Suzano Petroquímica S.A.

Consolidated Financial Statements
for the Quarter Ended March 31, 2008 and
Independent Accountants' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Shareholders of
Suzano Petroquímica S.A.
São Paulo - SP - Brazil

1. We have performed a special review of the accompanying consolidated balance sheet of Suzano Petroquímica S.A. (the "Company") and subsidiaries as of March 31, 2008, and the related statements of income and cash flows for the quarter then ended, all expressed in U.S. dollars and prepared under the responsibility of the Company's management in conformity with generally accepted accounting principles in the United States of America.

2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the quarterly financial statements; and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and subsidiaries. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

3. Taking into account the restricted use of the accompanying financial statements, the Company has not presented a statement of shareholders' equity and comprehensive income for the quarter ended March 31, 2008 and, consequently, has not presented the separate balances of capital stock, retained earnings, and other comprehensive income in the U.S. dollars. The presentation of these statements and the separate balances within shareholders' equity are required by generally accepted accounting principles in the United States of America.

4. Based on our special review, except for the matter described in paragraph 3, we are not aware of any material modifications that should be made to the financial statements referred to in paragraph 1 for them to be in conformity with generally accepted accounting principles in the United States of America.

5. As described in Note 7, the Company has been accumulating ICMS tax credits (State Value--added Tax - VAT) originated from the operations of the plant located in Camaçari, State of Bahia, as a result of the relative relevance of inter-state sales, which are taxed at ICMS rates which are lower than the rates applied on purchases of raw materials acquired locally, and of export sales, which are exempted from ICMS taxation. The realization of these credits (approximately US$30.8 million as of March 31, 2008) depends on the success of management in the implementation of the actions described in Note 7.

6. As described in Note 19, the Company has accounts receivable amounting to US$13.7 million from the current controlling shareholders (Petróleo Brasileiro S.A. - Petrobras), classified under noncurrent assets, resulting from purchases of raw materials that had been unduly taxed at an ICMS rate of 19%, rather than the correct rate of 12%. The realization of this asset depends on the success of the negotiations being conducted by the Company and Petrobras with the tax authorities of the State of Rio de Janeiro.

7. We had previously audited the consolidated balance sheet as of December 31, 2007, presented for comparative purposes, and issued a qualified audit report thereon on the same matter described in paragraph 3 and emphasis paragraphs on the same matters described in paragraphs 5 and 6, dated January 22, 2008 (except for the matter described in Note 13 for whose the date is January 28, 2008). We had previously reviewed the consolidated statements of income and cash flows for the quarter ended March 31, 2007, presented for comparative purposes, and issued an unqualified review report dated May 11, 2007.

April 28, 2008

Deloitte Touche Tohmatsu

SUZANO PETROQUÍMICA S.A.

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007
(Expressed in thousands of U.S. dollars)

ASSETS	Note	03/31/08	12/31/07
CURRENT			
Cash and cash equivalents	4	194,945	257,523
Marketable securities - available-for-sale		18,139	17,310
Trade accounts receivable	5	124,035	120,922
Inventories	6	137,926	120,986
Deferred income tax		-	650
Recoverable taxes	7	12,042	8,944
Other credits		4,090	5,768
Prepaid expenses		365	227
Assets held for sale	8	161,781	159,753
Total current assets		653,323	692,083
INVESTMENT IN NONCONSOLIDATED AFFILIATES	9	109,401	108,029
GOODWILL	11	219,822	215,704
PROPERTY, PLANT AND EQUIPMENT	10	337,422	323,670
NONCURRENT ASSETS			
Intangible assets	11	17,416	17,631
Trade accounts receivable	5	8,516	13,011
Deferred income tax		10,878	14,753
Recoverable taxes	7	75,702	67,976
Related parties	19	13,665	13,494
Prepaid pension benefit		2,922	2,885
Other debtors		544	1,613
Total noncurrent assets		129,643	131,363
TOTAL ASSTETS		1,449,611	1,470,849

The accompanying notes are an integral part of the financial statements.

SUZANO PETROQUÍMICA S.A.

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2008 AND DECEMBER 31, 2007
(Expressed in thousands of U.S. dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES			
Supplies	12	46,138	56,919
Related parties	19	36,953	41,321
Payroll and related charges		5,070	9,771
Taxes payable other than income		8,359	8,219
Deferred income tax		958	-
Short-term debt	13	154,855	163,924
Dividends payable		23,422	23,129
Other creditors		7,913	16,567
Total current liabilities		283,668	319,850
NONCURRENT LIABILITIES			
Long-term debt	13	505,977	511,082
Other creditors		478	530
Contingent liabilities and commitments	14	4,871	4,799
Total noncurrent liabilities		511,326	516,411
SHAREHOLDERS' EQUITY	15	654,617	634,588
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,449,611	1,470,849

The accompanying notes are an integral part of the financial statements.

SUZANO PETROQUÍMICA S.A.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE QUARTERS ENDED MARCH 31, 2008 AND 2007
(Expressed in thousands of U.S. dollars)

	Note	2008	2007
Net domestic sales		188,208	170,640
Net export sales		69,661	40,630
		257,869	211,270
Cost of sales		(213,758)	(158,559)
Selling expenses		(15,419)	(16,630)
Administrative and general expenses		(6,757)	(4,651)
Depreciation and amortization		(10,517)	(8,991)
Equity in earnings of petrochemical affiliates		-	7,384
Interest income, net	16	463	6,925
Other income, net		4,174	3,082
		(241,814)	(171,440)
INCOME BEFORE TAXES AND MINORITY INTERESTS		16,055	39,830
PROVISION FOR INCOME TAXES		(4,072)	(8,240)
NET INCOME		11,983	31,590

The accompanying notes are an integral part of the financial statements.

SUZANO PETROQUÍMICA S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2008 AND 2007
(Expressed in thousands of U.S. dollars)

	2008	2007
OPERATING ACTIVITIES		
Net income for the quarter	11,983	31,590
Adjustments to the net income reconciliation:		
Depreciation and amortization	10,442	8,689
Loss on sale of property, plant and equipment	127	3,644
Equity from affiliates	-	(7,093)
Provision for losses on accounts receivable, inventories and recoverable taxes	237	(1,210)
Increase on interest payable and exchange rate variation on debts	6,648	(15,116)
Deferred income tax	5,302	3,326
Other	11	(1,232)
Changes in assets and liabilities:		
Accounts receivable	3,120	11,144
Inventories	(15,767)	(264)
Recoverable taxes	(7,492)	(641)
Other current and noncurent assets	308	(3,421)
Suppliers	(16,486)	(2,572)
Other payables	(26,540)	830
Net cash provided (used) by operating activities	(28,107)	27,674
INVESTING ACTIVITIES		
Capital expenditure	(21,246)	(16,631)
Net cash used by investing activities	(21,246)	(16,631)
FINANCING ACTIVITIES		
Proceeds from issuance of debt	22,835	36,503
Repayment of debt	(39,597)	(33,454)
Net cash provided (used) by financing activities	(16,762)	3,049
EXCHANGE VARIATION ON CASH AND CASH EQUIVALENTS	3,537	11,967
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(62,578)	26,059
CASH AND CASH EQUIVALENTS		
At the beginning of quarter	257,523	127,593
At the end of quarter	194,945	153,652
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(62,578)	26,059
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for interest	12,749	1,025
Cash paid for taxes on income	1,085	191

The accompanying notes are an integral part of the financial statements.

1. OPERATIONS

Suzano Petroquímica S.A. (the "Company") was formed in November 2001 through a spin--off of the petrochemical assets held by Companhia Suzano de Papel e Celulose S.A., amounting to R$794 million at that time. Since its inception the Company has performed several corporate restructuring processes, including business combinations. The restructurings that took place during the periods presented herein are disclosed in Note 2.

The Company is a publicly-owned company and the Latin American leader in polypropylene production including: (a) manufacturing, development, importing and exporting of polypropylene applied in auto parts, household appliances, containers, bottles, packaging, carpets, furniture and other; (b) holding company of investments in other petrochemical companies; (c) leasing or granting the use of assets relating to the core activities referred to in item (a); and (d) rendering of services related to the petrochemical manufacturing and distribution activities.

On November 27, 2007, the Company's net assets were incorporated into Pramoa Participações S.A. On November 30, 2007, Petróleo Brasileiro S.A. - Petrobras finalized the process to acquire 99.9% of the Company's common shares and 76.6% of the Company's total capital stock for approximately US$1.1 billion. The purchase price represented approximately US$7.59 (R$13.27) for each common share and US$6.07 (R$10.61) for each preferred share. According to Brazilian Corporate Law, Petrobras was obliged to extend such offer to the remaining minority shareholders (tag along), who own approximately 13.4% of the Company's total capital. Total disbursement in this offer to minority shareholders amounted to approximately US$314 million as of December 31, 2007.

In light of a planned reorganization of the domestic petrochemical industry in Brazil, Petrobras and União de Indústrias Petroquímicas S.A. - Unipar, both of them listed in New York Securities Exchange - NYSE, disclosed an arrangement by means of which a special purpose entity will be incorporated, in order to consolidate their interests in different Brazilian petrochemical companies located and/or focused in the country's Southeast Region under a sole entity. The total capital stock of this entity will include 60% of total net assets currently held by Unipar and 40% of total net assets held by Petrobras, under a shareholders' agreement among the parties to be formalized. After completion of such process, the Company will deregister from the Brazilian Securities Commission (CVM) and cease to be a public entity.

2. SALES OF INVESTMENTS

a) Sale of Politeno Indústria e Comércio S.A. (“Politeno”)

On April 4, 2006, the Company entered into a purchase and sale agreement with the subsidiary SPQ Investimentos e Participações Ltda. (“SPQ”), Sumitomo Chemical Company Limited and Itochu Corporation (Japanese group), as sellers, and Braskem S.A., as buyer, for the sale of the total equity interest in Politeno Indústria e Comércio S.A. (“Politeno”) (which was a jointly-controlled subsidiary), representing 20.12% of the Politeno’s total capital shares.

In exchange for the shares of Politeno, SPQ received, on April 6, 2006, a down payment equivalent to US$49,758 and the right to receive a contingent consideration calculated based on the “spread of polyethylene,” representing the difference between the net prices of polyethylene and ethylene. Ethylene is derived from naphtha, the global market price of which influences ethylene’s price. The contingent impact of this arrangement (payment or collection of funds) was calculated over the 18-month period subsequent to the sale, which ended on October 31, 2007.

This agreement represented a hybrid derivative financial instrument and, accordingly, was recognized during the 18-month period at its fair market value. During 2007, this instrument generated a gain equivalent to US$29,732 (US$7,445 during first quarter of 2007), net of the commission owed to the financial counsel who structured the deal, classified as “Other income”, reflecting the settlement of the deal. Total receivables from the buyer of Politeno, amounting to US$76,312, have been classified in consolidated balance sheet as “Cash and cash equivalents”, at December 31, 2007, as the subject funds were made available to the Company as of December 27, 2007 (date of scheduled settlement), but they remained applied in an interest-bearing banking instrument until January 2, 2008. Payables for the counsel’ commission fees (equivalent to US$7,286 as of December 31, 2007) are classified as “Other accounts payable”.

b) Sale of Petroflex Indústria e Comércio S.A. (“Petroflex”)

Petroflex is engaged in manufacturing of emulsion and solution elastomers used as raw materials for tires, tread bands and shoes, television sets, refrigerators, hoses, gaskets, pads, bushing and carpets, among others.

The Company disclosed, by means of significant event notice published on October 31, 2007, that all of Petroflex’s shares held by the subsidiary SPQ (corresponding to 20.12% of total capital) were sold, under the existing shareholders’ agreement, to Braskem S.A. and Unipar. The selling price amounted to approximately US$52,485 on October 31, 2007, representing the average of the book values of these shares as of June 30 and November 30, 2007.

The sale of Petroflex resulted in a gain amounting to US$14.7 million during the year ended December 31, 2007, recorded under the caption “Other income”.

c) Sale of Rio Polímeros S.A. (“Rio Polímeros” or “Riopol”)

This company is engaged in the production of polyethylene and propylene, by means of cracking of natural gas extracted from Bacia de Campos, State of Rio de Janeiro.

Under the arrangement between Petrobras and Unipar referred to above, on November 30, 2007, the Company disclosed an agreement for the sale of its 24.31% interest in Riopol to Unipar and National Bank for Economic and Social Development Participation (BNDESPAR), retaining 9.02% of Riopol's capital.

According to the Purchase and Sale Agreement, 15.98% of Riopol's total capital will be transferred to Unipar and 8.33% to BNDESPAR, at a price equivalent to US$161,781 at the exchange rate in force as of March 31, 2008 (US$159,753 as of December 31, 2007).

The portion of the permanent investment representing 24.31% of Riopol's total capital that will be sold, was reduced to fair market value and reclassified to the caption "Assets held for sale", in current assets, and recognized a loss of US$20,485 in the caption "Other income, net", on December 31, 2007.

Additionally, the Company determined that the remaining interest of 9.02% held by the Company in Riopol was permanently impaired, and, consequently, recognized an impairment amounting to US$7,600 in "Other income, net", on December 31, 2007.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These accompanying interin consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles - U.S. GAAP. All majority-owned subsidiaries over which the Company exercises control are consolidated in these financial statements. The Company's fiscal year end is December 31.

The preparation of financial statements requires the use of estimates. Accounting estimates were based on objective and subjective factors, including management's judgment in determining the adequate amount to be recorded in the financial statements. Significant items subject to estimates and assumptions include the allowance for doubtful accounts, provisions for losses on other current assets, useful lives of fixed assets, goodwill and its amortization, deferred income tax assets, provision for contingencies and the fair value of financial instruments, including the hybrid derivative financial instrument used in Politeno's alienation. The Company's management regularly reviews its assumptions and estimates.

Basis of Consolidation

Consolidated financial position as of March 31, 2008 includes the Company and its wholly-owned subsidiary Suzanopar Petroquímica Ltd. On November 30, 2007, SPQ, a nonoperational holding company, was merged into the Company. This merger had no impact on the consolidated financial statements.

Accounting Policies under U.S. GAAP

a) Foreign currency translation

The Company has determined that the local currency, Brazilian reais, is its functional currency. Translation is based on the current rate method: all balance sheet items are translated from Brazilian reais into U.S. dollars at the exchange rates prevailing at the period of the year. Revenues and expenses were translated at the yearly average exchange rates. Shareholders' equity has been presented in total as the corresponding elements (capital stock, retained earnings, cumulative translation adjustments and other elements of comprehensive income) have not been determined.

Prior to January 1, 1998, since Brazil was considered to be a highly-inflationary economy, the effect of inflation was recognized in the Company's financial statements using the general market price index (IGP-M), which is widely accepted and respected index, published monthly by Fundação Getúlio Vargas.

The exchanges rates used are as follows (Brazilian reais per US$1.00):

	2008	2007
Quarter-end/year-end exchange rates	1.7491	1.7713
Average exchange rates	1.7396	1.9477

b) Revenue recognition

The Company recognizes revenue when the earnings process is complete. The majority of the Company's revenues are from the sale of a wide range of products to a diversified base of customers. Revenue for product sales is recognized upon delivery, when title and risk of loss have been transferred, pricing is fixed or determinable and collection of receivables is reasonably assured. Amounts billed to customers for shipping and handling fees are included in net sales and costs incurred by the Company for the delivery of goods and are classified as "Cost of goods sold" and "Other operating charges", in consolidated statements of income. Accruals are made for sales returns and other allowances based on the Company's experience.

c) Cash and cash equivalents

Include petty cash, bank accounts and highly-liquid temporary cash investments with original maturities of less than 90 days. Temporary cash investments are recorded at cost plus income accrued to the balance sheet dates, which does not exceed market value.

d) Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Company becomes a party to a financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset with all risks and rewards of ownership is transferred. Financial liabilities are removed from the books when the contractual obligation expires or is discharged or cancelled.

The Company has not operated with derivative instruments for the period presented.

e) Available-for-sale securities

Comprise the Company's investment in Braskem S.A. Changes in the fair value are recognized in equity under the caption "Other comprehensive income" and are only recognized in income when they are disposed of or are impaired.

f) Accounts receivable

Stated when earned and by the realizable amounts. Allowances are provided for based on management evaluation on customers' credit risk.

g) Inventories

Stated at average cost of acquisition or production, which does not exceed market value. Production costs reflect the full absorption method based on normal utilization of production capacity; the impact of underutilization of capacity is charged to income currently. Spare parts are stated at acquisition cost and charged to manufacturing costs upon consumption or obsolescence.

h) Investments

The investments in the capital stock of the companies which have been destined for sale are reclassified to current assets and are carried at the lower of cost or market value.

i) Property, plant and equipment

Stated at acquisition or construction cost, plus interest and other financial charges incurred during construction, without considering revaluation accounting method. Depreciation is computed under the straight-line method at the rates based on the estimated useful lives of the assets (see Note 10). Expenses related to scheduled shutdown of plants are capitalized in the cost of related assets and depreciated during the period between the current shutdown and the next scheduled shutdown, the intervals may vary from one up to three years. Regular maintenance is recorded as expense when incurred.

j) Goodwill and intangible assets

Goodwill is represented by the difference between the fair market value of both the amount paid and net assets acquired (after purchase price allocation).

Acquired intangible assets, excluding goodwill, are valued at cost less scheduled straight-line amortization. The useful life has been determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used, such as purchased technology, patents, and customer lists are amortized over their estimated useful lives, generally for periods ranging from 5 to 20 years. The Company continually evaluates the reasonableness of the useful lives of these assets.

Goodwill is tested for impairment at least annually; however, these tests are performed more frequently when events or changes in circumstances indicate the carrying value may not be recoverable. The Company's fair value methodology is based on discounted cash flow method. Impairment losses are recorded in income from operations.

k) Impairment of long-lived assets

The Company evaluates long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When undiscounted future cash flows are not expected to be sufficient to recover an asset's carrying amount, a second test-step should be performed using discounted cash flow for each reporting unit, in order to measure the amount of asset to be impaired.

Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Long-lived assets to be disposed of by sale are classified as held for sale and are reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased.

l) Income and social contribution taxes

Recognized on the accrual basis. Deferred income taxes have been provided for on temporary differences between the tax basis and book basis of assets and liabilities. Deferred income taxes on tax losses and temporary differences were recognized taking into account the historical profitability and the expectations of generation of future taxable income based on feasibility studies. Subsidiaries located in the State of Bahia or which operate plants in such place have tax benefits related to relief on taxation. The benefit is deducted from income tax payable and recorded by the individual companies as capital reserves, directly in shareholders' equity. For purposes of the consolidated financial statements, income tax expense is stated at the amount net of the tax-incentive exemption or reduction by applying the net liability method of accounting for income tax. As from January 1, 2007, we adopted Financial Accounting Standards Board - FASB Interpretation - FIN No. 48, "Accounting for Uncertainty in Income Taxes", which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. No adjustments were required as a result of the adoption of FIN No. 48.

m) Provision for contingencies

A provision is recorded in the balance sheet when it is probable that the Company has incurred a loss and the amount can be reasonable estimated. Provisions are recorded based on the best estimates of the risk involved which are supported by the external legal counsel's opinion. The balances of provisions are deducted of escrow, if applicable.

n) Pension plan

Contributions to private defined-contribution pension plans, computed according to the rules of such plans, are charged monthly under the caption “Expenses”, in consolidated statement of income. For the few cases of employees who remain entitled to defined-benefit plans, a provision is recorded to unrealized surplus (deficit), if any, determined on the basis of studies developed by independent actuaries, and accounted for based on Statement of Financial Accounting Standards - SFAS No. 87, “Employer’s Accounting for Pensions”, and disclosed according to SFAS No. 132 (R), “Employers Disclosure about Pensions”, as well as under new provisions set forth by SFAS No. 158, “Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of SFAS No. 87 and No. 132 (R)”.

o) Earnings per share

The calculation of earnings per common share is based on the weighted-average number of the Company’s common and preferred shares outstanding during the applicable period by using the two-class-method of accounting. The Company did not have any common or preferred share equivalents outstanding for the period presented.

p) Recently issued accounting standards

- In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in U.S. GAAP and expands disclosures about fair value measurements. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is in the process of evaluating the impact of SFAS No. 157.

- In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Liabilities”, including an amendment of FASB No. 115, “Accounting for Certain Investments in Debt and Equity Securities”. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reporting earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is expected to expand the use of fair value measurement for accounting for financial instruments and is effective as of the beginning of a fiscal year, after November 2007. Accordingly, the Company will adopt this SFAS No. 159 with SFAS No. 157 in fiscal year 2008. Management will not adopt the fair value option for any of its outstanding financial instruments as of January 1, 2008.

- In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations”. The SFAS No. 141 (revised 2007) was issued to converge U.S. GAAP to the International Financial Reporting Standards - IFRS, therefore several changes were made regarding accounting treatment for business combinations. The major changes provided by this Statement are related to: accounting for business combinations costs, which can no longer be considered as part of the total consideration paid; accounting for all assets acquired, liabilities assumed and noncontrolling interests of the acquired entity at fair value, at full amounts of their fair values, and not on the percentage of the shares acquired; measurement and recognition of contractual contingencies as of the acquisition date, and this Statement provides also guidance on the subsequent accounting treatment for these situations; recognition of contingent consideration as part of the goodwill computation on the date of acquisition, and not after the contingent is resolved, and defines also the concept of bargain purchase, in which the fair value of the acquired assets, assumed liabilities and noncontrolling interest of the acquired company are higher than the total consideration paid, and defines this bargain purchases shall be recognized as a gain on income from operations when they arise, and not to be allocated to the eligible assets. This Statement is effective as of the beginning of an entity's fiscal year, after December 15, 2008, and the entity cannot apply it before that date. This will be applied prospectively in the event that the Company completes an acquisition.

- In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51", which was also issued to converge U.S. GAAP to IFRS. The major changes provided by this Statement are related to: the classification of noncontrolling interest as part of the equity, and not as a liability or a mezzanine section between liabilities and equity, as well as the classification of the noncontrolling interest on income of operations, which now should be shown as income attributable to noncontrolling interest, and should not anymore be recognized as an expense or gain to arrive at net income from operations; this Statement also provides guidance on the deconsolidation of subsidiary, in order to measure the gain or loss on this deconsolidation using the fair value of any noncontrolling equity investment rather than the carrying amount of the retained investment. This Statement is effective as of the beginning of an entity's fiscal year, after December 15, 2008, and the entity cannot apply it before that date. This will be applied prospectively in the event that the Company completes an acquisition.

- In March 2008, the FASB issued SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities, an Amendment of SFAS No. 133". This Statement changes the disclosure requirements for derivative instruments and hedging activities. The entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective as of the beginning of an entity's fiscal year, after December 15, 2008, with early adoption encouraged. The Company is in the process of evaluating the impact of adopting SFAS No. 161.

4. CASH AND CASH EQUIVALENTS

	2008	2007
Cash	1,884	6,213
Cash equivalents	193,061	251,310
	194,945	257,523

Cash equivalents are comprised by temporary cash investments represent substantially highly-liquid investments and which principally bear interest at a proportion of the CDI rate (interbank deposit certificate). These investments bear interest from 100% to 102.5% of CDI.

Cash equivalents also comprise receivables relating to the settlement of the contingent payment on the Politeno's sale agreement, as disclosed in Note 2. Total receivables from the buyer of Politeno, amounting to US$76,312, have been classified under the caption "Cash equivalents", as the funds were available to the Company as of December 27, 2007 (date of scheduled settlement), but they remained applied in an interest-bearing banking instrument until January 2, 2008, under a firm commitment (contract with Braskem) to avoid a certain taxation on bank account activity which was abolished as from January 1, 2008.

5. TRADE ACCOUNTS RECEIVABLE

	2008	2007
Domestic clients	109,982	105,638
Foreign clients	32,590	38,211
Allowance for doubtful accounts	(10,021)	(9,916)
	132,551	133,933
Current assets	124,035	120,922
Noncurrent assets	8,516	13,011

The summary of aging of accounts receivable is as follows:

	2008	2007
Current accounts:		
From 1 to 30 days	59,579	62,326
From 31 to 60 days	32,333	27,004
From 61 to 90 days	6,741	7,404
From 91 to 360 days	7,929	7,478
More than 360 days	8,516	13,011
	115,098	117,223

	2008	2007
Past-due accounts:		
From 1 to 30 days	7,737	11,957
From 31 to 60 days	1,289	750
From 61 to 90 days	902	701
From 91 to 360 days	12,851	582
More than 360 days	4,695	12,636
	27,474	26,626
	142,572	143,849

Information on the allowance for losses on accounts receivable can be demonstrated as follows:

	2008	2007
Balance at beginning of quarter	9,916	6,290
Additions, net of translation adjustment	105	3,626
Balance at end of quarter/year	10,021	9,916

6. INVENTORIES

	2008	2007
Finished products	111,509	94,197
Raw materials	19,308	19,651
Auxiliary materials and other	838	995
Maintenance materials	8,514	8,083
Provision for losses	(2,243)	(1,940)
	137,926	120,986

Information regarding provision for losses on inventories balances is summarized below:

	2008	2007
Balance at beginning of quarter	1,940	1,396
Additions, net of translation adjustment	303	544
Balance at end of quarter/year	2,243	1,940

7. RECOVERABLE TAXES

Indirect taxes on operations are eligible for recovery under Brazilian taxation framework and may be demonstrated as follows:

	2008	2007
Advances for income and social contribution taxes	7,561	4,699
Recoverable ICMS tax - Mauá plant	43,549	38,569
Recoverable ICMS tax - Camaçari plant	38,478	35,104
Recoverable ICMS tax - other	2,041	1,931
Other	3,805	3,630
Provision for losses on ICMS tax credits	(7,690)	(7,013)
	87,744	76,920
Current assets	12,042	8,944
Noncurrent assets	75,702	67,976

The Company has accumulated State VAT (ICMS) tax credits as a result of the interstate sales, the tax rate of which is lower than the rate on purchases of raw materials, and of export sales which are exempted from this State tax.

The Company has been developing tax planning strategies, in order to recover accumulated ICMS tax credits, represented by the initiatives discussed below. The provisions for losses on these credits have been determined on the basis of the average discounts granted in negotiations with third parties that acquired such credits.

Plant located in Camaçari - BA

- Deferral (exemption) of ICMS tax on importation of materials used for manufacturing purposes, on purchases from suppliers located in the State of Bahia and on importation of machinery and equipment.

- Monthly transfer of ICMS tax credits arising from local sales to the naphtha cracker (Bahiaplast Program, ProBahia and Desenvolve).

- The Company concluded, during the second quarter of 2007, a sale of ICMS credits, authorized by the State tax authorities, to third parties amounting to the equivalent in local currency of US$2.6 million as of December 31, 2007.

- Claim for equal tax treatment for first and second generation of petrochemical companies in the State of Bahia to reduce the internal rate on basic and intermediate petrochemical products to 12%, similarly to the tax treatment adopted by other Brazilian States.

Plant located in Mauá - SP

- The Company entered into the Incentive Project for the Development of the Plastic Industry in State of São Paulo under the term of the State Decree No. 52,430, dated December 4, 2007, in order to decrease the tax rate to 12% on the acquisition of propylene and sale of polypropylene. As a result of such action, accumulated State tax credits will be offset.

- The Company reorganized its industrial operations, in order to optimize offsetting of State tax credits.

- As described in Note 1, the Company will be incorporated in different Brazilian petrochemical companies and will be recovery that credits.

Management is still reviewing periodically the offsetting of State tax credits, in order to account for any allowance for valuation that should have been in place.

Allowance for losses on taxes recoverable balances within financial statements may be analyzed as follows:

	2008	2007
Balance at beginning of quarter	7,013	2,746
Additions, net of translation adjustment	677	4,267
Balance at end of quarter/year	7,690	7,013

8. ASSETS HELD FOR SALE

As stated in Note 2.c), the Company disclosed an arrangement for the reorganization of the petrochemical industry in the Southeast region which encompasses the sale of a portion of the investment held in Riopol, representing 24.31% of its capital stock.

The investment in Riopol to be sold was transferred from "Investments in affiliate" to "Assets held for sale", in current assets, and recorded at its fair market value of US$161,781 as of March 31, 2008 (US$159,753 as of December 31, 2007).

9. INVESTMENTS IN NONCONSOLIDATED COMPANIES

	Ownership - %	2008	2007
Rio Polímeros S.A. (see Note 2.c))	9.02	60,053	60,210
Petroquímica União S.A.	8.45	48,425	47,456
Other		923	363
		109,401	108,029

Petroquímica União S.A.

On August 31, 2007, the Company exercised its preemptive right on the shares issued by Petroquímica União S.A. ("PQU") due to the acquisition, by Unipar, of the PQU's capital shares held by Dow Brasil S.A. By exercising this right, the Company increased its share on the voting capital of PQU from 6.76% to 8.45%, and in total capital, from 6.75% to 8.43%. The Company paid for these additional shares approximately US$9,349.

10. PROPERTY, PLANT AND EQUIPMENT

	Weighted yearly average depreciation rate - %	2008 Cost	2008 Depreciation	2008 Net book value	2007 Net book value
Land	-	7,967	-	7,967	7,740
Buildings	4	58,860	(19,631)	39,229	36,450
Machinery and equipment	10	356,437	(186,511)	169,926	155,040
Furniture, fixture and installations	10	41,401	(28,166)	13,235	12,190
Computers	20	5,363	(4,342)	1,021	996
Vehicles	20	2,101	(1,225)	876	966
Other items	10	33,430	(23,235)	10,195	9,693
Construction in progress	-	94,973	-	94,973	100,595
		600,532	(263,110)	337,422	323,670

Interest expenses are capitalized as part of construction charges consistent with SFAS No. 34. Regular maintenance is recorded as expense when incurred.

Expenses related to scheduled shutdown, known as Planned Major Maintenance Activities - PMMA, of production plants are capitalized in the cost of related assets and depreciated during the period between the current and the next scheduled shutdown, for which vary from one up to three years.

11. GOODWILL AND INTANGIBLE ASSETS

Goodwill (Petrochemical Business)

The goodwill balance relates to the acquisition of 100% of the capital of Basell Brasil Poliolefinas Ltda. ("Basell") on September 1, 2005, which was computed based on its fair market value, according to the business valuation. Assessment on the recovery of such amount is made annually, as prescribed by SFAS No. 142, for which no impairment was required up to March 31, 2008. Basell was a holding company which owned 50% of the Company engaged in the polypropylene business currently conducted by the Company.

The summary of the activity of goodwill may be demonstrated as follows:

	2008	2007
Opening balance	215,704	197,049
Effect of foreign currency translation	4,118	18,655
Closing balance	219,822	215,704

Intangibles (Production Technology)

Changes in intangible assets are represented by the following items:

	2008	2007
Opening balance	17,631	16,046
Amortization	(809)	(3,050)
Effect of foreign currency translation	594	4,635
Closing balance	17,416	17,631
Gross balance	27,367	27,025
Accumulated amortization	(9,951)	(9,394)

Economic useful lifetime of such intangibles is expected to be within 20 years, and the schedule of amortization for such intangible assets is estimated as follows:

	Estimated amortization expenses
2008	1,317
2009	1,756
2010	1,756
2011	1,756
2012 and thereafter	10,831

12. PAYABLES TO SUPPLIERS

	2008	2007
Trade payables	46,138	56,919

a) Commitments for purchase of raw materials

The Company has take-or-pay contracts for raw material purchase effective through September 2026 and the total contracted purchase amount is approximately R$11.0 billion (equivalent to US$6.3 billion as of March 31, 2008 - US$6 billion as of December 31, 2007). Historically, the Company has fully consumed the contracted quantities of raw materials.

Commitments for purchase of raw materials, by financial disbursement, per year are as follows:

Year	US$ million
2008	495
2009	660
2010	660
2011	660
2012	660
2013 to 2026	3,177
	6,312

Supplier	US$ million
Braskem	1,546
Petroquímica União	1,432
Refinaria Capuava	1,259
Refinaria Duque de Caxias	887
Refinaria Pólo Camaçari	658
Rio Polímeros	530
	6,312

The Company provides contingent guarantees, jointly with other shareholders, for the payment of future supply of raw material by Petrobras to Rio Polímeros. Such guarantees will be extinguished from: (i) the payment of these amounts by Rio Polímeros; or (ii) the payment of all obligations of Rio Polímeros to the creditors under the long-term loan agreements (scheduled for the second quarter of 2016), whichever occurs first. The Company also has additional obligations deriving from payments for the construction of the water pump to supply water for the Rio Polímeros project.

13. SHORT AND LONG-TERM DEBT

	2008		2007	
	Current	Noncurrent	Current	Noncurrent
In local currency (R$):				
Compror - supply financing	-	-	19,255	-
Export financing:				
Banco Itaú	25,090	33,350	18,556	37,637
Banco Bradesco	24	54,885	1,478	54,197
Banco do Brasil	1,202	57,172	2,867	56,456
BNDES - FINEM (enterprise funding)	6,177	28,809	3,826	30,938
	32,493	174,216	45,982	179,228

	2008		2007	
	Current	Noncurrent	Current	Noncurrent
In foreign currency (US$):				
Export financing	91,305	-	88,543	-
IFC - Portion A - industrial development	3,884	47,222	2,926	47,222
IFC - Portion B - industrial development	26,122	116,667	23,705	116,667
IFC - Portion C - industrial development	141	10,000	19	10,000
Export financing:				
Banco Votorantim	310	100,000	2,325	100,000
Banco ABN AMRO Real	100	55,000	31	55,000
FINEM (enterprise funding)	500	2,872	393	2,965
	122,362	331,761	117,942	331,854
	154,855	505,977	163,924	511,082

Pursuant to certain loan agreements, the Company is required to comply with certain semester and annual financial covenants, computed using quarterly financial statements and financial statements, respectively, prepared in accordance with generally accepted accounting principles in Brazil - BR GAAP, related to the loan agreement with Banco Votorantim, and annually based on financial statements prepared in accordance with U.S. GAAP as it relates to the contracts with the International Finance Corporation - IFC and Banco ABN AMRO Real.

As of March 31, 2008, the Company was in compliance with all the restrictive covenant clauses:

	Guarantees	Yearly interest rate - %
In local currency (R$):		
Export financing:		
Banco Itaú	No guarantee	CDI (1) + 0.462
Banco Bradesco	No guarantee	105.5 of CDI
Banco do Brasil	No guarantee	106 of CDI
BNDES - FINEM (enterprise funding)	Assets pledging	TJLP (2) + 3.02
In foreign currency (US$):		
Export financing	No guarantee	3.70 to 5.99
IFC - Portion A - industrial development	Assets pledging/ shareholder endorsement	Libor + 2.75
IFC - Portion B - industrial development	Assets pledging/ shareholder endorsement	Libor + 2.00
IFC - Portion C - industrial development	Assets pledging/ shareholder endorsement	Libor
Export financing:		
Banco Votorantim	No guarantee	7.97
Banco ABN AMRO Real	No guarantee	Libor + 1.60
FINEM (enterprise funding)	Assets pledging	2.52

(1) CDI - interbank deposit certificate

(2) TJLP - long-term interest rate

Index or rate - annual basis	2008 - %
TJLP (b)	6.25
CDI (b)	11.15
Exchange variation (a)	(1.25)
Monetary unit of BNDES (UMBNDES) (*) (b)	(13.85)

(*) UMBNDES - monetary unit of National Bank for Economic and Social Development (BNDES) (basket of currencies)

(a) 2008 first quarter variation.

(b) March 2008 existing rates.

All lines of credit with banks are under review due to the restructuring process described in Note 1 to the financial statements. In addition to those financing operations described above, the Company has a written agreement relating to a standby line of credit, unused, in the amount of US$120 million as of March 31, 2008 (US$120 million as of December 31, 2007).

Principal amount outstanding and interest payable	2008	2007
Short-term debt - principal amount	142,302	105,406
Interest payable - current liabilities (short and long-term debts)	12,553	58,518
	154,855	163,924
Long-term debt - principal amount	505,977	511,082

The long-term portion of loans matures as follows:

	2008
2009	53,086
2010	59,744
2011	80,326
2012	94,048
2013	69,890
2014	24,994
2015 thereafter	123,889
	505,977

14. CONTINGENCIES AND COMMITMENTS

The provision recorded to recognize probable losses is related to administrative and judicial disputes regarding taxes, labor and public pension issues and is considered to be sufficient, based on the Company legal counsels’ opinion.

The summary of the activity of the provision for contingencies for the quarter ended March 31, 2008 is as follows:

a) Provisions for contingencies

	2007	Additions	Reversal	2008
Labor	2,432	-	(66)	2,366
Tax	1,996	87	-	2,083
Civil	2,177	110	-	2,287
Escrow deposits	(1,806)	(59)	-	(1,865)
Total	4,799	138	(66)	4,871

As of March 31, 2008, the Company is involved in other legal disputes amounting to the equivalent of US$48,685 as of March 31, 2008 (US$43,930 as of December 31, 2007) the likelihood of losses related therewith is considered as possible (not probable) by external legal counsel and, accordingly, the Company has not been recording provisions for these disputes.

As of March 31, 2008, the Company has disputes involving contingent assets, which the legal counsels consider favorable outcomes as probable. Such contingent assets amount to the equivalent to US$25,242 as of March 31, 2008 (US$25,401 as of December 31, 2007). Gains, if any, will be recorded only after an irrevocable court decision.

Labor lawsuit concerning clause 4th (relating to the former subsidiaries Polibrasil Resinas and Politeno)

As several other companies which have plants in the Camaçari petrochemical complex, the Company is involved in a dispute with the petrochemical workers' union involving the impacts of the difference between the restatement of salaries as per set forth in an yearly collective labor agreement (at the consumer price index - IPC index) and the application of the indices established under the so-called Collor Plan of March 1990 (an initiative to curb high inflation prevailing at that time). This dispute finally reached the Supreme Court that, in December 2002, disclosed a provisory decision that the collective labor agreement could not prevail on a Federal law in the circumstances. This decision is not definitive. The Company's management, based on the opinion from legal counsel that an unfavorable outcome is possible, but not probable, decided to not account for any loss in connection with the resolution of this dispute.

As a result of Politeno sale, remaining legal contingency, as prescribed by the Brazilian Civil Code, is succeeded to the buyer which has acquired such investee.

Responsibilities for Politeno's contingencies

The Company, under the terms of the Share Purchase Agreement - SPA of Politeno, signed on April 6, 2006, is responsible for any irreversible contingencies, in the proportion of interest sold, once: (i) the contingencies are related to the period before the sale; (ii) the individual or aggregate loss amount is higher than R$12 million (equivalent to US$6.9 million as of March 31, 2008, known as "floor trigger"; and (iii) the contingencies are identified within three years as from the selling date. Up to the moment, contingency losses are not known for the period before the sale under the terms of SPA.

b) Guarantees granted

Guarantees assumed by the Company in connection with the obligations of related entities are as follows:

	Related obligation
Petroflex Indústria e Comércio S.A.-	
BNDES	4,379
Rio Polímeros S.A.:	
Credit letter:	
Unibanco	11,118
Banco Safra	20,090
Banco do Brasil	5,218
	36,426
	40,805

15. CAPITAL STOCK, DIVIDENDS AND EARNINGS PER SHARE

Capital stock subscribed and paid-in is represented by 226,695,380 nominative shares without par value, being 97,375,446 common shares and 129,319,934 preferred shares.

Bylaws prescribe for the recognition of a special reserve for future capital increase, in the amount of 90% of the profits remaining after appropriation of the legal reserve (5% of net income according to Brazilian Corporate Law) and dividend distribution, aiming to assure adequate operating conditions.

The balance of this special reserve cannot surpass 80% of the amount of capital. The amount remaining after the constitution of this special reserve for future capital increase might be destined to the statutory reserve till this reserve reaches 20% of capital.

The bylaws establish a minimum dividend of 30%, computed on adjusted income. Preferred shares have no voting rights, except for some instances related to the requirements to join the Level 2 of Corporate Governance of BOVESPA, and are entitled to the same dividend as common shares.

Dividends on 2007 income as proposed by management for the approval of the Shareholders' Meeting are equivalent to 50% of local statutory income as reduced by the mandatory appropriation to legal reserves. This proposal exceeds the minimum statutory dividends provided for in the Company's bylaws (30%) by the equivalent in local currency to approximately US$23,422 as of March 31, 2008 (R$40,968). This proposal, as it relates to these dividends exceeding the minimum statutory amount, was approved by the banks that granted long-term loans to the Company on March 23, 2008, in addition approved by the Shareholders' Meeting on April 28, 2008.

There are no outstanding common or preferred shares equivalents for the period presented.

16. INTEREST INCOME (EXPENSES)

	2008	2007
Interest expenses:		
Interest (mainly financing)	(10,779)	(20,034)
Monetary variation on export financing	(836)	(826)
Bank expenses	(266)	(654)
Other expenses	(155)	(134)
	(12,036)	(21,648)
Interest income:		
Exchange rate variation on financing	4,687	22,346
Exchange rate variation on suppliers balance	191	202
Exchange rate variation on export financing	1,006	1,123
Interest on cash equivalents	5,479	-
Interest on receivables	1,136	203
Other interest income	-	4,699
	12,499	28,573
Financial results	463	6,925
Financial expenses, net	(4,585)	(15,920)
Exchange rate variation, net	5,048	22,845

17. INCOME TAXES

The Company and each of its subsidiaries file separate corporate income tax returns for each fiscal year. In Brazil, income taxes comprise Federal income tax and social contribution on net income, which is an additional Federal tax. Tax rates applicable to the Company in each year were as follows:

	%
Federal income tax	25
Social contribution on net income	9
Total nominal rate	34

The reconciliation between nominal and effective taxation, reported as income tax expense in the consolidated financial statements, for quarter ended March 31, 2008, may be expressed as follows:

	2008	2007
Income before taxes, minorities interest and extraordinary items	16,055	39,829
Equity in earnings from affiliates	-	(7,384)
Tax basis	16,055	32,445
Expected tax expense according to nominal rate	5,459	11,031
Items not affecting taxation:		
Tax benefit from operations located in Northeast Region of Brazil	(60)	(54)
Tax benefit from tax losses carryforward	-	(189)
Other permanent miscellaneous (nontaxable income)	(1,327)	(2,548)
Income tax expense	4,072	8,240
Current tax	289	5,089
Deferred tax	3,783	3,151

The Company's management recognized tax credits on accumulated tax losses (for both corporate income and social contribution tax purposes) because it is more likely than not that these tax credits will be realized based on profit projections. These tax losses do not expire, but are limited to 30% of yearly taxable income.

The tax credits recovery estimates were based on taxable income projections, considering different financial and business assumptions on the date of preparation of such projections. Therefore, actual results could differ from those estimates.

The Company has tax incentives of 25% as reduction of corporate income tax on the portion of operating profits earned by the Camaçari plant (Northeast Region of Brazil) up to fiscal year 2008 and 12.5% between 2009 and 2013, a tax-incentive region subject to the jurisdiction of the Northeast Region Development Agency (ADENE).

18. FINANCIAL INSTRUMENTS

The Company participates in operations involving the usual financial instruments described below.

The fair market values estimated for the assets, liabilities and financial instruments recognized in the Company's financial statements which are different from the corresponding book values can be summarized as follows:

	2008	
	Book value	Fair value
Marketable securities - available for sale	18,139	18,139
Assets held for sale	161,781	161,781
Investment in nonconsolidated affiliates	109,401	117,289
Long-term debt	505,977	505,977

There are no financial instruments which were not recognized in the Company's consolidated financial statements for the periods presented.

a) Credit risk

The financial instruments that potentially expose the Company to credit risk concentration are consisted mainly of banking balances, short-term investments and trade accounts receivable. The trade accounts receivable balance is spread out in several different customers; therefore, the customers SPP (US$19,455) and Basell (US$17,866) are greater than 10% of the accounts receivable balance as of March 31, 2008. Furthermore, Vitopel negotiation is concentrated in vendor operation (operations by means of which customers obtain bank funding to settle in cash their purchases from the Company, which provides guarantees to the banks. In case of delinquent customers, the Company must reimburse these banks) which represents 14% of the total net sales. The vendor operation balance is US$27,416). To reduce such risk, the Company has individually evaluated the credit limits to be granted, but, as a market trend, no advances from customers are required, or guarantees, except for exports, which require letters of credit. The Company's management addresses the credit risk on accounts receivable evaluating the need of recording an allowance for doubtful accounts.

b) Exchange rate variation risk

The Company is susceptible to the volatility of exchange rate over assets and liabilities denominated in foreign currencies, mainly the U.S. dollar.

c) Interest rate risk

We are exposed to variations in interest rates inside and outside Brazil due to our long--term debt outstanding as of March 31, 2008, as stated in Note 13.

19. RELATED PARTIES

The balances and transactions with related parties are described below:

	03/31/08		Three months ended as of March 31 2008
	Assets	Liabilities	
	Noncurrent Accounts receivable (*)	Current Accounts payable	Revenue (expense or purchases)
Petrobras (as from November 30, 2007)	13,665	30,534	(107,607)
Rio Polímeros	-	6,419	(16,120)
	13,665	36,953	(123,727)

	12/31/2007		Three months ended as of March 31 2007
	Assets	Liabilities	
	Noncurrent	Current	Revenue
	Accounts receivable (*)	Accounts payable	(expense or purchases)
Petrobras (as from November 30, 2007)	13,494	41,321	-
SPP Agaprint Indústria e Comércio Ltda.	-	-	12,422
Clion Indústria e Comércio Ltda.	-	-	4,879
Suzano Holding S.A.	-	-	(415)
	13,494	41,321	(16,886)

(*) These receivables from Petrobras reflect certain purchases of raw materials by the Company, which have been unduly taxed by the ICMS at a rate of 19% rather than 12% as it was the case as supported in specific regulation in the invoicing periods. In February 2007, Petrobras filled a request before the tax authorities of the State of Rio de Janeiro, asking to recover the excess tax amounts paid. The Company and Petrobras are diligently working to obtain the authorization from the tax authorities so that the tax credits can be realized and reimbursed to the Company.

20. PENSION PLAN

Defined Benefit Plan

The Company sponsors a defined-benefit pension plan named "Suzano Prev" which provides additional pension payments to the participants beyond those provided by the Brazilian governmental social security plan, based both on salaries of such participants when active and years of service.

Contributions are made by the Company and by the participants based on actuarial studies prepared by independent actuaries.

	2008	2007
Service cost	-	2
Interest cost	24	589
Benefits paid from plan assets	(38)	(797)
Recognized cost	22	(354)
Net periodic benefit cost	8	(560)