller CoGS per ton in Reals, influenced by a reduction in the variable cost per ton recorded by the company. In the 2Q07, 78.9% of Riopol CoGS was variable costs (raw material, catalysts, utilities, etc), 12.9% related to depreciation and amortization and 8.2% of fixed costs. The greater operating efficiency achieved by the company, reflected in a more optimized consumption of the raw material, combined with the recording of a smaller cost of raw materials in Reals, a result mainly of the reduction

in the average exchange rate between the quarters, more than compensated the increase in the raw materials price in Dollars, making possible a polyethylene CoGS per ton in Reals 1.6% lower than the one in 1Q07.

During the 2Q07 the ethane and propane prices showed an increasing curve, pressed by the international prices of natural gas and oil, these last impacted by geopolitical conflicts in the Middle East, building inventory as a result of the proximity of the hurricane season in the United States, besides a greater demand for gasoline in the USA as a result of the driving season in a moment of lower availability of this product in the American market (stoppages and operating problems in refineries). Thus, the average prices of Mont Belvieu* ethane in the quarter was 22.5% above of the recorded in the 1Q07, while the propane in the same reference also showed an increase of 16.9%, as shown in the chart.



Petroflex: the CoGS⁴ of the Petroflex in the 2Q07 was of R\$ 305.6 million, 2.1% higher than the one recorded in the 1Q07 due mainly to the sales volume 7.2% greater, which had its impact reduced by a variable cost per ton 3.3% lower. As regards the same period of 2006, the CoGS showed an 7.0% increase, resulting basically from the higher prices in Reals of the raw materials, reflected in a variable cost per ton 7.2% greater q-o-q.

General and Administrative Sales Expenses (SG&A)

The consolidated sales general and administrative expenses (SG&A) totaled R\$ 69.8 million in the 2Q07, 8.5% above the ones recorded in the 1Q07, basically as a result of the greater administrative expenses recorded in the Parent Company and in Riopol. When compared to the 2Q06, the SG&A expenses was 6.5% greater as a result of the increase of 7.3% in the consolidated sales expenses. In the semester, the consolidated expenses totaled R\$ 134.1 million, an amount 13.7% higher than the one assessed in the same 1H06.

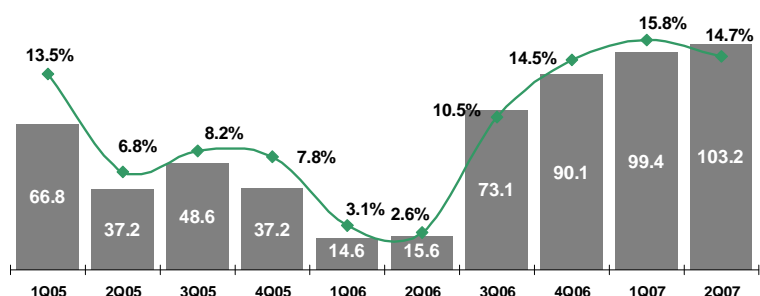
Riopol: the SG&A expenses of the company reached R\$ 50.7 million in the 2Q07, 22.7% higher than the expenses assessed in the 1Q07. This increase is explained by non-recurring expenses incurred this quarter, with restructuring of the executive board, payment of bonus, special projects and participation in fairs and events. Excluding the non-recurring effects, the SG&A expenses of the 2Q07 would be 15.2% greater than the ones of the 1Q07. From the sales, general and administrative expenses recorded in the 2Q07, 73.3% were sales expenses and 26.7% general and administrative expenses. In the 1H07, the SG&A expenses reached the amount of R\$ 91.9 million.

Petroflex: the SG&A expenses of the company reached R\$ 22.6 million in the 2Q07, 2.9% higher than the one recorded in the 1Q07, due to the increase of 7.9% in the sales expenses, a result of the greater expenses with freight and storage resulting from the greater exported volume, which were slightly diminished by a reduction of 4.5% in the general and administrative expenses. When compared to the 2Q06, the SG&A expenses had a reduction of 6.2%, due to lower general and administrative expenses, a result of the policy of costs reduction implemented by Petroflex, and the reduction of 7.6% in the sales expenses, a consequence of the lower exported volume. When compared to the 1H06, the SG&A expenses of R\$ 44.5 million totaled in the 1H07, were 8.4% lower.

Ebitda

The consolidated Ebitda in the 2Q07 totaled R\$ 103.2 million, 3.9% higher than the one assessed in the 1Q07, influenced by strong increase in cash generation both of the Parent Company and Petroflex, which compensated the 14.3% reduction in the Riopol's Ebitda.

When compared to the 2Q06, the consolidated Ebitda showed a growth of 564.1%. Such growth is explained by the sensible recovery of businesses starting from the 3Q06, reflected in the progress of 12.1 b.p. of the Ebitda margin.



In the semester, the company accumulated a consolidated Ebitda of R\$ 202.6 million, 572.3% higher than the one recorded in the 1H06 as a result of the recovery of spreads recorded starting from the 3Q06, reflected in better results disclosed by the companies, and of the non-contribution of result of Riopol in the 1Q06 plus a negative cash generation of this company in the 2Q06. In the 2Q07, 70.5% of the consolidated Ebitda of Suzano Petroquímica resulted from the contribution of the polypropylene business.

Ebitda								
R\$ million	2Q07	2Q06	Δ% 2Q07/2Q06	1Q07	Δ% 2Q07/1Q07	1H07	1H06	Δ% 1H07/1H06
Suzano Petroquímica Parent Company	72.8	18.4	296.4%	68.5	6.3%	141.2	31.0	354.9%
Riopol ¹	21.1	(6.9)	407.1%	24.6	(14.3%)	45.8	(6.9)	-
Petroflex ¹	9.7	6.1	59.0%	6.6	47.2%	16.2	8.7	86.2%
Other revenues/ consolidated expenses ³	(0.3)	-	-	(0.3)	-	(0.6)	(2.7)	-
Suzano Petroquímica Consolidated²	103.2	15.5	564.1%	99.4	3.9%	202.6	30.1	572.3%

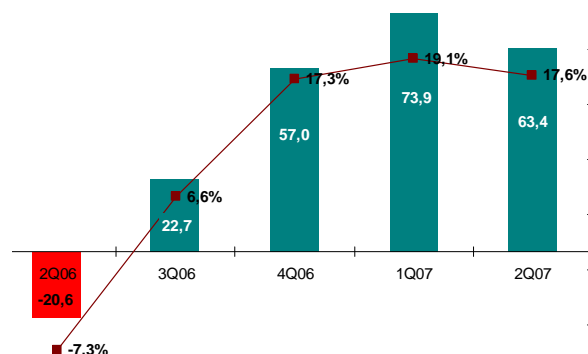
1 – Participation of Suzano Petroquímica of 33.33% in Riopol and 20.12% in Petroflex

2 - Pro forma consolidation considering for all the periods mentioned the participations in Petroflex and Riopol. It does not consider the participation held in Politenio in the periods previous to its sale which took place on Apr 04, 2006.

3 – These reflect the consolidated operating revenues/expenses of SPQ Investimentos e Participações Ltda., of Suzanopar Petroquímica Ltd. and of Polipropileno Participações up to September 30, 2006.

Riopol: the Ebitda achieved by the company in the 2Q07 was 14.3% lower than the one in the 1Q07, reaching R\$ 63.4 million. The increase of 2.1 b.p. in the gross margin of the company was neutralized by greater expenses assessed in the quarter. The Ebitda margin assessed in the 2Q07 was of 17.6%, representing a reduction of 1.5 b.p when compared to the 1Q07. Riopol contributed with a share of 20.5% in the consolidated Ebitda of Suzano Petroquímica in the 2Q07.

Petroflex: the company recorded an operating cash generation in the 2Q07 of R\$ 48.0 million, 47.2% higher than the one reached in the 1Q07, due to an increase of 1.9 b.p. in the gross margin together with a positive non-recurring operating revenue resulting from the reversion of the provision of the actuarial liabilities of Petros in the amount of R\$ 6.1 million, and of the carbon credits sale in the amount of R\$ 1.5 million. When compared to the 2Q06, the Ebitda showed an expressive increase of 59.0%, mainly as a result of the gross margin 4 b.p. greater in the quarter. Thus, Petroflex also showed an important recovery in its Ebitda margin, reaching 13.2% in the 2Q07, compared to a 9.3% margin assessed in the 1Q07 and in the 2Q06. In the 1H07, the company obtained an Ebitda of R\$ 80.6 million, 86.2% higher than the 1H06, with a 11.3% margin.



Financial Result and Indebtedness

Suzano Petroquímica obtained a positive net consolidated financial result of R\$ 33.2 million in the 2Q07, 176.7% higher than the result recorded in the 1Q07, due primordially to the average appreciation of 6.3% of the Real within the period, which positively contributed with R\$ 69.3 million to the financial result.

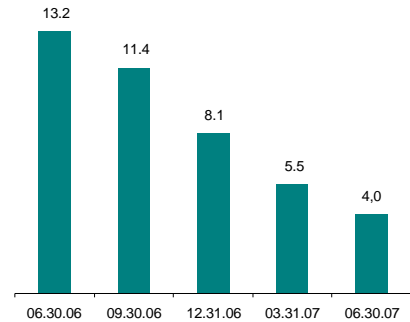
In the 1H07, the net financial result was of R\$ 45.2 million, 309.4% above the one recorded in the 1H06, benefited by a positive effect of exchange rate variation of R\$ 117.5 million, as a result of the most part of the indebtedness of the companies being registered in Dollars.

The consolidated gross indebtedness of the Company (considering principal and interests) in June 30, 2007 was of R\$ 1,854.7 million, 5.2% lower than the amount of R\$ 1,956.8 million in March 31, 2007, due to the payment of US\$ 57.4 million of the indebtedness made by Riopol and by the appreciation of the Real, translating the Dollars indebtedness into a lower amount in local currency. The consolidated net indebtedness reached R\$ 1,447.0 million, 5.4% below the one registered in the previous quarter, as a result of the lower gross indebtedness in Reals, which more than compensated the reduction of 4.6% in the cash availability.

Net Indebtedness / Ebitda

Confirming the commitment undertaken with the market, the Company continued its curve of strong deleverage also in the Consolidated, with the Net Indebtedness /Ebitda ratio falling 1.5 b.p., reaching 4.0 times at the end of the 2Q07. Such reduction is a result of the combination of the diminishment of the consolidated net indebtedness and of the 31.5% increase of the accumulated pro forma consolidated Ebitda in the last 12 months. This reduction process of consolidated leverage shall be maintained in the next periods, with the expectation of maintenance of good levels of cash generation of Riopol, replacing Ebitdas registered during its learning curve in previous quarters in 2006, the cash that will probably be received in 4Q07 as the second installment for the Politeno sale, and also considering the hypothesis of a future sale of Petroflex. It is worthy to stress that both the indebtedness of the Parent Company and Riopol's are concentrated in the long term, non existing any rolling pressure or compliance difficulties with financial commitments, which are comfortably scheduled for the next years.

Net Indebtness / Ebitda
Consolidated *Pro Forma*



Net Income

The maintenance of the movement of recovery of our results and of our controlled companies contributed for the achievement, in the 2Q07, of a net income of R\$ 72.1 million, the greater quarterly record of the last years and exceeding further in 32.1% the previous record, which had been recorded in the 1Q07. This level of net income was possible thanks to the good level of operating result of the Parent Company and of the controlled companies Riopol and Petroflex, associated to the positive contribution of R\$ 33.2 million of financial result, impacted by the appreciation of the Real, and further by the additional accounting of R\$ 12.1 million related to the adjustment of the earn-out formula related to the sale of our interests in Politeno, and despite the recurring goodwill amortization of R\$ 13.7 million in the period.

For consolidation purposes, the Parent Company net income in the 2Q07 is R\$ 651 thousand lower than the consolidated net income due to a tax incentive reclassification of 25% of withholding taxes expenses related to the Camaçari unit, in the jurisdiction of the Northeastern Development Agency (ADENE).

Annexes

1. Balance Sheets – Controlling Company and Consolidated
2. Statement of results– Controlling Company
3. Statement of results– Consolidated
4. Statement of results– Riopol
5. Balance Sheets – Riopol

ANNEX 1 – BALANCE SHEETS

Suzano Petroquímica - Parent Company Balance Sheet

R\$ 000

	06/30/2007	03/31/2007
Cash and cash equivalents	197,593	207,417
Other current assets	502,362	439,835
Long-term assets	186,537	197,099
Other permanent assets	1,205,024	1,190,760
Property, plant and equipment	476,241	477,135
Total Assets	2,567,757	251,225
Suppliers	177,032	122,268
Short-term loans	242,156	195,161
Other short-term liabilities	47,618	59,466
Long-term loans	980,824	1,074,844
Other long-term liabilities	7,348	18,852
Future Periods Results	19,473	20,372
Shareholders' equity	1,093,306	1,021,283
Total liabilities	2,567,757	2,512,246

Suzano Petroquímica - Consolidated Balance Sheet

R\$ 000

	06/30/2007	03/31/2007
Cash and cash equivalents	407,746	460,242
Other current assets	819,227	733,385
Long-term assets	295,849	307,491
Other permanent assets	586,636	609,150
Property, plant and equipment	1,322,739	1,330,241
Total Assets	3,432,197	3,440,509
Suppliers	227,309	183,926
Short-term loans	313,760	288,434
Other short-term liabilities	91,063	100,279
Long-term loans	1,540,961	1,668,318
Other long-term liabilities	128,732	140,304
Future Periods Results	37,066	37,965
Shareholders' equity	1,093,306	1,021,283
Total Liabilities	3,432,197	3,440,509

ANNEX 2 – STATEMENT OF RESULT - CONTROLLING COMPANY

Suzano Petroquímica - Parent Company

Income Statement

R\$ thousand

	2Q 07	2Q 06	Var. %	1Q07	Var. %
Gross Revenues	670,787	565,994	19%	571,921	17%
Gross Revenues Deductions	(155,143)	(132,988)	17%	(130,536)	19%
Net Revenues	515,644	433,006	19%	441,385	17%
Cost of Goods Sold	(418,814)	(392,840)	7%	(349,775)	20%
Gross Income	96,830	40,166	141%	91,610	6%
<i>Gross Margin</i>	<i>18.8%</i>	<i>9.3%</i>	<i>+9,5p.p.</i>	<i>20.8%</i>	<i>-2,0p.p.</i>
Selling Expenses	(32,757)	(33,393)	-2%	(35,102)	-7%
General and Administrative Expenses	(15,263)	(12,737)	20%	(10,734)	42%
Other Net Operating Revenue (Expenses)	3,548	6,211	-43%	2,736	30%
Activity Result	52,358	247	21098%	48,510	8%
<i>Activity Margin</i>	<i>10.2%</i>	<i>0.1%</i>	<i>+10,1p.p.</i>	<i>11.0%</i>	<i>-0,8p.p.</i>
Net Financial Revenues (Expenses)	21,421	(27,021)	179%	9,400	128%
Financial Revenues	5,883	3,281	79%	4,315	36%
Financial Expenses	15,538	(30,302)	151%	5,085	206%
Equity Results	31,674	(930)	3506%	28,701	10%
Goodwill Amortization	(13,704)	(14,860)	-8%	(13,545)	1%
Net non-Operating Revenues (Expenses)	(317)	(262)	21%	(4,847)	-93%
Income Before Income Tax and Social Contribution	91,432	(42,826)	313%	68,219	34%
Income Tax and Social Contribution	(19,946)	16,512	-221%	(13,620)	46%
Minority Interest	-	-	-	-	-
Net Income/Loss for the Year	71,486	(26,314)	372%	54,599	31%
EBITDA	72,761	18,357	296%	68,461	6%
<i>EBITDA Margin</i>	<i>14.1%</i>	<i>4.2%</i>	<i>+9,9p.p.</i>	<i>15.5%</i>	<i>-1,4p.p.</i>

ANNEX 3 – STATEMENT OF RESULT - CONSOLIDATED

Suzano Petroquímica - Consolidated Income Statement

R\$ thousand

	2Q 07	2Q 06	Var. %	1Q07	Var. %
Gross Revenues	901,637	763,050	18%	805,349	12%
Gross Revenues Deductions	(201,019)	(170,399)	18%	(174,889)	15%
Net Revenues	700,618	592,651	18%	630,460	11%
			0%		
Cost of Goods Sold	(566,425)	(548,728)	3%	(504,245)	12%
Gross Income	134,193	43,923	206%	126,215	6%
<i>Gross Margin</i>	19.2%	7.4%	+11,8p.p.	20.0%	-0,8p.p.
			0%		
Selling Expenses	(47,970)	(44,691)	7%	(48,257)	-1%
General and Administrative Expenses	(21,802)	(20,798)	5%	(16,028)	36%
Other Net Operating Revenue (Expenses)	4,780	8,414	-43%	2,558	87%
Activity Result	69,201	(13,152)	626%	64,488	7%
<i>Activity Margin</i>	9.9%	-2.2%	+12,1p.p.	10.2%	-0,4p.p.
			0%		
Net Financial Revenues (Expenses)	33,219	(36,690)	-191%	12,005	177%
Financial Revenues	8,717	(84,485)	-110%	7,401	18%
Financial Expenses	24,502	47,795	-49%	4,604	432%
Equity Results	-	-	0%	-	
Goodwill amortization	(13,704)	(14,860)	-8%	(13,545)	1%
Net non-Operating Revenues (Expenses)	11,782	13,754	-14%	10,858	9%
Income Before Income Tax and Social Contributi	100,498	(50,948)	297%	73,806	36%
			0%		
Income Tax and Social Contribution	(28,361)	24,600	-215%	(19,207)	48%
Minority Interest	-	34	-100%	-	0%
Net Income/Loss for the Year	72,137	(26,314)	374%	54,599	32%
			0%		
EBITDA	103,220	15,542	564%	99,392	4%
<i>EBITDA Margin</i>	14.7%	2.6%	+12,1p.p.	15.8%	-1,1p.p.

ANNEX 4 – STATEMENT OF RESULT - RIOPOL

Rio Polímeros Income Statement

R\$ thousand

	2Q 07	2Q06	Var. %	1Q 07	Var. %
Gross Revenues	448,623	354,715	26%	474,111	-5%
Gross Revenues Deductions	(88,719)	(70,680)	26%	(86,994)	2%
Net Revenues	359,904	284,035	27%	387,117	-7%
Cost of Goods Sold	(283,165)	(295,603)	-4%	(312,722)	-9%
Gross Income	76,739	(11,568)	763%	74,395	3%
<i>Gross Margin</i>	21.3%	-4.1%	+25.4p.p.	19.2%	+2.1p.p.
Selling Expenses	(37,118)	(24,568)	51%	(31,574)	18%
General and Administrative Expenses	(13,543)	(13,213)	2%	(9,711)	39%
Other Net Operating Revenue (Expenses)	-	-	0%	-	-
Activity Result	26,078	(49,349)	-153%	33,110	-21%
<i>Activity Margin</i>	7.2%	-17.4%	+24.6p.p.	8.6%	-1.3p.p.
Net Financial Revenues (Expenses)	25,533	(35,732)	171%	(886)	2983%
Financial Revenues	(1,104)	(107,547)	-99%	(1,965)	-44%
Financial Expenses	26,637	71,815	-63%	1,080	2367%
Equity Results	-	-	-	-	-
Goodwill amortization	-	-	-	-	-
Net non-Operating Revenues (Expenses)	2	-	-	2	-
Income Before Income Tax and Social Contribution	51,613	(85,081)	161%	32,227	60%
Income Tax and Social Contribution	(18,096)	27,489	-166%	(11,031)	64%
Minority Interest	-	-	-	-	0%
Net Income/Loss for the Year	33,517	(57,592)	158%	21,196	58%
EBITDA	63,384	(20,645)	407%	73,942	-14%
<i>EBITDA Margin</i>	17.6%	-7.3%	+24.9p.p.	19.1%	-1.5p.p.

ANNEX 5 – BALANCE SHEETS - RIOPOL

Rio Polímeros Balance Sheet

R\$ 000

	06/30/2007	03/31/2007
Cash and cash equivalents	2,527	141,836
Other current assets	425,595	382,202
Long-term assets	294,687	301,977
Other permanent assets	558,461	573,777
Property, plant and equipment	2,280,122	2,298,809
Total Assets	3,561,392	3,698,601
Suppliers	87,919	95,475
Short-term loans	160,532	224,949
Other short-term liabilities	52,391	44,212
Long-term loans	1,507,642	1,617,589
Other long-term liabilities	325,931	322,916
Future Periods Results	-	-
Minority interest	-	-
Shareholders' equity	1,426,977	1,393,460
Total liabilities	3,561,392	3,698,601