

BRASKEM SA
Form 6-K
November 16, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16
OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November, 2007
(Commission File No. 1-14862)

BRASKEM S.A.

(Exact Name as Specified in its Charter)

N/A

(Translation of registrant's name into English)

Rua Eteno, 1561, Polo Petroquimico de Camacari
Camacari, Bahia - CEP 42810-000 Brazil
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1).

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to
the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____.

Braskem S.A.

Quarterly financial information

as of September 30, 2007

(A free translation of the original report in Portuguese as published in Brazil containing Interim Financial Information prepared in accordance with accounting practices adopted in Brazil and rules of the Brazilian Securities Commission CVM)

Braskem S.A.

ITR Quarterly Financial Information Base Date 09/30/2007

Independent Auditors Special Review Report

To

The Shareholders and Directors

Braskem S.A.

Camaçari - BA

1. We have conducted a special review of the quarterly financial information of Braskem S.A. and of the Company and its subsidiaries for the quarter and nine month period ended September 30, 2007, which comprises the balance sheets, the statements of income, the performance report and other relevant information, prepared in accordance with accounting practices adopted in Brazil and rules issued by the Brazilian Securities Commission (CVM). The quarterly financial information of the jointly-controlled subsidiary, Petroflex Indústria e Comércio S.A. and the subsidiary, Copesul - Companhia Petroquímica do Sul as of September 30, 2007 and 2006, and the balance sheets of these subsidiaries were reviewed by other independent auditors, and our review, with respect to the value of the investments and the results from these subsidiaries, is based exclusively on the reports issued by these other auditors.
2. Our review was performed in accordance with specific rules established by IBRACON (Brazilian Institute of Independent Auditors) and the Federal Accounting Council (CFC), and consisted mainly of: (a) enquiries and discussions with management responsible for the accounting, financial and operational departments of the Company and its subsidiaries, with respect to the main criteria adopted in preparing the quarterly financial information; and (b) a review of the information and subsequent events that had or could have had significant effects on the financial position and operations of the Company and its subsidiaries.
3. Based on our special review and the special review reports on the quarterly financial information and the reports which were the responsibility of other independent auditors, we are not aware of any material changes that should be made to the aforementioned quarterly financial information for it to be in accordance with accounting practices adopted in Brazil and consistent with the rules issued by the Brazilian Securities Commission, specifically applicable to the preparation of the quarterly financial information.
4. As reported in Note 9(b), the Company has accumulated ICMS credits from previous years, arising mainly from the differences between the tax rates applicable to purchases and products sold, domestic shipments that receive incentives with deferment of taxation, and exports. The realization of these tax credits depends on successfully implementing management's plans as described in this note to the accompanying quarterly financial information. The quarterly financial information as of September 30, 2007, does not include any adjustments related to the recovery of these tax credits given the existing uncertainty.

5. As mentioned in Note 17(c), in relation to the discussion with respect to the constitutionality of Law 7689/88, the Company and its merged companies OPP Química, Trikem and Polialden filed a civil action for the nonpayment of the Social Contribution on Income (CSL) for which a final unappealable decision was handed down in favor of the Companies. Management, based on the opinion of its legal advisors, who assessed the chances of a successful outcome as possible, believe that it should be able to obtain success in its pleading for maintenance of nonpayment and; and in the event of loss of the rescissory action, the decision would not be able to have retroactive effects since the year the law came into effect. Accordingly, a provision for possible unfavorable outcomes of the notices of infraction, as well as for the years still not inspected by the Federal Revenue Department, was not recorded for the purposes of preparing the quarterly financial information.

6. As reported in Note 9(a), OPP Química S.A., incorporated by the Company in 2003, based on a decision taken by the Federal Supreme Court, has recognized in its accounting records Excise Tax (IPI) credits of R\$ 1,030,125 thousand, which were offset against IPI due and other federal taxes. Although this decision was the object of an appeal by the National Treasury, pending judgment by the 2nd panel of judges of the Federal Supreme Court, and despite the assessments drafted against the Company, management, based on the opinion of its legal advisors, considers the chances of a successful outcome as probable and, consequently, no provision has been recorded in the quarterly financial information for the quarter and period of nine months ended September 30, 2007.
7. As reported in Notes 11, 12 and 13, the Company and certain subsidiaries recorded goodwill on the acquisition of investments, based on the added value of the assets and future profitability of the companies invested in, and this goodwill is being amortized over the realization period stated in the appraisal reports. Maintaining this goodwill in the accounting records is dependent upon realizing the assumptions used for forecasting the cash flows, income and expenses.
8. The balance sheet and the statement of income for the quarter ended June 30, 2007, presented for comparison purposes, was reviewed by us, and we issued an unqualified special review report dated August 3, 2007. The statements of income for the quarter and nine month period ended September 30, 2006, presented for comparison purposes, were examined by other independent auditors, who issued their unqualified special review report, dated October 30, 2006, which included paragraphs of emphasis on the issues reported in paragraphs 4, 6 and 7 above and regarding the fact that the Company and its subsidiaries are involved in legal processes disputing the validity of Clause Four of the Collective Workers Agreement of SINQUÍMICA.
9. Our review was conducted to enable us to issue a report on the special review of the quarterly financial information referred to in the first paragraph. The statements of cash flows of Braskem S.A. and of the Company and its subsidiaries for the nine month period ended September 30, 2007, provide supplementary information to this quarterly financial information, which is not required according to accounting practices adopted in Brazil and is presented to enable additional analyses. This additional information was submitted to the same review procedures applied to the quarterly financial information and we are not aware of any material changes that should be made for this information to be in accordance with accounting practices in Brazil and consistent with the rules issued by the Brazilian Securities Commission.

October 31, 2007

KPMG Auditores Independentes

CRC 2SP014428/O-6-S-BA

Anselmo Neves Macedo

Accountant CRC 1SP160482/O-6-S-BA

FINANCIAL STATEMENTS 3rd QUARTER OF 2007

| BALANCE SHEET ASSETS PARENT COMPANY (in thousands of Reais) | | | |
|--|--|-------------------|-------------------|
| Account | Description | Sep/07 | Jun/07 |
| 1 | Total assets | 15,733,652 | 15,991,189 |
| 1.01 | Current assets | 4,156,595 | 4,401,901 |
| 1.01.01 | Cash and cash equivalents and Marketable securities | 1,087,636 | 1,212,402 |
| 1.01.01.01 | Cash and cash equivalents | 893,719 | 1,003,807 |
| 1.01.01.02 | Marketable securities | 193,917 | 208,595 |
| 1.01.02 | Credits | 1,650,220 | 1,685,781 |
| 1.01.02.01 | Trade accounts receivable | 1,244,682 | 1,195,726 |
| 1.01.02.02 | Other credits | 405,538 | 490,055 |
| 1.01.02.02.01 | Taxes recoverable | 177,149 | 282,079 |
| 1.01.02.02.02 | Deferred income tax | 36,725 | 36,725 |
| 1.01.02.02.03 | Dividends and interest on shareholders equity | | 2,000 |
| 1.01.02.02.04 | Prepaid expenses | 41,084 | 56,246 |
| 1.01.02.02.05 | Other accounts receivable | 150,580 | 113,005 |
| 1.01.03 | Inventories | 1,418,739 | 1,503,718 |
| 1.02 | Noncurrent assets | 11,577,057 | 11,589,288 |
| 1.02.01 | Long-term receivables | 1,856,126 | 1,859,922 |
| 1.02.01.01 | Other credits | 1,734,827 | 1,741,311 |
| 1.02.01.01.01 | Marketable securities | 291,281 | 304,785 |
| 1.02.01.01.02 | Trade accounts receivable | 38,438 | 41,324 |
| 1.02.01.01.03 | Taxes recoverable | 919,178 | 904,006 |
| 1.02.01.01.04 | Deferred income tax | 385,942 | 390,965 |
| 1.02.01.01.05 | Deposits in court and compulsory loans | 99,988 | 100,231 |
| 1.02.01.02 | Related parties | 56,741 | 46,557 |
| 1.02.01.02.02 | Subsidiaries | 13,349 | 4,064 |
| 1.02.01.02.03 | Other related parties | 43,392 | 42,493 |
| 1.02.01.03 | Other | 64,558 | 72,054 |
| 1.02.01.03.01 | Inventories | 24,098 | 24,731 |
| 1.02.01.03.02 | Other | 40,460 | 47,323 |
| 1.02.02 | Permanent assets | 9,720,931 | 9,729,366 |
| 1.02.02.01 | Investments | 1,806,383 | 1,794,589 |
| 1.02.02.01.01 | Investments in associated companies | 22,771 | 24,411 |
| 1.02.02.01.03 | Investments in subsidiaries | 958,282 | 944,036 |
| 1.02.02.01.04 | Interest in subsidiaries - goodwill | 137,379 | 145,375 |
| 1.02.02.01.05 | Other investments | 8,384 | 8,384 |
| 1.02.02.01.06 | Advances for acquisition of investments | 679,567 | 672,383 |
| 1.02.02.02 | Property, plant and equipment | 6,315,553 | 6,279,402 |
| 1.02.02.03 | Intangible assets | 170,019 | 121,540 |
| 1.02.02.04 | Deferred charges | 1,428,976 | 1,533,835 |

| BALANCE SHEET LIABILITIES AND SHAREHOLDERS EQUITY PARENT | | | |
|---|---|-------------------|-------------------|
| COMPANY (in thousands of Reais) | | | |
| Account | Description | Sep/07 | Jun/07 |
| 2 | Total liabilities | 15,733,652 | 15,991,189 |
| 2.01 | Current liabilities | 3,061,833 | 3,159,663 |
| 2.01.01 | Loans and financing | 256,016 | 252,064 |
| 2.01.02 | Debentures | 15,733 | 23,377 |
| 2.01.03 | Accounts payable to suppliers | 2,271,196 | 2,284,799 |
| 2.01.04 | Taxes and contributions payable | 106,760 | 210,954 |
| 2.01.04.01 | Income tax | 14,176 | 5,451 |
| 2.01.04.02 | Other taxes and contributions | 92,584 | 205,503 |
| 2.01.05 | Dividends payable | 3,844 | 3,848 |
| 2.01.08 | Other | 408,284 | 384,621 |
| 2.01.08.01 | Salaries and social charges | 149,643 | 120,606 |
| 2.01.08.03 | Other provisions and accounts payable | 258,641 | 264,015 |
| 2.02 | Noncurrent liabilities | 6,587,112 | 6,904,430 |
| 2.02.01 | Long-term liabilities | 6,569,498 | 6,885,668 |
| 2.02.01.01 | Loans and financing | 4,402,067 | 4,618,742 |
| 2.02.01.02 | Debentures | 800,000 | 800,000 |
| 2.02.01.04 | Related parties | 19,858 | 23,076 |
| 2.02.01.06 | Other | 1,347,573 | 1,443,850 |
| 2.02.01.06.01 | Taxes and contributions payable | 1,186,103 | 1,291,405 |
| 2.02.01.06.02 | Suppliers | 22,580 | 22,731 |
| 2.02.01.06.03 | Long-term incentives | 4,880 | 4,360 |
| 2.02.01.06.04 | Deferred income and social contribution taxes | 7,493 | 7,641 |
| 2.02.01.06.05 | Pension plan and benefits for employees | 40,510 | 40,943 |
| 2.02.01.06.06 | Other accounts payable | 86,007 | 76,770 |
| 2.02.02 | Deferred income | 17,614 | 18,762 |
| 2.04 | Shareholders equity | 6,084,707 | 5,927,096 |
| 2.04.01 | Capital | 4,640,947 | 3,527,429 |
| 2.04.02 | Capital reserves | 452,824 | 436,184 |
| 2.04.02.01 | Tax incentives | 452,267 | 435,627 |
| 2.04.02.02 | Other reserves | 557 | 557 |
| 2.04.04 | Profit reserves | 480,691 | 480,691 |
| 2.04.04.01 | Legal reserve | 72,811 | 72,811 |
| 2.04.04.02 | Profit retention for expansion | 652,336 | 652,336 |
| 2.04.04.03 | Other revenue reserves | (244,456) | (244,456) |
| 2.04.04.03.01 | Treasury shares | (244,456) | (244,456) |
| 2.04.05 | Retained earnings | 510,245 | 378,657 |
| 2.04.06 | Advances for future capital increases | | 1,104,135 |

STATEMENT OF INCOME PARENT COMPANY (in thousands of Reais)

| Account code | Account description | Nine-month period | | Nine-month period | |
|--------------|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | 3rd Quarter 07/01/2007 to 09/30/2007 | 3rd Quarter 01/01/2007 to 09/30/2007 | 3rd Quarter 07/01/2006 to 09/30/2006 | 3rd Quarter 01/01/2006 to 09/30/2006 |
| 3.01 | Revenues | 4,095,107 | 11,759,773 | 3,987,374 | 10,770,127 |
| 3.01.01 | Domestic market sales | 3,350,309 | 9,462,574 | 3,270,728 | 9,019,441 |
| 3.01.02 | Foreign market sales | 744,798 | 2,297,199 | 716,646 | 1,750,686 |
| 3.02 | Sales taxes, freights and returns | (963,233) | (2,685,957) | (928,332) | (2,572,561) |
| 3.03 | Net revenues | 3,131,874 | 9,073,816 | 3,059,042 | 8,197,566 |
| 3.04 | Cost of goods sold and services rendered | (2,645,329) | (7,550,393) | (2,592,517) | (7,136,516) |
| 3.05 | Gross profit | 486,545 | 1,523,423 | 466,525 | 1,061,050 |
| 3.06 | Operating (expenses) income | (322,417) | (959,591) | (559,163) | (1,179,822) |
| 3.06.01 | Selling expenses | (88,702) | (291,589) | (64,771) | (186,335) |
| 3.06.02 | General and administrative expenses | (136,162) | (398,628) | (114,275) | (331,568) |
| 3.06.02.01 | General and administrative expenses | (133,949) | (392,074) | (112,624) | (326,495) |
| 3.06.02.02 | Management remuneration | (2,213) | (6,554) | (1,651) | (5,073) |
| 3.06.03 | Financial (expenses) income | (20,951) | (154,558) | (296,852) | (587,348) |
| 3.06.03.01 | Financial income | (46,490) | (133,001) | 31,777 | 20,259 |
| 3.06.03.02 | Financial expenses | 25,539 | (21,557) | (328,629) | (607,607) |
| 3.06.04 | Other operating income | 65,750 | 201,345 | 24,133 | 190,581 |
| 3.06.05 | Other operating expenses | (163,182) | (406,458) | (112,066) | (357,379) |
| 3.06.05.01 | Depreciation and amortization | (114,153) | (324,827) | (93,114) | (277,271) |
| 3.06.05.02 | Other operating expenses | (49,029) | (81,631) | (18,952) | (80,108) |
| 3.06.06 | Equity in income of subsidiaries and associated companies | 20,830 | 90,297 | 4,668 | 92,227 |
| 3.06.06.01 | Equity in income of subsidiaries and associated companies | 38,776 | 153,889 | 27,775 | 116,767 |
| 3.06.06.02 | Amortization of (goodwill) /negative goodwill, net | (14,520) | (54,102) | (23,647) | (38,001) |
| 3.06.06.03 | Exchange variation | (2,523) | (8,670) | 540 | 4,701 |
| 3.06.06.04 | Reversal /(provision) for loss in subsidiaries | (903) | (903) | | 6,469 |
| 3.06.06.05 | Other | | 83 | | 2,291 |
| 3.07 | Operating profit | 164,128 | 563,832 | (92,638) | (118,772) |
| 3.08 | Non-operating income (expenses), net | (2,184) | (25,870) | (808) | 1,592 |
| 3.08.01 | Non-operating income | 508 | 717 | 39 | 2,439 |
| 3.08.02 | Non-operating expenses | (2,692) | (26,587) | (847) | (847) |
| 3.09 | Net income (losses) before income and social contribution taxes/ interests | 161,944 | 537,962 | (93,446) | (117,180) |
| 3.10 | Income tax and social contribution taxes | (25,480) | (58,448) | 1 | (88) |
| 3.11 | Deferred income tax | (4,876) | 30,731 | 28,385 | 114,311 |
| 3.15 | Net income /(loss) for the period | 131,588 | 510,245 | (65,060) | (2,957) |

| | Nine-month period | | Nine-month period | |
|--------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 3rd Quarter 07/01/2007 to 09/30/2007 | 3rd Quarter 01/01/2007 to 09/30/2007 | 3rd Quarter 07/01/2006 to 09/30/2006 | 3rd Quarter 01/01/2006 to 09/30/2006 |
| Income /(loss) per share | | | | |

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| | | | | |
|---|---------|---------|-----------|-----------|
| Number of shares ex-treasury (thousand) | 432,838 | 432,838 | 359,239 | 359,239 |
| Net income per share (reais) | 0.30401 | 1.17883 | | |
| Loss per share (reais) | | | (0.18111) | (0.00823) |

| BALANCE SHEET | | ASSETS - CONSOLIDATED (in thousands of Reais) | |
|----------------------|---|--|-------------------|
| Account | Description | Sep/07 | Jun/07 |
| 1 | Total assets | 19,539,530 | 19,931,717 |
| 1.01 | Current assets | 6,588,264 | 7,121,762 |
| 1.01.01 | Cash and cash equivalents and Marketable securities | 1,696,289 | 2,086,887 |
| 1.01.01.01 | Cash and cash equivalents | 1,420,515 | 1,920,301 |
| 1.01.01.02 | Marketable securities | 275,774 | 166,586 |
| 1.01.02 | Credits | 2,659,584 | 2,660,331 |
| 1.01.02.01 | Trade accounts receivable | 1,839,479 | 1,831,391 |
| 1.01.02.02 | Other credits | 820,105 | 828,940 |
| 1.01.02.02.01 | Taxes recoverable | 495,336 | 535,559 |
| 1.01.02.02.02 | Deferred income and social contribution taxes | 67,282 | 63,686 |
| 1.01.02.02.03 | Dividends and interest on shareholders equity | | 2,000 |
| 1.01.02.02.04 | Prepaid expenses | 56,754 | 78,869 |
| 1.01.02.02.05 | Other accounts receivable | 200,733 | 148,826 |
| 1.01.03 | Inventories | 2,232,391 | 2,374,544 |
| 1.01.03.01 | Finished products | 1,039,447 | 1,171,730 |
| 1.01.03.02 | Raw materials, production inputs and other | 703,508 | 678,482 |
| 1.01.03.03 | Maintenance materials | 442,952 | 424,096 |
| 1.01.03.04 | Advances to suppliers | 31,249 | 45,750 |
| 1.01.03.05 | Imports in transit and other | 30,174 | 69,313 |
| 1.01.03.06 | Provision for adjustment to realizable value | (14,939) | (14,827) |
| 1.02 | Noncurrent assets | 12,951,266 | 12,809,955 |
| 1.02.01 | Long-term receivables | 2,092,916 | 1,997,211 |
| 1.02.01.01 | Other credits | 1,971,135 | 1,760,165 |
| 1.02.01.01.01 | Marketable securities | 118,699 | 2,390 |
| 1.02.01.01.02 | Trade accounts receivable | 38,941 | 41,827 |
| 1.02.01.01.03 | Taxes recoverable | 1,149,925 | 1,045,202 |
| 1.02.01.01.04 | Deferred income and social contribution taxes | 539,993 | 544,152 |
| 1.02.01.01.05 | Deposits in court and compulsory loans | 123,577 | 126,594 |
| 1.02.01.02 | Related parties | 43,527 | 85,122 |
| 1.02.01.02.01 | Other related parties | 43,527 | 85,122 |
| 1.02.01.03 | Other | 78,254 | 151,924 |
| 1.02.01.03.01 | Inventories | 24,098 | 24,731 |
| 1.02.01.03.02 | Other | 54,156 | 127,193 |
| 1.02.02 | Permanent assets | 10,858,350 | 10,812,744 |
| 1.02.02.01 | Investments | 612,609 | 616,497 |
| 1.02.02.01.01 | Investment in associated companies | 23,364 | 25,003 |
| 1.02.02.01.02 | Investment in subsidiaries | 7,102 | 6,712 |
| 1.02.02.01.04 | Other investments | 14,584 | 13,487 |
| 1.02.02.01.05 | Advances for acquisition of investments | 567,559 | 571,295 |

BALANCE SHEET - ASSETS CONSOLIDATED (in thousands of Reais)

| Account | Description | Sep/07 | Jun/07 |
|----------------|---|---------------|---------------|
| 1.02.02.02 | Property, plant and equipment | 8,231,939 | 8,127,516 |
| 1.02.02.02.01 | Land | 80,520 | 80,173 |
| 1.02.02.02.02 | Buildings and improvements | 1,327,360 | 1,300,288 |
| 1.02.02.02.03 | Machinery, equipment and facilities | 13,162,795 | 12,940,813 |
| 1.02.02.02.04 | Mines and wells | 28,688 | 28,519 |
| 1.02.02.02.05 | Furniture and fixtures | 81,411 | 77,220 |
| 1.02.02.02.06 | IT equipment | 147,556 | 142,073 |
| 1.02.02.02.07 | Ongoing maintenance stoppages | 101,479 | 123,519 |
| 1.02.02.02.08 | Construction in progress | 1,290,547 | 1,316,014 |
| 1.02.02.02.09 | Other | 403,892 | 312,330 |
| 1.02.02.02.10 | Accumulated depreciation | (8,392,309) | (8,193,433) |
| 1.02.02.03 | Intangible assets | 176,825 | 126,140 |
| 1.02.02.03.01 | Trademarks and patents | 833 | 798 |
| 1.02.02.03.02 | Technology | 46,028 | 54,865 |
| 1.02.02.03.03 | Software and rights of use | 197,580 | 141,444 |
| 1.02.02.03.04 | Accumulated amortization | (67,616) | (70,967) |
| 1.02.02.04 | Deferred charges | 1,836,977 | 1,942,591 |
| 1.02.02.04.01 | Expenses for system implementation | 323,056 | 422,559 |
| 1.02.02.04.02 | Expenses for structured transactions | 322,736 | 353,496 |
| 1.02.02.04.03 | Goodwill of merged/consolidated investments | 2,589,806 | 2,601,023 |
| 1.02.02.04.04 | Research and development | 162,564 | 136,071 |
| 1.02.02.04.05 | Pre-operating and other expenses | 53,031 | 40,299 |
| 1.02.02.04.06 | Accumulated amortization | (1,614,216) | (1,610,857) |

| BALANCE SHEET LIABILITIES AND SHAREHOLDERS EQUITY CONSOLIDATED | | | |
|---|--|-------------------|-------------------|
| (in thousands of Reais) | | | |
| Account | Description | Sep/07 | Jun/07 |
| 2 | Total liabilities | 19,539,530 | 19,931,717 |
| 2.01 | Current liabilities | 4,980,482 | 5,308,563 |
| 2.01.01 | Loans and financing | 1,141,556 | 1,400,843 |
| 2.01.02 | Debentures | 105,594 | 109,674 |
| 2.01.03 | Accounts payable to suppliers | 2,749,817 | 2,790,279 |
| 2.01.04 | Taxes and contributions payable | 443,776 | 502,323 |
| 2.01.04.01 | Income tax and social contribution | 254,080 | 196,222 |
| 2.01.04.02 | Other taxes and contributions | 175,250 | 305,791 |
| 2.01.04.03 | Deferred income and social contribution taxes | 14,446 | 310 |
| 2.01.05 | Dividends payable | 8,064 | 8,159 |
| 2.01.08 | Other | 531,675 | 497,285 |
| 2.01.08.01 | Salaries and social charges | 219,819 | 177,436 |
| 2.01.08.02 | Other provisions and accounts payable | 311,856 | 319,849 |
| 2.02 | Noncurrent liabilities | 7,125,676 | 7,451,986 |
| 2.02.01 | Long-term liabilities | 7,098,717 | 7,423,879 |
| 2.02.01.01 | Loans and financing | 4,739,973 | 4,960,745 |
| 2.02.01.02 | Debentures | 832,190 | 832,190 |
| 2.02.01.03 | Provisions | 169 | 190 |
| 2.02.01.03.01 | Provision for loss on investments | 169 | 190 |
| 2.02.01.04 | Related parties | 160 | 640 |
| 2.02.01.06 | Other | 1,526,225 | 1,630,114 |
| 2.02.01.06.01 | Taxes and contributions payable | 1,244,779 | 1,361,457 |
| 2.02.01.06.02 | Suppliers | 22,580 | 22,731 |
| 2.02.01.06.03 | Long-term incentives | 4,880 | 4,360 |
| 2.02.01.06.04 | Deferred income/social contribution taxes | 55,024 | 56,041 |
| 2.02.01.06.05 | Pension plan and benefits for employees | 59,022 | 59,455 |
| 2.02.01.06.06 | Other accounts payable | 139,940 | 126,070 |
| 2.02.02 | Deferred income | 26,959 | 28,107 |
| 2.03 | Interests of non-controlling shareholders | 1,430,710 | 1,326,888 |
| 2.04 | Shareholders equity | 6,002,662 | 5,844,280 |
| 2.04.01 | Paid-in capital | 4,640,947 | 3,527,429 |
| 2.04.02 | Capital reserves | 452,824 | 436,184 |
| 2.04.04 | Profit reserves | 392,953 | 392,953 |
| 2.04.04.01 | Legal reserve | 72,811 | 72,811 |
| 2.04.04.05 | Profit retention for expansion | 577,708 | 577,708 |
| 2.04.04.07 | Other revenue reserves | (257,566) | (257,566) |
| 2.04.04.07.01 | Treasury shares | (257,566) | (257,566) |
| 2.04.05 | Retained earnings | 515,938 | 383,579 |
| 2.04.06 | Advances for future capital increase | | 1,104,135 |

STATEMENT OF INCOME CONSOLIDATED (in thousands of Reais)

| Account code | Account description | Nine-month period | | Nine-month period | |
|--------------|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | | 3rd Quarter 07/01/2007 to 09/30/2007 | 3rd Quarter 01/01/2007 to 09/30/2007 | 3rd Quarter 07/01/2006 to 09/30/2006 | 3rd Quarter 01/01/2006 to 09/30/2006 |
| 3.01 | Revenues | 5,936,123 | 16,326,531 | 4,696,617 | 12,665,746 |
| 3.01.01 | Domestic market sales | 4,767,368 | 12,892,201 | 3,679,541 | 10,104,147 |
| 3.01.02 | Foreign market sales | 1,168,755 | 3,434,330 | 1,017,076 | 2,561,599 |
| 3.02 | Sales taxes, freights and returns | (1,312,925) | (3,443,962) | (1,004,844) | (2,788,263) |
| 3.03 | Net revenues | 4,623,198 | 12,882,569 | 3,691,773 | 9,877,483 |
| 3.04 | Cost of goods sold and services rendered | (3,781,886) | (10,433,618) | (3,081,817) | (8,423,212) |
| 3.05 | Gross profit | 841,312 | 2,448,951 | 609,956 | 1,454,271 |
| 3.06 | Operating (expenses) income | (501,091) | (1,430,830) | (664,735) | (1,491,683) |
| 3.06.01 | Selling expenses | (126,072) | (391,080) | (89,328) | (252,013) |
| 3.06.02 | General and administrative expenses | (168,616) | (508,541) | (141,428) | (401,703) |
| 3.06.02.01 | General and administrative expenses | (164,983) | (499,326) | (138,590) | (394,286) |
| 3.06.02.02 | Management remuneration | (3,633) | (9,215) | (2,838) | (7,417) |
| 3.06.03 | Financial (expenses) income | (68,151) | (240,054) | (340,451) | (690,369) |
| 3.06.03.01 | Financial income | (30,971) | (123,269) | 54,498 | 102,137 |
| 3.06.03.02 | Financial expenses | (37,180) | (116,785) | (394,949) | (792,506) |
| 3.06.04 | Other operating income | 46,346 | 214,999 | 30,577 | 214,189 |
| 3.06.05 | Other operating expenses | (163,438) | (438,330) | (106,660) | (356,578) |
| 3.06.05.01 | Depreciation and amortization | (124,577) | (350,037) | (99,827) | (285,128) |
| 3.06.05.02 | Other operating expenses | (38,861) | (88,293) | (6,833) | (71,450) |
| 3.06.06 | Equity in income of subsidiaries and associated companies | (21,160) | (67,824) | (17,445) | (5,209) |
| 3.06.06.01 | Equity in the results of investees | 53 | 859 | 452 | 367 |
| 3.06.06.02 | Amortization of (goodwill) / negative goodwill, net | (21,269) | (66,061) | (22,674) | (35,083) |
| 3.06.06.03 | Exchange variation | (2,751) | (9,452) | 447 | 229 |
| 3.06.06.04 | Reversal /(Provision) for loss on subsidiaries | (903) | (903) | | |
| 3.06.06.05 | Tax incentives | 844 | 2,747 | 3,976 | 15,419 |
| 3.06.06.06 | Other | 2,866 | 4,986 | 354 | 13,859 |
| 3.07 | Operating profit | 340,221 | 1,018,121 | (54,779) | (37,412) |
| 3.08 | Non-operating income (expenses), net | (3,200) | (26,649) | (312) | 1,184 |
| 3.08.01 | Non-operating income | (887) | 2,130 | (732) | 2,651 |
| 3.08.02 | Non-operating expenses | (2,313) | (28,779) | 420 | (1,467) |
| 3.09 | Net income (losses) before income and social contribution taxes/ interests | 337,021 | 991,472 | (55,091) | (36,228) |
| 3.10 | Income and social contribution taxes | (92,635) | (252,115) | (18,873) | (59,800) |
| 3.11 | Deferred income and social contribution taxes | (825) | 35,719 | 28,836 | 119,862 |
| 3.12 | Interests and statutory contributions | (6,511) | (11,630) | | |
| 3.14 | Minority interests | (104,691) | (243,100) | 98 | (644) |
| 3.15 | Net income /(loss) for the period | 132,359 | 520,346 | (45,030) | 23,190 |

| | Nine-month period | | Nine-month period | |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 3rd Quarter 07/01/2007 to 09/30/2007 | 3rd Quarter 01/01/2007 to 09/30/2007 | 3rd Quarter 07/01/2006 to 09/30/2006 | 3rd Quarter 01/01/2006 to 09/30/2006 |
| Net income /(loss) per share | | | | |

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| | | | | |
|---|---------|---------|-----------|---------|
| Number of shares ex-treasury (thousand) | 432,838 | 432,838 | 359,239 | 359,239 |
| Net income per share (Reais) | 0.30579 | 1.20217 | | 0.06455 |
| Loss per share (Reais) | | | (0.12535) | |

Notes to the Quarterly Financial Information

AMOUNTS STATED IN THOUSANDS OF REAIS

1 Operations

(a) Braskem S.A. ("Braskem" or the "Company"), with headquarters at Camaçari - BA, and 14 production units located in the States of Alagoas, Bahia, São Paulo and Rio Grande do Sul, engages in the production of basic petrochemicals such as ethene, propene, benzene, and caprolactam, in addition to gasoline and LPG (cooking gas). The thermoplastic resin segment includes polyethylene, polypropylene, PVC and Polyethylene Teraphtalate ("PET"). The Company also engages in the import and export of chemicals, petrochemicals, fuels, as well as the production and supply of utilities such as steam, water, compressed air and electric power to the companies in the Camaçari Petrochemical Complex in Bahia, and the rendering of services to those companies. The Company also invests in other companies, either as a partner or shareholder.

(b) On May 16, 2007, the Company announced the deactivation of its DMT production unit and the temporary discontinuance of the PET resin production unit, both located at Camaçari - BA. Braskem will carry on the supply of the PET resin to all its customers through purchase agreements entered into with M&G Polímeros Brasil S.A. The Company will consider the potential resumption of PET production on a new technological route that ensures competitive costs for the polyester chain in Brazil.

(c) Corporate events

Since its inception on August 16, 2002, the Company has undergone a major corporate restructuring process, disclosed to the market through material event notices. The main developments in 2006 and 2007 can be summarized as follows:

On April 4, 2006, as disclosed in a Relevant Event , Braskem acquired 66.04% of the common shares and 15.33% of the preferred capital shares in the capital of Politeno Indústria e Comércio S.A. (Politeno). With the acquisition, Braskem now holds 100% of the voting capital and 96.16% of the total capital of Politeno, a company located in the Northeast Petrochemical Complex, with an annual production capacity of 360 thousand tons of polyethylene. The initial amount paid by Braskem was R\$ 237,500 thousand, equal to US\$ 111,300 thousand.

The final amount to be paid by the Company for the shares acquired will be computed in November 2007, based on Politeno's average performance over the 18 months subsequent to the execution of the purchase and sale agreement, in

accordance with the difference between the prices of polyethylene and ethylene in the Brazilian market, audited by an independent firm appointed by Braskem and the former shareholders. In order to record the commitment to pay for this acquisition, the Company projected the variables that will define the final price of the shares and recognized a provision to supplement the estimated price, stated in current liabilities, under Other provisions and accounts payable . The provision is subject to changes on account of the fluctuation of market prices and conditions up to the actual payment date. At September 30, 2007, the sum of this provision and the initial payment would give rise to goodwill of R\$ 147,499.

At a meeting held on September 29, 2006, the Board of Directors of the Company approved the formation of an entity in Holland, named Braskem Europe B.V. (Braskem Europa), organized as a limited liability company, having the Company as partner holding 100% of the capital.

The Extraordinary General Meeting held on April 2, 2007 approved the merger of Politeno, based on its shareholders equity as of December 31, 2006, amounting to R\$ 498,983. The exchange ratio of Politeno shares for Braskem shares was determined based on the companies shareholders equity at book value, in accordance to appraisal reports issued by a specialized firm as of December 31, 2006. In order to maintain the current capital structure at Braskem, comprising 1/3 common and 2/3 preferred capital shares, the conversion of 486,530, class A preferred capital shares into common shares was approved. The Company capital was increased by R\$ 19,157 to R\$ 3,527,429 through the issue of 1,533,670 class A preferred capital shares, comprising 123,978,672 common, 247,154,278 class A preferred, and 803,066 class B preferred capital shares .

On April 18, 2007, Ultrapar Participações S.A. (Ultrapar) for itself and acting as agent for Company and Petróleo Brasileiro S.A. - Petrobras, acquired for R\$ 2,113,107, the equivalent to 66.2% of common shares and 13.9% of preferred capital shares issued by Refinaria de Petróleo Ipiranga S.A. (RPI), 69.2% of common shares and 13.5% of preferred capital shares issued by Distribuidora de Produtos de Petróleo Ipiranga S.A. (DPPI), and 3.8% of common shares and 0.4% of preferred capital shares issued by Companhia Brasileira de Petróleo Ipiranga (CBPI), held by the controlling shareholders of the Ipiranga Group. Of this amount, the Company and Petrobras paid R\$ 1,394,675 under the agency agreement among the parties.

According to the agreement among Ultrapar, Braskem and Petrobras, the Company now holds the control of petrochemical assets, represented by Ipiranga Química S.A. (Ipiranga Química), Ipiranga Petroquímica S.A. (IPQ) and the latter s interest in Companhia Petroquímica do Sul (Copesul). Assets associated with oil refining operations held by RPI will be shared on equal terms by Petrobras, Ultrapar and Braskem.

Under this same agreement, Ultrapar is responsible for carrying out a corporate reorganization of the acquired companies, with a view to segregating the assets assigned to each acquiring company. The stages of this process include:

a) Tag-along Public Tender Offer for the acquisition of the common shares issued by RPI, DPPI and CBPI;

b) Absorption by Ultrapar of shares issued by RPI, DPPI and CBPI;

c) Segregation of assets, as follows: (i) reduction in the capital of RPI and CBPI, in order to transfer the petrochemical assets directly to Ultrapar, to be subsequently delivered to Braskem and Petrobras, in accordance with the agency agreement, and (ii) spin-off of CBPI in order to transfer the Northern Distribution Assets to a subsidiary of Petrobras.

As provided in item (a) above, on October 22, 2007 a public offer auction was carried out for the acquisition of outstanding common shares of DPPI and RPI, at a price per share of R\$ 112.88 and R\$ 107.05, respectively. The acquisition included: (i) 82% of outstanding common shares of RPI, thus increasing Ultrapar's interest in voting capital from 61.6% to 93.1%, and (ii) 77% of outstanding common shares of DPPI, thus increasing Ultrapar's interest in voting capital from 84.2% to 96.1%. Total amount disbursed was approximately R\$ 441,000, of which Braskem disbursed R\$ 156,717.

The CBPI auction will be conducted on November 8, 2007. The offer price was R\$ 64.43 per share.

On April 30, 2007, Braskem acquired 3.11% and 1.06% of quotas in TEGAL Terminal de Gases Ltda. (Tegal), owned by Oxiteno Nordeste S.A. Indústria e Comércio and Dow Brasil Nordeste Industrial Ltda., respectively. Following the acquisition, Braskem holds 100% of the capital of Tegal, a company located in the Aratu Port, at Camaçari BA, that engages in the provision of its own or third-party services for the storage and movement of liquefied gases. The amount paid by Braskem was R\$ 1,105, giving rise to goodwill justified by other economic reasons of R\$ 498, fully taken to income, in accordance with CVM Instruction 247/96.

On June 28, 2007, the Company was notified by Odebrecht S.A. (Odebrecht), current company name of ODBPAR INV S.A., of the exercise of the latter's right to convert into shares 100% of its 59,185 subordinate, convertible debentures, in accordance with the Private Deed for Private Issue of Convertible, Subordinate Debentures, upon maturity of the agreement. The debentures were converted on July 31, 2007 (Note 20(a)).

The Extraordinary General Meeting held on July 31 2007 approved the merger of Tegal, based on its shareholders equity as of May 31, 2007, in the amount of R\$ 12,926. The equity variations from May 31, 2007 and the merger date were recognized by Braskem as equity in income of subsidiaries and associated companies.

On June 28, 2007, Braskem's indirect subsidiary EDSP67 Participações S.A. (EDSP67) acquired 100% of the outstanding shares in IPQ, representing 7.61% of its total capital. As a result of this acquisition, CVM approved on July 18, 2007, the delisting request of IPQ.

On August 15, 2007, the Company exercised its preemptive right to acquire shares issued by Petroflex Indústria e Comércio S.A. (Petroflex) owned by SPQ Investimentos e Participações Ltda., a subsidiary of Suzano Petroquímica S.A. (Suzano), due to the sale of the latter's control to Petrobras.

Upon transfer of the shares, on October 31, 2007, Braskem's interest in the total capital of Petroflex went from 20.12% to 33.53%, and its interest in the voting capital went from 20.14% to 33.57%. The preemptive right was exercised at the equity value of Petroflex, in the amount of R\$ 61,022. In September 2007, the Company deposited R\$ 59,819 in an account intended specifically for this acquisition, accounted for in Other accounts receivable under Current Assets.

In the Public Tender Offer (OPA) for the delisting of Copesul, carried out on October 5, 2007, EDSP58 Participações S.A. (EDSP58) acquired 34,040,927 common shares in Copesul, representing 98.63% of the qualified shares, for a unit value of R\$ 38.02. This amount was financially settled on October 10, 2007 and the disbursement amounted to approximately R\$ 1,300,000.

After verifying the compliance with the rules applicable to OPA, on October 18, 2007, CVM delisted Copesul.

Considering that Copesul outstanding shares now represent less than 5% of total shares, the Board of Directors of that subsidiary will call a general shareholders meeting to pass a resolution on the redemption of such shares at the auction offer price, restated up to the actual payment date.

The Company and its subsidiaries, as participants in the corporate restructuring process, may be affected by economic and/or corporate aspects as a result of the outcome of this process.

(d) Administrative Council for Economic Defense - CADE

Acquisition of Ipiranga

On April 25, 2007, the Company and CADE entered into the Agreement to Preserve the Reversibility of Transaction APRO, whereby Braskem undertakes to maintain the normal conditions of free competition in the polyethylene and polypropylene markets prevalent before April 18, 2007, refraining to take the following actions with respect to the petrochemical assets of the Ipiranga Group, until a final sentence on the transaction is issued:

Any changes in the corporate nature that would imply a change in control;

Substantial changes in its physical facilities, and assignment or waiver or rights and duties with respect to its assets, including trademarks, patents and the portfolio of customers and raw material suppliers;

Discontinue the use of trademarks and products, except for the provisions of the Investment Agreement, thus maintaining the offer of Ipiranga product lines;

Substantial changes in the distribution and marketing structures, logistics and practices;

Substantial changes in the companies that would imply lay-offs and reassignment of personnel among the different production, distribution, marketing and research units, whenever that such actions could be characterized as a combination of the companies;

Interrupting, with cause and in the sole discretion of CADE, investment projects which have been previously approved by the Board of Directors, in all activity sectors of the acquired company, as well as the implementation of its sales plans and targets.

The agreement may be reviewed at any time, by CADE or at the request of the companies if, in the discretion of CADE's full board, they are able to prove that the reasons that gave rise to the agreement are no longer present.

With regard to Copesul, CADE expressed no objections to the transaction, considering that the Company and Petrobras will maintain the current conditions as controlling and minority shareholders, respectively, prevailing prior to April 18, 2007, under the Shareholders' Agreement in effect.

(e) Corporate governance

Braskem enrolled in Level 1 of the Differentiated Corporate Governance on the Bovespa, which mainly commits the Company to improvements in providing information to the market and in the dispersion of shareholdings. The Company intends to reach Level 2 of Bovespa's Corporate Governance in the near future.

2 Presentation of Financial Statements

The individual and consolidated Quarterly Financial Information was prepared in accordance with the accounting practices adopted in Brazil and also in compliance with the rules and procedures determined by the Brazilian Securities Exchange Commission - CVM, Brazilian Institute of Independent Auditors - IBRACON, and Federal Accounting Council - CFC.

The explanatory notes refer only to the individual Quarterly Financial Information.

The comparative review of financial statements at September 30, 2007 and 2006 includes the merger of Politeno (Note 1(c)) that took place on April 2, 2007. The statements of income of this subsidiary as of March 31, 2007 and September 30, 2006 are presented below:

| Statement of income | Mar/07 (three months) | Sep/06 (nine months) |
|--|--------------------------------------|---------------------------------|
| Net revenues | 260,611 | 762,213 |
| Cost of goods sold | (238,763) | (684,599) |
| Gross profit | 21,848 | 77,614 |
| Operating expenses, net | (11,112) | (72,933) |
| Operating profit before interests and financial results | 10,736 | 4,681 |
| Financial results | (10,642) | (14,289) |
| Equity in income of subsidiaries and associated companies | (35) | 1,218 |
| Non-operating results | (25) | 236 |
| Net income /(loss) before income and social contribution taxes | 34 | (8,154) |
| Deferred income and social contribution taxes | (203) | 1,765 |
| Loss for the period | (169) | (6,389) |

To provide the market with more information, the Company presents its Statement of Cash Flows as supplementary information to the Quarterly Financial Information.

3 Significant Accounting Practices

(a) Use of estimates

In the preparation of the Quarterly Financial Information in accordance with accounting practices adopted in Brazil, management is required to use judgment to determine and record accounting estimates. Significant assets and liabilities subject to such estimates and assumptions include the residual value of property, plant and equipment, provision for doubtful accounts, inventories and deferred income tax, provision for contingencies, valuation of derivative instruments and liabilities associated with employee benefits. The settlement of transactions involving such estimates may give rise to amounts that are different from estimated ones, due to inaccuracies inherent in the determination process. The Company reviews its estimates and assumptions at least on a quarterly basis.

(b) Determination of net income

Net income is determined on the accrual basis of accounting.

Sales revenues are recognized when the risk and product title are transferred to customers. This transfer occurs when the product is delivered to customers or carriers, depending on the type of sales.

The provisions for income tax and Value-Added Tax on Sales and Services (ICMS) are recorded gross of the tax incentive portions, with the amounts related to tax exemption and reduction recorded in a capital reserve, while the ICMS amounts are taken to income.

In accordance with the requirements of CVM Deliberation 273 and Instruction 371, the deferred income tax is stated at probable realizable value, expected to occur as described in Note 17(b).

Monetary assets and liabilities denominated in foreign currencies were converted at the exchange rate ruling on the balance sheet date, and differences arising from currency conversion were taken to income for the year under Financial income and Financial expenses, respectively.

The Company has recognized in financial results for the period the market value of derivative contracts relating to cash flows and liabilities indexed to foreign currency or international interest rates.

Net income per share is calculated based on the number of outstanding shares at the end of the each quarter.

(c) Current assets and long-term receivables

Cash and cash equivalents comprise primarily cash deposits and marketable securities or investments with immediate liquidity or maturing within 90 days (Note 4).

Marketable securities are valued at the lower of cost or market, including accrued income earned to the balance sheet date. Derivative instruments are valued at their adjusted fair values, based on market quotations for similar instruments against future exchange and interest rates.

The allowance for doubtful accounts is set up at an amount considered sufficient to cover estimated losses on the realization of the receivables, taking into account the Company's loss experience. For a better calculation of the doubtful accounts the Company analyzes, on a monthly basis, the amounts and characteristics of trade accounts receivable.

Inventories are stated at average purchase or production cost, which is lower than replacement cost or realization value. Finished products include freight expenses to the sale place. Imports in transit are stated at the accumulated cost of each import. Inventories of consumable materials (Warehouse) are classified in current assets or long-term receivables, considering their history of consumption.

Deferred income tax is recognized upon favorable scenarios for its realization. Periodically, the amounts recorded are revalued in accordance with CVM Deliberation 273/98 and CVM Instruction 371/02.

Contingent liabilities are stated net of the Deposits in court, in accordance with to CVM Deliberation 489/05.

Other assets are shown at realizable values, including, where applicable, accrued income and monetary variations, or at cost in the case of prepaid expenses.

(d) Permanent assets

These assets are stated at cost, considering the following:

investments in subsidiaries, jointly-controlled entities and associated companies are accounted for on the equity method, plus unamortized goodwill/negative goodwill. Goodwill is calculated as the difference between the amount paid and the book value of net assets acquired. Goodwill is based on the expected future profitability of the investees and appreciation of the assets, and is amortized over a period of up to 10 years. Goodwill in merged companies is transferred to property, plant and equipment and deferred charges, when based on asset appreciation and future profitability of the investees, respectively. Other investments are carried at the cost of acquisition.

interests in foreign subsidiaries are accounted for on the equity method and foreign exchange variance on assets is recorded in a separate account under operating profits. Balance sheet and statement of income accounts are converted into Brazilian currency at the exchange rates ruling as of the closing date of the Quarterly Financial Information, according to CVM Deliberation 28/86.

property, plant and equipment is shown at acquisition or construction cost and, as from 1997, includes capitalized interest incurred during the construction period. Capitalized interest is added to assets and depreciated as from the date they become operational.

depreciation of property, plant and equipment is recorded on the straight-line basis at the rates mentioned in Note 12.

amortization of deferred charges is recorded over a period of up to ten years, as from the time benefits begin to accrue.

As from January 2006, in accordance with CVM/SNC/SEP Circular-Letter 01/2006 the Company records all programmed maintenance shutdown expenses in property, plant and equipment, as Machinery, equipment and facilities . Such stoppages occur at scheduled periods at intervals from two to six years and the related expenses are amortized until the beginning of the next maintenance shutdown (Note 12).

(e) Current and long-term liabilities

These liabilities are stated at known or estimated amounts, including accrued charges and monetary and exchange adjustments, as applicable.

The provision for loss in subsidiaries is recorded based on the negative shareholder's equity (excess of liabilities over assets) of these companies, and is recorded as a long-term liability against the equity results.

Defined benefit pension plans are accounted for based on the calculations made by independent actuaries, which in turn are based on assumptions provided by the Company.

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk specific to the liability.

(f) Deferred income

Deferred income includes negative goodwill of merged or consolidated companies, supported by the expected future profitability.

(g) Consolidated financial statements

The consolidated Quarterly Financial Information was prepared in accordance with the consolidation principles set forth in the Brazilian corporate law and supplementary provisions of CVM and include the financial statements of the Company and its subsidiaries and jointly-controlled entities, and special purpose entities in which the Company has direct or indirect share control, as shown below:

| | | Head office (country) | Interest in total capital - % | |
|--|-------|--------------------------|----------------------------------|--------|
| | | | Sep/07 | Jun/07 |
| Subsidiaries | | | | |
| Braskem Argentina S.R.L. (Braskem Argentina) | (i) | Argentina | 98.00 | 98.00 |
| Braskem America Inc. (Braskem America) | | USA | 100.00 | 100.00 |
| Braskem Distribuidora Ltda. (Braskem Distribuidora) e sua controlada | | Brazil | 100.00 | 100.00 |
| Braskem Europa | | Holland | 100.00 | 100.00 |
| Braskem Incorporated Limited (Braskem Inc) e sua controlada | | Cayman Islands | 100.00 | 100.00 |
| Braskem Participações S.A. (Braskem Participações) | | Brazil | 100.00 | 100.00 |
| Companhia Alagoas Industrial (CINAL) | | Brazil | 100.00 | 100.00 |
| CPP - Companhia Petroquímica Paulista ("CPP") | | Brazil | 79.70 | 79.70 |
| EDSP58 | | Brazil | 60.00 | 60.00 |
| Politeno Empreendimentos Ltda. (Politeno Empreendimentos) | | Brazil | 100.00 | 100.00 |
| Tegal | (ii) | Brazil | | 100.00 |
| Copesul e sua controlada | (iii) | Brazil | 29.46 | 29.46 |
| Ipiranga Química e suas controladas | (iv) | Brazil | 13.40 | 13.40 |
| Jointly-controlled entities | | | | |
| CETREL S.A. - Empresa de Proteção Ambiental ("CETREL") | (v) | Brazil | 48.98 | 49.03 |
| Petroflex | | Brazil | 20.12 | 20.12 |
| Petroquímica Paulínia S.A. (Petroquímica Paulínia) | | Brazil | 60.00 | 60.00 |
| Special Purpose Entities (EPE s) | | | | |
| Fundo Parin | (vi) | Guernsey | 100.00 | 100.00 |
| Sol-Fundo de Aplicação em Cotas de Fundos de Investimento (FIQ Sol) | | Brazil | 100.00 | 100.00 |

(i) Including the interest of the subsidiary Braskem Distribuidora, Braskem's interest is equal to 100.00%.

(ii) Company merged on July 31, 2007.

(iii) Including the interest of subsidiary IPQ, Braskem's interest in Copesul is equal to 33.41%.

(iv) Investment consolidated pursuant to the terms of the purchase agreement of the Ipiranga Group (Note 1(c)).

(v) Including the interest of subsidiary CINAL, Braskem's interest amounts to 53.56%. Jointly-controlled entity pursuant to the provisions of the by-laws.

(vi) Investments consolidated pursuant to CVM Instruction 408/04.

In the consolidated Quarterly Financial Information, the intercompany investments and the equity pick-up, as well as the intercompany assets, liabilities, income, expenses and unrealized gains arising from transactions between consolidated companies, were eliminated.

Minority interest in the equity and in the results of subsidiaries has been segregated in the consolidated balance sheet and statement of operations for the consolidated years, respectively. Minority interest corresponds to the respective participations in the capital of CPP, Ipiranga Química and Copesul.

Goodwill not eliminated on consolidation is reclassified to a specific account in permanent assets which gave rise to it, in accordance with CVM Instruction 247/96. Negative goodwill is reclassified to "Deferred income".

The comparative analysis of the consolidated statements of income include the full consolidation of Ipiranga Química and Copesul as from April 2007. Up to the quarter ended March 31, 2007, Copesul was consolidated on a pro rata basis, pursuant to CVM Instruction 247/96. Table 8.01 of the Quarterly Financial Information, Comments on consolidated performance, presents statements of income on a comparative basis.

Pursuant to paragraph 1, article 23 of CVM Normative Instruction CVM 247/96 and authorization by CVM Letter SNC 004/2007, the Company has not consolidated on a pro rata basis the financial statements of the jointly-controlled entities RPI and Companhia de Desenvolvimento Rio Verde - CODEVERDE. The information on these subsidiaries does not show significant changes and does not lead to distortions in the Company consolidated Quarterly Financial Information. The summarized, adjusted financial statements of these subsidiaries are as follows:

(i) CODEVERDE (pre-operating stage)

| Balance Sheet | Sep/07 | Jun/07 |
|--|---------------|---------------|
| Assets | | |
| Current assets | 338 | 296 |
| Non-current assets | | |
| Long-term receivables | 122 | 122 |
| Permanent assets | 46,328 | 44,522 |
| Total assets | 46,788 | 44,940 |
| Liabilities and shareholders' equity | | |
| Current liabilities | 94 | 149 |
| Long-term liabilities | 1,349 | 904 |
| Shareholders' equity | 45,345 | 43,887 |
| Total liabilities and shareholders' equity | 46,788 | 44,940 |

(ii) RPI

| Balance Sheet | Sep/07 | Jun/07 |
|--|---------------|---------------|
| Assets | | |
| Current assets | 14,028 | 15,062 |
| Non current assets | | |
| Long-term receivables | 336 | 336 |
| Permanent assets | 3,549 | 3,620 |
| Total assets | 17,913 | 19,018 |
| Liabilities and negative shareholders' equity | | |
| Current liabilities | 14,436 | 15,184 |
| Long-term liabilities | 6,299 | 6,338 |
| Negative Shareholders' Equity | (2,822) | (2,504) |
| Total liabilities and negative shareholders' equity | 17,913 | 19,018 |

Statement of income

| | Sep/07 | Jun/07 |
|---|---------------|---------------|
| Net revenues | 39,530 | 20,452 |
| Cost of goods sold | (37,385) | (19,205) |
| Gross profit | 2,145 | 1,247 |
| Operating expenses, net | (1,544) | (946) |
| Operating profit before interest and financial results | 601 | 301 |
| Financial results | (637) | (15) |
| Non-operating results | 43 | 38 |
| Income before income and social contribution taxes | 7 | 324 |
| Deferred income and social contribution taxes, net | 185 | 185 |
| Net income for the period | 192 | 509 |

For a better presentation of the consolidated Quarterly Financial Information, the cross-holding between the Company and subsidiary Braskem Participações was reclassified as Treasury shares. Total shares held by that subsidiary comprise 580,331 common and 290,165 class A preferred shares, representing a 0.24% interest in the Company's total

capital.

The reconciliation between the parent company and consolidated shareholders' equity and the net income for the period is as follows:

22

| | Shareholders equity | | Net income for the period | |
|---|---------------------|-----------|---------------------------|---------|
| | Sep/07 | Jun/07 | Sep/07 | Sep/06 |
| Parent company | 6,084,707 | 5,927,096 | 510,245 | (2,957) |
| Cross holding classified as treasury shares | (13,110) | (13,110) | | |
| Exclusion of profits in inventories | (5,782) | (4,998) | 5,214 | 2,398 |
| Exclusion of the gain on the sale of investment between related parties | (38,476) | (38,476) | | |
| Exclusion of results of financial transactions between related parties | (11,034) | (11,558) | 1,794 | 999 |
| Reversal of amortization of goodwill on the sale of investments between related parties | 21,299 | 20,268 | 3,093 | 3,093 |
| Exclusion of the gain on assignment of right of use to associated company | (34,942) | (34,942) | | 19,657 |
| Consolidated | 6,002,662 | 5,844,280 | 520,346 | 23,190 |

4 Cash and Cash equivalents

| | Sep/07 | Jun/07 |
|-----------------------|---------|-----------|
| Cash and banks | 58,874 | 155,151 |
| Financial investments | | |
| Domestic | 327,111 | 334,796 |
| Abroad | 507,734 | 513,860 |
| | 893,719 | 1,003,807 |

The domestic investments are mainly represented by quotas of a Braskem exclusive fund (FIQ Sol) which, in turn, holds quotas of domestic investment funds, such as fixed income investment funds, multiportfolio funds, investment fund quotas in credit rights, and other fixed-income securities. The financial investments abroad mainly consist of sovereign fixed income instruments or instruments issued by first-tier financial institutions with high marketability.

The Company maintains cash and cash equivalents sufficient to cover: (i) its working capital needs; (ii) investments anticipated in the business plan; and (iii) adverse conditions that may reduce the available funds.

Such funds are allocated in order to: (i) have a return compatible with the maximum volatility determined by the investment and risk policy; (ii) obtain a high spread of the consolidated portfolio; (iii) avoid the credit risk arising from the concentration in a few securities; and (iv) follow the market interest rate changes both in Brazil and abroad.

5 Marketable Securities

| | Remuneration | | Sep/07 | Jun/07 |
|-----------------------|---------------------|------------|---------------|---------------|
| Current assets | | | | |
| Investment fund | LIBOR | 0.15% p.a. | 193,917 | 208,595 |
| Long-term receivables | | | | |
| Investment fund | LIBOR | 0.10% p.a. | 275,835 | 288,930 |
| Other | | | 15,446 | 15,855 |
| | | | 291,281 | 304,785 |
| | | | 485,198 | 513,380 |

Braskem is the only quotaholder of the investment fund recorded in current assets and non-current assets. The portfolio comprises time deposits at Credit Suisse First Boston Bank (CSFB).

6 Trade Accounts Receivable

| | Sep/07 | Jun/07 |
|---|---------------|---------------|
| Customers | | |
| Domestic market | 1,162,288 | 1,042,344 |
| Foreign market | 589,788 | 500,550 |
| Discounted trade bills | (97,135) | (143,234) |
| Advances on bills of exchange delivered | (216,162) | |
| Allowance for doubtful accounts | (155,659) | (162,610) |
| | 1,283,120 | 1,237,050 |
| Long-term receivables | (38,438) | (41,324) |
| Current assets | 1,244,682 | 1,195,726 |

The Company adopts an additional policy for realizing domestic trade accounts, by selling its receivables to investment funds with credit rights.

The Company carried out a trade bill discount transaction with a financial institution, undertaking to reimburse it in the event of delinquency of the customers.

Changes in the allowance for doubtful accounts are as follows:

| | Sep/07 | Sep/06 |
|---|---------------|---------------|
| At January 1 | 103,474 | 72,945 |
| Additions classified as selling expenses | 69,144 | 62,697 |
| Addition through merger of Politeno / Tegal | 52,145 | |
| Recovery of credits provided for | (69,104) | (40,900) |
| At the end of the period | 155,659 | 94,742 |

7 Inventories

| | Sep/07 | Jun/07 |
|--|---------------|---------------|
| Finished products and work in process | 769,244 | 853,434 |
| Raw materials, production inputs and packaging | 329,475 | 272,873 |
| Warehouse (*) | 314,499 | 322,022 |
| Advances to suppliers | 30,503 | 44,479 |
| Imports in transit and other | 13,943 | 50,468 |
| Provision for adjustment to realization value | (14,827) | (14,827) |
| | 1,442,837 | 1,528,449 |
| Non-current assets (*) | (24,098) | (24,731) |
| Current assets | 1,418,739 | 1,503,718 |

(*)Based on its turnover, part of the maintenance materials inventory was reclassified to non-current assets.

Advances to suppliers and expenditures for imports in transit mainly relate to the acquisition of petrochemical naphtha, which is the main raw material of the Company.

8 Related Parties

| | Balance Sheet | |
|---|----------------------|----------------|
| | Sep/07 | Jun/07 |
| Current assets | | |
| Cash and cash equivalents | | |
| Special Purpose Entity | | |
| FIQ Sol | 252,130 | 287,371 |
| Marketable securities | | |
| Special Purpose Entity | | |
| Fundo Parin | 193,917 | 208,595 |
| Trade accounts receivable | | |
| Subsidiaries and jointly-controlled entities | | |
| Braskem America | 22,551 | 26,478 |
| Braskem Argentina | 1,832 | 4,888 |
| Braskem Distribuidora | 305 | 3,748 |
| Braskem Europa | 35,821 | 44,341 |
| Braskem Inc. | 8,620 | 7,817 |
| Cayman | | 12 |
| CINAL | 1,532 | 1,534 |
| Copesul | 11,830 | 7,914 |
| Lantana | 41,267 | 12,467 |
| Ipiranga Química | 2,230 | 1,890 |
| IPQ | 5,452 | 49 |
| CETREL | 48 | 41 |
| Petroquímica Paulínia | 4,622 | 4,622 |
| Petroflex | 15,236 | 5,710 |
| Associated company | | |
| Borealis Brasil S.A. (Borealis) | 14,027 | 259 |
| Related parties | | |
| Petrobras | 43,856 | 43,022 |
| Petrobras Distribuidora S.A. | 1,386 | 1,775 |
| Other | 709 | 709 |
| | 211.324 | 167.276 |
| Dividends receivable | | |
| Associated company | | |
| Borealis | | 2,000 |
| | | 2,000 |
| Long-term receivables | | |
| Marketable securities | | |
| Special Purpose Entity | | |
| Fundo Parin | 275,835 | 288,930 |
| Related parties | | |
| Subsidiaries and jointly-controlled entities | | |
| Braskem Distribuidora | 12,022 | 133 |
| Cayman | | 50 |
| CINAL | 1,143 | 1,300 |

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| | | |
|------------------------|---------------|---------------|
| Tegal (AFAC) | | 2,446 |
| Lantana | 49 | |
| CETREL (AFAC) | 135 | 135 |
| Related parties | | |
| Petrobras | 41,362 | 40,521 |
| Other | 2,030 | 1,972 |
| | 56,741 | 46,557 |

Related Parties (continued)

| | Balance Sheet | |
|--|----------------------|----------------|
| | Sep/07 | Jun/07 |
| Current liabilities | | |
| Suppliers | | |
| Subsidiaries and jointly-controlled entities | | |
| Braskem Argentina | 553 | 3,324 |
| Cinal | 1,053 | |
| Tegal | | 323 |
| Copesul | 31,397 | 255,580 |
| IPQ | 2,761 | 2,244 |
| CETREL | 1,008 | 206 |
| Related parties | | |
| Construtora Norberto Odebrecht (CNO) | 4,972 | 4,755 |
| Petrobras | 572,384 | 398,338 |
| Petrobras Distribuidora | 10,320 | 6,251 |
| | 624,448 | 671,021 |
| Long-term liabilities | | |
| Related parties | | |
| Subsidiaries | | |
| Braskem Importação e Exportação Ltda. (Braskem Importação) | 1,436 | 1,435 |
| Braskem Participações | 5,437 | 5,287 |
| Politeno Empreendimentos | 12,985 | 12,421 |
| Tegal | | 3,933 |
| | 19,858 | 23,076 |

Related Parties (continued)

| | Statement of income | |
|--|----------------------------|------------------|
| | Sep/07 | Sep/06 |
| Transactions | | |
| Product sales | | |
| Subsidiaries and jointly-controlled entities | | |
| Braskem America | 37,002 | 18,455 |
| Braskem Argentina | 5,903 | |
| Braskem Distribuidora | 33,403 | |
| Braskem Europa | 90,559 | |
| Braskem Inc. | 45,563 | 31,665 |
| Cayman | | 9,308 |
| CINAL | 118 | |
| IPQ | 8,991 | |
| Ipiranga Química | 3,449 | |
| Lantana | 106,842 | 199,991 |
| Politeno | 295,367 | 795,981 |
| Polialden | | 136,983 |
| CETREL | 147 | 1,091 |
| Copesul | 4,369 | 3,189 |
| Petroflex | 343,116 | 342,333 |
| Associated company | | |
| Borealis | 105,874 | 92,772 |
| Related parties | | |
| Petrobras | 228,639 | |
| Petrobras Distribuidora | 28,031 | |
| | 1,337,373 | 1,631,768 |
| Raw materials, services and utilities purchases | | |
| Subsidiaries and jointly-controlled entities | | |
| CINAL | 7,906 | 26,873 |
| Politeno | 11,977 | 7,376 |
| Tegal | 13,208 | 14,786 |
| Copesul | 2,086,496 | 2,050,058 |
| CETREL | 15,744 | 18,468 |
| Related parties | | |
| CNO | 81,269 | 98,455 |
| Petrobras | 3,200,639 | 3,864,248 |
| Petrobras Distribuidora | 217,181 | 228,149 |
| | 5,634,420 | 6,308,413 |
| Financial income | | |
| Subsidiaries | | |
| Braskem America | (3,394) | |
| Braskem Argentina | (378) | |
| Braskem Distribuidora | 106 | 4 |
| Braskem Europa | (7,581) | |
| Braskem Inc | (2,819) | |

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| | | |
|---|----------------|----------------|
| Cayman | (4) | 6 |
| CINAL | 159 | |
| Copesul | | 14,389 |
| Lantana | (1,986) | |
| Politeno | 6,692 | 2,522 |
| Tegal | 105 | 78 |
| Related parties | | |
| Petrobras | 2,494 | 2,744 |
| Other | (369) | 167 |
| | (6,975) | 19,910 |
| Financial expenses | | |
| Subsidiaries | | |
| Braskem Argentina | (421) | |
| Braskem Importação | 121 | 138 |
| Braskem Inc | (725) | |
| Braskem Participações | 465 | 365 |
| Copesul | 273 | |
| Politeno | | 229 |
| Politeno Empreendimentos | 761 | |
| Tegal | 85 | 14 |
| Related parties | | |
| Petrobras | 38,138 | |
| Petrobras Distribuidora | 2,725 | |
| Odebrecht (Convertible debentures (Note 20(a))) | 74,825 | 99,405 |
| | 116,247 | 100,151 |

Trade accounts receivable and Accounts payable to Suppliers include the balances resulting from transactions with related parties, arising mainly from the following sales and purchases of goods and services:

Sales of Braskem:

| Company | Products/inputs |
|--|--|
| Borealis / Cayman / Lantana / Braskem America/Braskem Europa/ Braskem Argentina / Braskem Distribuidora Braskem Inc. Polialden / Politeno Petroflex Petrobras Ipiranga Química / IPQ | Thermoplastic resins Basic petrochemicals Ethylene and utilities Butadiene Gasoline Basic petrochemicals/Thermoplastic resins |

Purchases of Braskem:

| Company | Products/inputs/services |
|-------------------------|--|
| CINAL / Cetrel | Utilities, treatment and incineration of waste |
| Copesul | Ethylene, propane and utilities |
| Petrobras | Naphtha |
| Petrobras Distribuidora | Fuel |
| CNO | Construction and maintenance services |
| Tegal | Gas storage services |

These transactions are carried out at normal market prices and conditions, considering (i) for purchase and sale of ethylene, international market prices, (ii) for purchases of naphtha from Petrobras, the European market prices, and (iii) for sales to foreign subsidiaries, under a 180-day term, longer than terms offered to other customers. Until September 30, 2007, the Company also imported naphtha at a volume equal to 28.2% of its consumption.

Credits with related parties and Debt with related parties include intercompany current account balances, remunerated at 100% of CDI. The purpose of these current accounts is to apply daily financial funds available under a single pool to settle the account holders' obligations. Account holders include the Company and its direct and indirect subsidiaries in Brazil.

9 Taxes Recoverable

| | Sep/07 | Jun/07 |
|---|---------------|---------------|
| Excise tax (IPI) (regular transactions) | 15,469 | 47,606 |
| Value-added Tax on Sales and Services (ICMS) | 881,455 | 898,444 |
| Employees profit participation program (PIS) and Social contribution on billings (Cofins) | 65,617 | 61,656 |
| PIS Decrees-Law 2445 and 2449/88 | 42,077 | 55,194 |
| Income and Social contribution taxes | 18,924 | 46,609 |
| Other | 72,785 | 76,576 |
| | 1,096,327 | 1,186,085 |
| Current assets | (177,149) | (282,079) |
| Long-term receivables | 919,178 | 904,006 |

(a) IPI

In the 1st quarter of 2005, the Company used up its IPI credits from acquisition of raw materials taxed at a zero rate, when related to transactions involving the establishments of merged company OPP Química S.A. (OPP Química), located in the State of Rio Grande do Sul. This excise tax credit derived from a lawsuit filed by OPP Química in July 2000 for full adoption of the non-cumulative tax principle to said establishments.

On December 19, 2002, the Federal Supreme Court (STF) based on its full-bench precedents on this matter entertained an extraordinary appeal lodged by the National Treasury and affirmed the erstwhile decision rendered by the Regional Federal Court (TRF), 4th Circuit, thus recognizing OPP Química's entitlement to the IPI tax credit on said acquisitions, covering the ten-year period prior to the filing date and accruing the SELIC benchmark rate until the date of actual use of such credits.

The STF determination was challenged by the National Treasury via special appeal known as agravo regimental, which is pending judgment by the 2nd Panel of STF. In this special appeal, the National Treasury is no longer challenging the company's entitlement to the IPI tax credit from acquisition of raw materials taxed at a zero rate, but rather alleging some inaccuracies in the court determination as to non-taxed inputs and raw materials, the restatement of tax credits, and the respective calculation rate. According to the opinion of the Company's legal advisors, all these aspects have already been settled in the STF and TRF court decisions favorably to OPP Química, or even in the STF full-bench precedents. For this reason, the special appeal referred to above poses no risk of changes in the OPP Química-friendly decision, although the STF itself is revisiting this matter in a similar lawsuit lodged by another taxpayer (the respective judgment is in abeyance).

In December 2002, OPP Química posted these tax credits at R\$ 1,030,125, which were offset by the Company with IPI itself and other federal tax debts.

On September 28, 2006, the Company was given four infraction notices (*autos de infração*) for use of those IPI tax credits at the Rio Grande do Sul establishments of merged company OPP Química. The Company presented administrative defenses against such infraction notices.

Two of these infraction notices were issued solely to avoid forfeiture of the tax authorities' right to dispute the use of tax credits until ten years before the filing of a lawsuit by the Company. However, the Company's use of tax credits is protected by the STF final and conclusive determination, which voids the content of said notices.

The other two infraction notices allege that there is no favorable court decision supporting the Company's use of tax credits deriving from future acquisition of raw materials. However, those court rulings did warrant the Company's ongoing entitlement to offset its tax credits. In the opinion of its legal advisors, the Company stands good chances of prevailing against these four infraction notices.

During the first semester of 2007, the Company was notified about administrative decisions rejecting approximately 200 applications for offsetting of these credits with taxes payable by other units. The Company disputed these rejections and, when necessary, brought suit in court to proceed with discussions at administrative level and to suspend the collection of disputed taxes.

The Company was also notified about infraction notices issued to collect supposed tax delinquencies originating from use of tax credits not recognized by the tax authorities, plus a fine (on the argument that the respective tax offsetting was not covered by the *res judicata* explained above). In its administrative defense, the Company will show that such infraction notices are groundless. In the opinion of its legal advisors, the Company stands good chances of prevailing against these infraction notices as well.

The amounts relating to all of these events come to approximately R\$2,225,002 (updated to September 30, 2007 at the SELIC benchmark rate, but without computing penalties).

Similar lawsuits have also been filed by the Company's branches located in the States of São Paulo, Bahia and Alagoas (Note 16 (ii)).

(b) ICMS

The Company has accrued ICMS tax credits during the latest fiscal years, basically on account of taxation rate differences between incoming and outgoing inputs and products; domestic outgoing products under incentive (subject to deferred taxation); and export sales.

The Company's Management has given priority to a number of actions aimed at optimal use of such credits and, currently, no losses are expected from realization of those credits. Management's actions comprise, among others:

Obtaining from the Rio Grande do Sul state authorities an authorization for transfer of these credits to third parties, backed by Agreement TSC 036 of 2006 (published in the Official Gazette on October 19, 2006).

Obtaining from the Bahia state authorities a greater reduction in the tax base of ICMS levied on imported petrochemical naphtha (from 40% to 60%), as per article 347, paragraphs 9 and 10 of the Bahia State ICMS Regulations (Decree 9681 of 2005).

Increasing the ICMS tax base in connection with the sale of fuels to refiner (from 40% to 100%), as per article 347 of the Bahia State ICMS Regulations.

Replacing the exports of co-products by domestic market transactions.

Starting feedstock imports under specific customs prerogatives, thus ensuring a lower generation of ICMS credits.

Considering the company's Management projection over the term for realization of those credits, the amount of R\$ 750,913 (June 30, 2007 - R\$ 770,688) was recorded as noncurrent assets.

10 Deposits in court and compulsory loan Long-term receivables

| | Sep/07 | Jun/07 |
|--------------------------|---------------|---------------|
| Deposits in court | | |
| Tax claims | 53,937 | 52,776 |
| Labor and other claims | 27,071 | 28,475 |
| Compulsory loan | | |
| Eletrobrás | 18,980 | 18,980 |
| | 99,988 | 100,231 |

11 Investments**(a) Information on investments**

| | Number of shares or quotas held (thousands) | | | | | Interest in total capital (%) | | Interest in voting capital (%) | |
|---|---|--------------|--------|-----------|-----------|-------------------------------|--------|--------------------------------|--------|
| | Common shares | Pref. shares | Quotas | Sep/07 | Jun/07 | Sep/07 | Jun/07 | Sep/07 | Jun/07 |
| | | | | Total | Total | | | | |
| <u>Subsidiaries</u> | | | | | | | | | |
| Braskem America (i) | 40 | | | 40 | 40 | 100.00 | 100.00 | 100.00 | 100.00 |
| Braskem Argentina (i) | | | 19,600 | 19,600 | 19,600 | 98.00 | 98.00 | 98.00 | 98.00 |
| Braskem Inc. Braskem Participações | 40,095 | | | 40,095 | 40,095 | 100.00 | 100.00 | 100.00 | 100.00 |
| Braskem Distribuidora | 6,500,000 | | | 6,500,000 | 6,500,000 | 100.00 | 100.00 | 100.00 | 100.00 |
| Braskem Europa (i) | | | 32,332 | 32,332 | 31,649 | 100.00 | 100.00 | 100.00 | 100.00 |
| CINAL | 92,587 | | 1,444 | 1,444 | 500 | 100.00 | 100.00 | 100.00 | 100.00 |
| CPP | 8,465 | | | 8,465 | 8,465 | 79.70 | 79.70 | 79.70 | 79.70 |
| Tegal (ii) | | | | | 24,164 | | 100.00 | | 100.00 |
| Copesul | 44,255 | | | 44,255 | 44,255 | 29.46 | 29.46 | 29.46 | 29.46 |
| EDSP58 (i) | 600 | | | 600 | 600 | 60.00 | 60.00 | 60.00 | 60.00 |
| Politeno Empreendimentos | | | 24 | 24 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| <u>Jointly-controlled entities</u> | | | | | | | | | |
| CETREL | 730 | | | 730 | 730 | 48.98 | 49.03 | 48.98 | 49.03 |
| CODEVERDE | 9,894 | | | 9,894 | 9,755 | 35.53 | 35.53 | 35.53 | 35.53 |
| Petroflex | 4,759 | 2,321 | | 7,080 | 7,080 | 20.12 | 20.12 | 20.14 | 20.14 |
| Petroquímica Paulínia | 105,000 | | | 105,000 | 67,582 | 60.00 | 60.00 | 60.00 | 60.00 |
| <u>Associated companies</u> | | | | | | | | | |
| Borealis | 18,949 | | | 18,949 | 18,949 | 20.00 | 20.00 | 20.00 | 20.00 |
| Rionil Compostos Vínílicos Ltda. Rionil (iii) | | | | | 3,061 | | 33.33 | | 33.33 |
| Sansuy S.A. Ind. de Plásticos Sansuy | | | 271 | 271 | 271 | 20.00 | 20.00 | 20.00 | 20.00 |

**Information on
investments of
subsidiaries**

Braskem

Distribuidora

Braskem Argentina

| | | | | | | | | |
|------------|-----|---------|---------|---------|--------|--------|--------|--------|
| (i) | | 400 | 400 | 400 | 2.00 | 2.00 | 2.00 | 2.00 |
| Braskem | | | | | | | | |
| Importação | | 252,818 | 252,818 | 252,818 | 100.00 | 100.00 | 100.00 | 100.00 |
| Cayman (v) | 900 | | 900 | 900 | 100.00 | 100.00 | 100.00 | 100.00 |

Braskem Inc.

Lantana (iv) 5 5 100.00 100.00

Cayman

Lantana (iv) 5 5 100.00 100.00

Cinal

CETREL 68 68 68 4.58 4.58 4.58 4.58

Politeno

Empreendimentos

Santeno 2,966 2,966 2,966 100.00 100.00 100.00 100.00

(i) Number of shares or quotas expressed in units.

(ii) Investment merged in July 2007.

(iii) Investment sold in September 2007 (Note 11(b)).

(iv) Investment sold to Braskem Inc in August 2007.

(v) Company being wound-up.

Information on Investments (continued)

| | Adjusted net income (loss) for the period | | Adjusted shareholders equity (unsecured liabilities) | |
|---|--|---------------|---|---------------|
| | Sep/07 | Sep/06 | Sep/07 | Jun/07 |
| Subsidiaries | | | | |
| Braskem America | (422) | 542 | 4,062 | 5,000 |
| Braskem Argentina | (536) | 26 | 1,306 | 997 |
| Braskem Europa | 1,921 | | 5,531 | 1,912 |
| Braskem Inc. | 8,522 | (30,057) | 54,551 | 50,100 |
| Braskem Participações | (288) | 1,048 | 21,461 | 21,336 |
| Braskem Distribuidora | (14,909) | 17,015 | 85,023 | 101,282 |
| CINAL | 1,409 | 804 | 26,191 | 25,065 |
| Copesul | 419,641 | | 1,715,709 | 1,634,734 |
| CPP | | | 10,621 | 10,621 |
| Politeno (i) | (169) | (6,355) | | |
| Politeno Empreendimentos | 1,247 | | 15,397 | 14,680 |
| Tegal | (118) | (1,208) | | 13,045 |
| Jointly-controlled entities | | | | |
| CETREL | 12,561 | 11,491 | 124,363 | 118,624 |
| CODEVERDE | | | 45,345 | 43,887 |
| Copesul | | 404,321 | | |
| Petroflex | 54,967 | 14,105 | 367,905 | 349,194 |
| Petroquímica Paulínia | | | 163,138 | 163,138 |
| Associated companies | | | | |
| Borealis | 5,968 | 11,784 | 113,859 | 112,319 |
| Rionil | | 120 | | 5,843 |
| Sansuy | (6,547) | (9,837) | (31,908) | (24,594) |
| Information on investments of subsidiaries | | | | |
| Braskem Distribuidora | | | | |
| Braskem Argentina | (536) | 26 | 1,306 | 997 |
| Braskem Importação | 801 | 114 | 1,327 | 955 |
| Cayman | (4,764) | 19,834 | | 13,206 |
| Cayman | | | | |
| Lantana | | (174,713) | | (90,505) |
| Overseas (ii) | | 189,560 | | |
| Braskem Inc | | | | |
| Lantana | 195,900 | | 21,323 | |
| Cinal | | | | |
| CETREL | 12,561 | 11,491 | 124,363 | 118,624 |
| Politeno | | | | |

| | | |
|---------------------------------|-----|-------|
| Politeno Empreendimentos | 880 | |
| Politeno Empreendimentos | | |
| Santeno | 288 | 1,805 |

(i) Merged into Braskem in April 2007 (Note 1(c)).

(ii) Company wound up in July 2007.

Quotation of related parties listed on the São Paulo Stock Exchange:

| | Type | Code | Quotation (R\$) | | Trading Unit |
|-------------|-------------|-------------|------------------------|---------------|---------------------|
| | | | Sep/07 | Jun/07 | |
| Copesul (*) | ON | CPSL3 | 37.76 | 36.73 | 1 share |
| Petroflex | ON | PEFX3 | 30.98 | 28.79 | 1 share |
| | PNA | PEFX5 | 16.00 | 15.40 | 1 share |

(*) Copesul was delisted from Bovespa as from October 18, 2007 (Note 1(c)).

(b) Investment activity in subsidiaries, jointly-controlled entities and associated companies

| | Subsidiaries and jointly-controlled entities | | | | |
|---|---|----------------------------|-------------------------|----------------------------------|--------------------------------------|
| | Braskem Distribuidora | Braskem America | Braskem Inc. | Braskem Participações | Sep/07 Braskem Europa |
| At January 1 | 99,932 | 5,668 | 53,512 | 21,749 | 1,217 |
| Addition through exchange/purchase of shares/merger (i) | | | | | |
| Addition through capital increase | | | | | 2,488 |
| Write-off through merger (i) | | | | | |
| Equity in income of subsidiary and associated companies | (14,909) | (422) | 8,522 | (288) | 1,921 |
| Recording of goodwill (negative goodwill) | | | | | |
| Amortization of (goodwill) negative goodwill | | | | | |
| Exchange variation on foreign investment | | (731) | (7,483) | | (95) |
| Transfer of goodwill on merger (ii) | | | | | |
| Other | | (453) | | | |
| At the end of the period | 85,023 | 4,062 | 54,551 | 21,461 | 5,531 |

Subsidiaries and jointly-controlled entities (continued)

| | Sep/07 | | | | |
|---|---------------|--------------|----------------|-----------------------------|------------------|
| | CETREL | CINAL | Copesul | Petroq. Paulínia | Petroflex |
| At January 1 | 65,534 | 16,051 | 541,812 | 78,082 | 61,117 |
| Addition through exchange/purchase/merger (i) | | | | | |
| Addition through capital increase | | | | 19,801 | |
| Write-off through merger (i) | | | | | |
| Equity in income of subsidiary and associated companies | 6,158 | 1,409 | 115,993 | | 11,059 |
| Recording of goodwill (negative goodwill) | | | | | |
| Amortization of (goodwill) negative goodwill | (1,172) | | (24,209) | | |
| Exchange variation on foreign investment | | | | | |
| Transfer of goodwill on merger (ii) | | | | | |
| Tax incentives | 799 | | 638 | | 1,229 |
| Other | 341 | | (1,843) | | |

| | | | | | |
|---------------------------------|--------|--------|---------|--------|--------|
| At the end of the period | 71,660 | 17,460 | 632,391 | 97,883 | 73,405 |
|---------------------------------|--------|--------|---------|--------|--------|

Subsidiaries and jointly-controlled entities (continued)

| | | | | Sep/07 | Jun/07 |
|---|-------------------|----------|-------------------|-----------|-----------|
| | Politeno (iii) | Tegal | Politeno Empr. | Total | Total |
| | | | Other | | |
| At January 1 | 837,867 | 13,553 | | 1,813,326 | 1,813,326 |
| Addition through exchange/purchase/merger | | | 14,150 | | |
| (i) | | 608 | | 11,744 | 11,743 |
| Addition through capital increase | | | 518 | 22,807 | 19,800 |
| Write-off through merger (i) | (478,286) | (14,024) | | (492,310) | (478,286) |
| Equity in income of subsidiaries and associated companies | (152) | (137) | 1,247 | 129,903 | 100,951 |
| Recording of goodwill (negative goodwill) | 26,824 | 498 | | 30,314 | 30,336 |
| Amortization of (goodwill) negative goodwill | (15,187) | (498) | | (41,088) | (33,112) |
| Exchange variation on foreign investment | | | | (8,670) | (6,147) |
| Transfer of goodwill on merger (ii) | (371,066) | | | (371,066) | (371,066) |
| Tax incentives | | | | 2,666 | 1,866 |
| Other | | | | (1,965) | |
| At the end of the period | | | 15,397 | 1,095,661 | 1,089,411 |

(i) Additions and write-offs through merger arise mainly from the corporate restructuring described in Note 1(c).

(ii) Goodwill on the merger of Politeno transferred to deferred charges pursuant to CVM Instruction 247/96.

(iii) Equity in the results includes the effect of the distribution of dividends for preference shares with incentives.

| | | | | Associated companies | |
|---|-----------------|---------------|--------------|-----------------------------|---------------|
| | | | | Sep/07 | Jun/07 |
| | Borealis | Rionil | Total | Total | |
| At January 1 | 23,581 | 2,023 | 25,604 | 25,604 | |
| Equity in income of associated companies | 1,190 | (106) | 1,084 | 807 | |
| Write-off through sale/ capital reduction | | (1,303) | (1,303) | | |
| Dividends | (2,000) | | (2,000) | (2,000) | |
| Loss on sale of investment | | (614) | (614) | | |
| At the end of the period | 22,771 | | 22,771 | 24,411 | |

Goodwill (negative goodwill) underlying the investments

| | | | | | | Sep/07 | Jun/07 |
|---|-------------------|--------------|---------------------|----------------------|--------------|---------------|---------------|
| | Cetrel (i) | Cinal | Copesul (ii) | Politeno (ii) | Other | Total | Total |
| Cost of goodwill | 15,622 | | 309,121 | 492,270 | 2,917 | 819,930 | 819,930 |
| Goodwill on the acquisition of shares (iii) | | | | 106,611 | 3,513 | 110,124 | 110,123 |
| (-) Accumulated amortization | (4,935) | | (174,556) | (227,815) | (3,458) | (410,764) | (402,767) |
| Negative goodwill value | | (8,731) | | | (2,114) | (10,845) | (10,845) |
| Transfer through merger | | | | (371,066) | | (371,066) | (371,066) |
| Goodwill (negative goodwill), net | 10,687 | (8,731) | 134,565 | | 858 | 137,379 | 145,375 |

(i) Goodwill based on the appreciation of property, plant and equipment, and amortized up to 2015.

(ii) Goodwill based on future profitability, amortized up to 2011.

(iii) Estimated goodwill on Politeno shares purchased in April 2006 (Note 1(c)), the final price of which will be determined in November 2007.

In the consolidated Quarterly Financial Information, goodwill is stated in property, plant and equipment or deferred charges, while negative goodwill is stated in deferred income, in accordance with CVM Instruction 247/96.

(c) Information on the main investees with operating activities

Copesul

Copesul is engaged in the manufacture, sale, import and export of chemical, petrochemical and fuel products and the production and supply of utilities, as well as providing various services used by the companies in the Triunfo Petrochemical Complex in the State of Rio Grande do Sul and management of logistic services related to its waterway and terrestrial terminals.

Politeno

Politeno, merged on April 2, 2007 (Note 1(c)), was engaged in the manufacture, processing, direct or indirect sale, consignment, export, import and transportation of polyethylene and by-products, as well as the participation in other companies. The main raw material for all of its products was ethylene, which was supplied by Braskem. Politeno operated an industrial plant in Camaçari - Bahia.

CETREL

The activities of CETREL are to supervise, coordinate, operate and monitor environmental protection systems; carry out research in the environmental control area and in the recycling of waste and other materials recoverable from industrial and urban emissions; monitor the levels of environmental pollution of air quality, water resources and other vital elements; perform environmental diagnostics; prepare and implement projects of environmental engineering solutions; develop and install environmental management systems and those relating to quality, laboratory analyses, training, environmental education and also specification, monitoring and intermediation in the acquisition of materials of environmental protection systems.

CINAL

To July 2006, CINAL was engaged in the implementation of the Basic Industrial Nucleus of the Alagoas Chlorine chemical Complex and the production and sale of goods and several services, such as steam, industrial water, industrial waste treatment and incineration of organ chlorine waste for the companies located in the mentioned Industrial Nucleus. In July 2006, the assets associated with the production of steam, industrial water and other industrial inputs were spun-off and merged into the Company.

Petroquímica Paulínia

On September 16, 2005, Braskem and Petroquisa formed Petroquímica Paulínia, which is responsible for the implementation and operation of a new polypropylene unit under construction at Paulínia - São Paulo, using as raw material polymer-grade propylene supplied by Petrobras and last generation technology owned by Braskem. Start-up of this venture is scheduled for the second quarter of 2008.

(d) Advance for the acquisition of investments

As the first step of the acquisition of the Ipiranga Group petrochemical assets, on April 18, 2007, Braskem paid to Ultrapar R\$ 652,192, representing the first advance for the acquisition of the petrochemical assets of the Ipiranga Group comprising Ipiranga Química S.A., Ipiranga Petroquímica S.A. and the latter's interest in Copesul - Companhia Petroquímica do Sul indirectly held by the former controlling shareholders of the Ipiranga Group. As widely disclosed to the market, the process will be completed with four additional stages which will involve the advance of the remaining portions to the Ultra Group. In fact, in the final stage, Braskem will receive 100% of the shares acquired by the Ultra Group in the condition of agent, thus settling the aggregate advances received. All stages of the process are expected to be completed by the end of the first quarter of 2008.

Considering the specific aspects of this transaction, the amount of goodwill on the investment acquired will only be determined upon receipt of all shares, during the last stage. Shares acquired by the Ultra Group for itself correspond to 13.4% of Ipiranga Química's total capital. Although the amount disbursed by Braskem remains in an advance account, under Investments, the Company started to manage the petrochemical assets of the Ipiranga Group as provided for in the shareholders' agreement among Braskem, Petrobras and the Ipiranga Group companies. Furthermore, Braskem recognized equity in the results of Ipiranga Química, in the amount of R\$ 22,409, based on a 13.4% shareholding. As a contra entry to equity in the earnings, Braskem recorded expenses with realization of goodwill, which was estimated taking into account the relation among the amount advanced to the Ultra Group, the total anticipated transaction value, the percentage considered for equity accounting purposes - 13.4% - and the Company interests upon completion of the process, 60%.

12 Property, Plant and Equipment

| | | | Sep/07 | Jun/07 | Average annual |
|--|-----------|-----------------------------|-----------|-----------|------------------------------|
| | Cost | Accumulated Depreciation | Net | Net | depreciation Rates (%) |
| Property, plant and equipment | | | | | |
| Land | 26,221 | | 26,221 | 26,221 | |
| Buildings and improvements | 1,009,779 | (461,094) | 548,685 | 525,484 | 2.7 |
| Machinery, equipment and facilities | 8,771,758 | (4,228,328) | 4,543,430 | 4,435,523 | 5.4 |
| Mines and wells | 27,634 | (23,550) | 4,084 | 4,255 | 10.6 |
| Furniture and fixtures | 63,459 | (39,726) | 23,733 | 19,867 | 10.0 |
| IT equipment | 83,692 | (61,983) | 21,709 | 21,712 | 20.0 |
| Maintenance stoppages in progress | 77,850 | | 77,850 | 103,317 | |
| Projects in progress | 857,107 | | 857,107 | 967,683 | |
| Capitalized interest on projects in progress | 86,623 | | 86,623 | 72,381 | |
| Other | 183,990 | (57,879) | 126,111 | 102,959 | 10.4 |

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11,188,113 (4,872,560) 6,315,553 6,279,402

Intangible assets

| | | | | | |
|----------------------------|------------|-------------|-----------|-----------|------|
| Trademarks and patents | 512 | (505) | 7 | 7 | 9.6 |
| Technology | 34,491 | (23,877) | 10,614 | 11,661 | 12.3 |
| Software and rights of use | 197,130 | (37,732) | 159,398 | 109,872 | 19.8 |
| | 232,133 | (62,114) | 170,019 | 121,540 | |
| | 11,420,246 | (4,934,674) | 6,485,572 | 6,400,942 | |

Changes in Property, plant and equipment and intangible assets

| | Balance at 01/01/2007 | Additions/ transfers | Additions through merger | Depreciation/ Depletion/ provision | Balance at 09/30/2007 |
|--|----------------------------------|---------------------------------|---|---|----------------------------------|
| Property, plant and equipment | | | | | |
| Land | 21,267 | | 4,954 | | 26,221 |
| Buildings and improvements | 507,467 | 36,340 | 21,645 | (16,767) | 548,685 |
| Machinery, equipment and facilities | 3,901,230 | 891,792 | 104,854 | (354,446) | 4,543,430 |
| Mines and wells | 4,625 | | | (541) | 4,084 |
| Furniture and fixtures | 9,279 | 14,271 | 1,791 | (1,608) | 23,733 |
| IT equipment | 13,405 | 11,090 | 1,622 | (4,408) | 21,709 |
| Maintenance stoppages in progress | 77,843 | (4,056) | 4,063 | | 77,850 |
| Projects in progress | 1,271,773 | (451,328) | 36,662 | | 857,107 |
| Capitalized interest on projects in progress | 104,566 | | | | 86,623 |
| Other | 82,675 | 55,074 | 12 | (11,650) | 126,111 |
| | 5,994,130 | 535,240 | 175,603 | (389,420) | 6,315,553 |
| Intangible assets | | | | | |
| Trademarks and patents | 12 | | | (5) | 7 |
| Technology | 13,758 | | | (3,144) | 10,614 |
| Software and rights of use | 115,355 | 62,392 | 1,290 | (19,639) | 159,398 |
| | 129,125 | 62,392 | 1,290 | (22,788) | 170,019 |
| | 6,123,255 | 597,632 | 176,893 | (412,208) | 6,485,572 |

Projects in progress relate mainly to projects for expansion of the industrial units capacities, operating improvements to increase the useful lives of machinery and equipment, excellence projects in maintenance and production, as well as programs in the areas of health, technology and security.

At September 30, 2007, property, plant and equipment includes the appreciation, in the form of goodwill arising from the merger of subsidiaries, in conformity with CVM Instruction 247/96, in the net amount of R\$ 781,500 (June 30, 2007 - R\$ 800,399).

As of January 2006, in accordance with CVM/SNC/SEP circular-Letter 1/2006, the Company records all programmed maintenance shutdown expenses in property, plant and equipment, as Machinery, equipment and facilities. Such expenses, which arise from the partial or full production stoppage, occur at scheduled periods at intervals from two to six years and are amortized in production cost until the beginning of the next maintenance shutdown.

Also because of the adoption of the above mentioned Circular-Letter, in the first quarter of 2006, the Company recorded additional depreciation of machinery and equipment in the amount of R\$ 164,890. As this is a change in accounting criterion and depreciation in relation to years prior to 2006, this amount was recorded in Shareholders equity, in the Accumulated deficit line, as required by the Circular-Letter and article 186 of the Brazilian corporate law.

As a result of the discontinuance of the DMT production unit (Note 1 (b)) in June 2007, a provision was recorded for adjustment to market value of machinery, equipment and facilities pertaining to that plant. The provision amount of R\$ 24,788 is recorded in non-operating results.

13 Deferred Charges

| | | | Sep/07 | Jun/07 | Average annual amortization rates (%) |
|---|-------------|-------------------------------------|---------------|---------------|--|
| | Cost | Accumulated amortization | Net | Net | |
| Organization and system implementation expenses | 272,187 | (171,759) | 100,428 | 110,920 | 18.4 |
| Expenditures for structured transactions | 287,776 | (180,004) | 107,772 | 119,604 | 16.0 |
| Goodwill on merged investments (i) | 2,253,953 | (1,072,743) | 1,181,210 | 1,261,008 | 10.0 |
| Other | 75,176 | (35,610) | 39,566 | 42,303 | 10.0 |
| | 2,889,092 | (1,460,116) | 1,428,976 | 1,533,835 | |

(i) Goodwill on merger is based on future profitability and is being amortized in up to 10 years, according to appraisal reports issued by independent experts. The recording of this goodwill in deferred charges is in conformity with CVM Instruction 247/96.

Changes in Deferred Charges

| | Balance at 01/01/2007 | Additions / Transfers | Additions through merger | Amortization | Balance at 09/30/2007 |
|---|----------------------------------|----------------------------------|---|---------------------|----------------------------------|
| Organization and system implementation expenses | 117,466 | 17,444 | 3,484 | (37,966) | 100,428 |
| Expenditures for structured transactions | 144,609 | | | (36,837) | 107,772 |
| Goodwill on merged investments | 1,017,073 | 388,401 | | (224,264) | 1,181,210 |
| Other | 46,139 | | | (6,573) | 39,566 |
| | 1,325,287 | 405,845 | 3,484 | (305,640) | 1,428,976 |

14 Loans and Financing

| | Annual financial charges | Sep/07 | Jun/07 |
|--------------------------------|---|---------------|---------------|
| <u>Foreign currency</u> | | | |
| Eurobonds | Note 14(a) | 1,920,969 | 2,007,027 |
| Advances on exchange contracts | US\$ exchange variation + average interest of 5.60% | 283 | |
| Export prepayment | Note 14(b) | 913,907 | 960,546 |
| Medium - Term Notes | Note 14(c) | 647,213 | 687,885 |
| Raw material financing | YEN exchange variation + fixed interest of 6.70% | 381 | 758 |
| | US\$ exchange variation + average interest of 6.85% | 22,069 | 22,661 |
| Permanent asset financing | US\$ exchange variation + fixed interest of 7.14% | 268 | 276 |
| BNDES | Average fixed interest of 9.93% + post-fixed restatement (UMBDES) (i) | 30,794 | 34,309 |
| Working capital | US\$ exchange variation + average interest of 7.94% | 388,686 | 399,130 |
| <u>Local currency</u> | | | |
| BNDES | Average fixed interest of 3.88% +TJLP | 262,301 | 272,034 |
| BNB | Fixed interest of 9.78% | 156,330 | 156,298 |
| FINEP | TJLP | 68,031 | 71,766 |
| Project financing (NEXI) | YEN exchange variation + interest of 0.95% above TIBOR | 246,851 | 258,116 |
| Total | | 4,658,083 | 4,870,806 |
| Current liabilities | | (256,016) | (252,064) |

| | | |
|-----------------------|-----------|-----------|
| Long-term liabilities | 4,402,067 | 4,618,742 |
|-----------------------|-----------|-----------|

(i) UMBNDES = BNDES monetary unit.

(a) Eurobonds

In April 2006, the Company completed the issue of US\$ 200,000 thousand perpetual bonds. The bonds are redeemable at the option of the Company in 360 months, and quarterly as from 2011. Funds raised were used for working capital purposes and acquisition of Politeo shares.

In September 2006, the Company approved the issue of US\$ 275.000 thousand Bonds, with 8% coupon and maturity in ten years. Funds raised were used mainly for the partial repurchase of Medium-Term Notes (MTN) of the 3rd tranche (Note 14 (c)).

In June 2007, the Company renegotiated the interest rate of bonds issued in June 1997, which went from 9.00% to 8.25% p.a., while maturity was postponed from 2007 to 2024.

Composition of transactions:

| Issue date | Issue amount | | Interest | | |
|------------|---------------|----------|----------|-----------|-----------|
| | US\$ thousand | Maturity | % p.a. | Sep/07 | Jun/07 |
| Jun/1997 | 150,000 | Jun/2024 | 8.25 | 281,840 | 289,261 |
| Jul/1997 | 250,000 | Jun/2015 | 9.38 | 473,972 | 485,187 |
| Jun/2005 | 150,000 | None | 9.75 | 276,945 | 290,093 |
| Apr/2006 | 200,000 | None | 9.00 | 374,295 | 392,064 |
| Sep/2006 | 275,000 | Jan/2017 | 8.00 | 513,917 | 550,422 |
| | | | | 1,920,969 | 2,007,027 |

(b) Export prepayment

In April 2007, the Company obtained a bridge-point of up to US\$ 1.2 billion, intended to finance the acquisition of the petrochemical assets of the Ipiranga Group, as well as the future delisting of Copesul. Until June 30, 2007, US\$ 330 million was drawn down under this line as prepayment of exports. The credit line has a two-year term and annual rates of 0.35% above Libor in the first and 0.55% in the second year.

In April 2007, aiming at restructuring its indebtedness, the Company settled in advance the prepayment agreement in the amount of US\$ 200,000 thousand, with stated maturity in June 2009, by obtaining a new prepayment in the amount of US\$ 150,000 thousand.

Composition of transactions:

| Date | Initial amount US\$ thousand | Settlement date | Charges (% p.a) | | |
|----------|------------------------------------|--------------------|-------------------------|---------|---------|
| | | | | Sep/07 | Jun/07 |
| Jan/2005 | 45,000 | Jan/2008 | 1.55 + 3-month LIBOR | 15,215 | 23,903 |
| Apr/2007 | 150,000 | Apr/2014 | 0.77 + 6-month LIBOR | 284,155 | 293,140 |
| Apr/2007 | 330,000 | Apr/2009 | 0.35 + 3-month LIBOR | 614,537 | 643,503 |

913,907

960,546

(c) Medium-Term Note ("MTN") Program

To restructure its debt, in September 2006, the Company repurchased part of the notes of the 3rd tranche, in the amount of US\$ 184,600 thousand, corresponding to 67% of the original issue. In addition to the principal, note holders were paid the amount relating to due and not yet due interest, brought to present value.

Composition of transactions:

| Issue | Amount | Issue date | Maturity | Interest p.a. | Interest | |
|-------------------------|---------------|------------|----------|---------------|----------|---------|
| | US\$ thousand | | | | Sep/07 | Jun/07 |
| 3 rd tranche | 275,000 | Nov/2003 | Nov/2008 | 12.50% | 175,827 | 177,954 |
| 4 th tranche | 250,000 | Jan/2004 | Jan/2014 | 11.75% | 471,386 | 509,931 |
| | | | | | 647,213 | 687,885 |

(d) FINEP, BNDES and BNB

These loans relate to various transactions aiming at increasing production capacity, as well as environmental programs, operating control centers, laboratory and waste treatment stations. Principal and charges are payable monthly up to June 2016.

In June 2005, a BNDES credit line was approved, in the amount of R\$ 384,600, of which R\$ 295,335 was released up to September 30, 2007.

In November 2006, a further BNDES credit line was approved in the amount of R\$ 48,449, of which R\$ 23,014 was released up to September 30, 2007.

(e) Project financing

In March and September 2005, the Company obtained loans in Japanese currency from Nippon Export and Investment Insurance ("NEXI"), in the amount of YEN 5,256,500 thousand - R\$ 136,496, and YEN 6,628,200 thousand - R\$ 141,529. The principal is payable in 11 installments as from March 2007, with final maturity in June 2012.

As part of its risk management policy (Note 22), the Company entered into a swap contract in the total amount of these loans, which, in effect, change the annual interest rate to 101.59% of CDI for the tranche drawn down in March, and 104.29% and 103.98% of CDI for the tranches drawn down in September 2005. The swap contract was signed with a leading foreign bank and its maturity, currencies, rates and amounts are perfectly matched to the financing

contracts. The effect of this swap contract is recorded in financial results, under monetary variation of financing (Note 23).

(f) Repayment schedule and guarantees

Long-term loans mature as follows:

| | Sep/07 | Jun/07 |
|---------------------|---------------|---------------|
| 2008 | 211,814 | 260,229 |
| 2009 | 778,228 | 804,858 |
| 2010 | 167,626 | 166,877 |
| 2011 | 130,979 | 130,993 |
| 2012 and thereafter | 3,113,420 | 3,255,785 |
| | 4,402,067 | 4,618,742 |

For financing, the Company has given security as stated below:

| | Maturity | Total guaranteed | Loan amount | Guarantees |
|--------------------|-------------------------|-----------------------------|------------------------|---|
| BNB | Jan/2016 | 156,330 | 156,330 | Mortgage, machinery & equipment |
| BNDES | Jan/2012 | 293,095 | 293,095 | Mortgage, machinery & equipment |
| NEXI | Mar/2012 | 166,022 | 246,851 | Insurance premium |
| FINEP | Mar/2012 | 68,031 | 68,031 | Mortgage and surety bond |
| Prepayments | Apr/2014 | 299,370 | 913,907 | Mortgage and surety bond |
| Other institutions | Nov/2007 to Jun/2012 | 22,718 | 411,687 | Surety/endorsement and promissory notes |
| | Total | 1,005,566 | 2,089,901 | |

At September 30, 2007, the Company is the direct financing guarantor of the jointly-controlled entity Petroflex for R\$ 8,989 (June 30, 2007 - R\$ 10,578), corresponding to 40% of Petroflex debt with BNDES.

In December 2006, the Company, together with Petrobras Química S.A. Petroquisa, entered into a supporting agreement with BNDES, under which Braskem and Petroquisa undertake to provide, in proportion to their respective interests in the capital of Petroquímica Paulínia, the required funds to meet any insufficiencies arising from delinquency on the part of this company. Accordingly, the Company may be required to make disbursements to Petroquímica Paulista of up to R\$ 339,720, as capital contribution or loan.

These amounts correspond to the maximum amount of potential future repayments (not discounted) that the Company may be required to make.

(g) Capitalized interest

As described in Note 3(d), the Company adopts the accounting practice of capitalizing interest on financing during the period of asset construction. The Company policy is to apply the weighted average financial charge rate on the debt to the balance of projects in progress. This amount is limited to the amount of charges incurred in the period.

The average used during the period was 6.94% p.a. and the amounts capitalized are stated below:

| | Sep/07 | Sep/06 |
|--------------------------|---------------|---------------|
| Gross financial charges | 426,035 | 352,687 |
| (-) Capitalized interest | (46,601) | (42,214) |
| Net financial charges | 379,434 | 310,473 |

(f) Loan covenants

Certain loan agreements entered into by the Company establish limits for a number or ratios relating to the ability to incur debts and pay interest. The ratios are as follows:

Debentures of 13th and 14th Issues Net Debt / EBITDA*.
 NEXI financing Net Debt / EBITDA** and EBITDA** / net interest on debt.
 MTN Net Debt / EBITDA**.

* EBITDA Earnings before interest, depreciation and amortization.

** EBITDA Earnings before interest, depreciation and amortization ((excludes also, dividends and interest on shareholder s equity received).

The above covenants are calculated on a consolidated basis for the past 12 months a quarterly basis. Penalty for noncompliance is the potential acceleration of the debt. All commitments have been accomplishing by the Company.

15 Debentures

At a meeting held on August 2, 2006, the Board of Directors approved the 14th issue of 50,000 simple, unsecured debentures, not convertible into shares, in a single series, for a total of R\$ 500,000. The debentures were subscribed and paid up on September 1st, 2006.

Composition of transactions:

| | Unit | | | | | |
|--------------|--------------|-----------------|---------------------|-----------------------------|---------------|---------------|
| Issue | value | Maturity | Remuneration | Remuneration payment | Sep/07 | Jun/07 |
| 13th.(i) | R\$ 10 | Jun/2010 | 104.10% of CDI | Biannually as from Dec/2005 | 311,590 | 302,816 |
| 14th.(i) | R\$ 10 | Sep/2011 | 103.50% of CDI | Biannually as from Mar/2007 | 504,143 | 520,561 |
| | | | | | 815,733 | 823,377 |

(i) Public issues of debentures not convertible into shares.

The debenture activity in the period is summarized as follows:

| | Sep/07 | Jun/07 |
|---------------------------------|---------------|---------------|
| At January 1 | 2,107,356 | 2,107,356 |
| Financial charges | 162,432 | 127,883 |
| Conversion / redemption | (1,454,055) | (1,411,862) |
| At the end of the period | 815,733 | 823,377 |
| Current liabilities | (15,733) | (23,377) |
| Long-termNoncurrent liabilities | 800,000 | 800,000 |

On June 4, 2007, the Company carried out the early, total redemption of the outstanding debentures of its 12th public issue, for the par value of the debentures, plus remuneration pursuant to clause 5.19 of the issue deed.

The 1st issue debentures were converted into Company shares on July 31, 2007 (Note 20(a)).

16 Taxes and Contributions Payable Long-term Liabilities

| | | Sep/07 | Jun/07 |
|---|-------|-----------------|-----------------|
| IPI credits offset | | | |
| IPI export credit | (i) | 678,586 | 668,167 |
| IPI zero rate | (ii) | 403,649 | 523,364 |
| IPI consumption materials and property, plant and equipment | | 42,008 | 41,456 |
| Other taxes and contributions payable | | | |
| PIS /COFINS - Law 9718/98 | (iii) | 41,501 | 43,447 |
| Education contribution, SAT and INSS | | 38,565 | 38,090 |
| PAES-Law 10684 | (iv) | 31,681 | 33,319 |
| Other | | 19,863 | 13,699 |
| (-) Deposits in court | | (69,750) | (70,137) |
| | | 1,186,103 | 1,291,405 |

The Company has brought suit in court against some changes in tax laws, and the updated amounts at dispute are duly accrued for. Therefore, there are no contingent assets recorded in the quarterly financial information.

(i) IPI Tax Credit on Exports (*Crédito-prêmio*)

The Company by itself and through absorbed companies challenges the term of effectiveness of the IPI tax credit (*crédito-prêmio*) introduced by Decree-law 491 of 1969 as an incentive to manufactured product exports. Lower courts have granted most lawsuits to that end, but such favorable decisions may still be appealed.

In hearing the appeal lodged by another taxpayer seeking court recognition of its entitlement to use such tax benefit until present, the Superior Court of Justice (STJ) upheld its rejection to such prospective use and affirmed that the aforementioned tax benefit expired in 1990. When the STJ completes its judgment, the STF will revisit the right to use those tax credits after 1990, based on application of Temporary Constitutional Provisions Act (ADCT) 41.

According to its legal advisors, the Company stands good chances of success in these suits.

(ii) IPI Zero rate

Merged companies OPP Química, Trikem and Polialden have filed lawsuits claiming IPI tax credits from the acquisition of raw materials and inputs that are exempt, non-taxed or taxed at a zero rate. Lower courts have granted most lawsuits to that end.

In a decision rendered in February 2007 on a case unrelated to the Company, the STF found against the right to offset zero-rate IPI credits by a tight majority (6 to 5). In June 2007, the STF Full Bench ruled, by majority opinion, that prospective-only effects could not be given to an STF decision that later reversed an erstwhile taxpayer-friendly determination made by the STF Full Bench itself.

This ruling had a negative bearing on judgment of the cases involving absorbed companies OPP Química and Trikem in Bahia, leading to payments in the amount of R\$ 127,317 (August 2007). By the same token, the amount underlying the lawsuit involving absorbed company Polialden (R\$ 99,641) will be settled in October 2007. The outstanding value relating to such case will be challenged in court.

The Company still enjoys a favorable court decision on the lawsuit lodged by its merged company Trikem in Alagoas, allowing the Company to use these tax credits. The Company will have to pay out the offset sums when the court decision on this case is reversed. It should be stressed that all of these amounts have been provisioned for, which will avoid an adverse impact on the Company's results.

(iii) PIS/COFINS - Law 9718 of 1998

The Company by itself and through absorbed companies has brought a number of lawsuits to challenge the constitutionality of the changes in the PIS and COFINS tax bases deriving from Law 9718 of 1998.

In February 2006, the court decisions favorable to the Company's cases initiated in March 1999 became final and conclusive.

As the STF Full Bench had definitively ruled, in November 2005, that the increase in PIS and COFINS tax basis under said law was unconstitutional, this matter became *res judicata* favorably to the Company in several lawsuits. The positive impact on the Company's results came to R\$110,704 (Note 24).

Some of these lawsuits also challenged the escalation of COFINS tax rates from 2% to 3%. In the opinion of its legal advisors, the Company stands remote chances in this specific regard. This fact, coupled with the recent unfavorable determination from the STF, led the Company to file for voluntary dismissal of this claim in most suits and settle the debt in cash on December 15, 2006.

(iv) Special Installment Program - PAES - Law 10684/03

In August 2003, merged company Trikem opted to file for voluntary dismissal of its lawsuit against the COFINS rate increase from 2% to 3% under Law 9718 of 1998, thus qualifying for the more favorable payment conditions under the PAES program instituted by Federal Law 10684 of 2003. The amount due is being paid in 120 monthly installments. The outstanding debt is R\$38,236 as of September 30, 2007, being R\$6,555 in current liabilities and R\$31,681 in noncurrent liabilities (June 30, 2007 - R\$39,874, being R\$6,555 in current liabilities and R\$33,319 in noncurrent liabilities).

Even though the Company had met all legal requirements and payments were being made as and when due, the National Treasury Attorney's Office (PFN) disqualified the Company for PAES on two different occasions, and the Company obtained a court relief reinstating it to PAES in these two events. In reliance on the opinion of its legal advisors, Management believes that the Company's eligibility for these installment payments will be upheld as originally requested.

17 Income and Social Contribution Taxes**(a) Current income tax**

| | Sep/07 | Sep/06 |
|--|---------------|---------------|
| Income before income tax | 537,961 | (117,180) |
| Adjustments to net income for the period | | |
| Permanent additions | 24,045 | 16,822 |
| Temporary additions | 221,575 | 224,457 |
| Permanent exclusions | (188,126) | (149,680) |
| Temporary exclusions | (253,816) | (145,212) |
| Taxable income (loss) before tax loss carryforward | 341,639 | (170,793) |
| Utilization of tax losses (30%) | (102,492) | |
| Taxable income (loss) for the period | 239,147 | (170,793) |
| Income tax (15%) and surcharge (10%) | 59,769 | |
| Other | (1,321) | 88 |
| Income tax expense for the period | 58,448 | 88 |

Out of the income tax expense, R\$ 44,174 is entitled to income tax exemption/abatement benefits. In 2006, due to the determination of tax loss, there were no such benefits.

(b) Deferred income tax**(i) Composition of deferred income tax**

In accordance with the provisions of CVM Deliberation 273/98, which approved the Institute of Independent Auditors of Brazil (IBRACON) standards on the accounting of income tax, supplemented by CVM Instruction 371/02, the Company has the following accounting balances of deferred income tax:

| Composition of calculated deferred income tax: | Sep/07 | Jun/07 |
|--|---------------|---------------|
| Tax loss carryforward | 536,706 | 581,270 |
| Amortized goodwill on investment in merged companies | 651,664 | 688,389 |
| Temporarily non-deductible expenses | 514,339 | 453,661 |
| Potential calculation basis of deferred income tax | 1,702,709 | 1,723,320 |
| Potential deferred income tax (25%) | 425,677 | 430,830 |
| Unrecorded portion of deferred income tax | (3,010) | (3,140) |
| Deferred income tax assets | 422,667 | 427,690 |
| Current assets | (36,725) | (36,725) |
| Long-term receivables | 385,942 | 390,965 |
| Movement: | | |
| Opening balance for the period | 380,662 | 380,662 |
| Politeno balance merged | 11,716 | 11,716 |
| Utilization of deferred income tax on tax losses | (28,036) | (16,895) |
| Addition of deferred income tax on amortized goodwill of merged company | 85,757 | 85,757 |
| Utilization of deferred income tax on amortized goodwill of merged companies | (22,735) | (13,814) |
| Addition / (use) of deferred income tax on temporary provisions | (4,697) | (19,736) |
| Closing balance | 422,667 | 427,690 |
| Deferred income tax (liabilities) on accelerated depreciation: | | |
| Opening balance for the period | (7,935) | (7,935) |
| Realization of deferred income tax | 442 | 294 |

| | | |
|---|---------|---------|
| Closing balance for the period | (7,493) | (7,641) |
| Deferred income tax in statements of income | 30,731 | 35,607 |

Deferred income tax assets arising from tax losses and temporary differences are recorded taking into account analyses of future tax profits, supported by studies prepared based on internal and external assumptions and current macroeconomic and business scenarios approved by Company's management.

(ii) Estimated timing of the realization of deferred income tax assets

Deferred income tax assets recorded are limited to the amounts whose offsetting is supported by projections of taxable income, brought to present value, earned by the Company in up to 10 years, also taking into account the limit for offsetting tax losses of 30% of the net income for the year before income tax and tax exemption and reduction benefits.

Considering the price, foreign exchange, interest rate, market growth assumptions and other relevant variables, the Company prepared its business plan for the base date of December 31, 2006, anticipating the generation of future taxable income. The studies show that the income tax credit from tax losses, in the amount of R\$ 145,318, will be fully utilized between 2009 and 2011, as follows:

| | |
|------|---------|
| 2009 | 13,875 |
| 2010 | 47,100 |
| 2011 | 73,202 |
| | 134,177 |

Deferred income tax credits on temporary differences, mainly comprised of goodwill in the amount of R\$ 159,905 and provisions in the amount of R\$ 128,585, are justified by their full utilization due to the accounting realization of goodwill and provisions.

The realization of deferred income tax on goodwill is anticipated as follows:

| | |
|--------------|---------|
| 2007 | 9,181 |
| 2008 | 36,725 |
| 2009 | 37,277 |
| 2010 | 37,277 |
| 2011 | 28,375 |
| 2012 to 2014 | 8,631 |
| 2015 to 2017 | 2,439 |
| | 159,905 |

The accounting for deferred income tax assets does not consider the portion of amortized goodwill on investments in merged companies, the realization term of which exceeds 10 years (R\$ 12,039).

Concerning temporarily non-deductible expenses, deferred income tax was calculated on tax expenses which are currently being challenged in court and other operating expenses, as is the case of the excess provision for doubtful accounts.

As the taxable income basis is determined not only by the potential future profits, but also the existence of non-taxable revenues, non-deductible expenses, fiscal incentives and other variables, there is no immediate correlation between the Company's net income and the income tax results. Accordingly, the expectation of using fiscal credits should not be considered as an indication of the Company's future results.

(c) Social Contribution on Income (CSL)

In view of the discussions over the constitutionality of Law 7689 of 1988, the Company and its absorbed companies OPP Química, Trikem and Polialden filed civil lawsuits against payment of CSL. The resulting court decision favorable to these companies became final and conclusive.

However, the Federal Government filed a suit on the judgment (ação rescisória) challenging the decisions on the lawsuits filed by the Company, Trikem and Polialden, on the argument that after the final decision favorable to those companies the Full Bench of STF declared the constitutionality of this tax except for 1988. As the Federal Government did not file a suit on the judgment in the case of OPP Química, the first final and conclusive decision remained in force.

The suit on the judgment is pending the STJ and STF review of a number of appeals concerning this specific matter. Even though the suit on the judgment and tax payments are still on hold, the Federal Revenue Office has issued tax infraction notices against the Company and its absorbed companies, and administrative defenses have been filed against such notices.

Based on the opinion of its legal advisors, Management believes that the following is likely to occur: (i) the courts will eventually release the Company from paying this tax; and (ii) even if the suit on the judgment is held invalid, the effects of said judgment cannot retroact to the year of enactment of the law, the reason why the Company has created no provisions for this tax.

If retrospective collection is required by court order (contrary to the opinion of its legal advisors), the Company believes that the possibility of being imposed a fine is remote. Accordingly, the amount payable, restated for inflation and accruing Brazil's SELIC benchmark rate, would be approximately R\$806,000 (June 30, 2007 R\$769,000), net of fine.

18 Tax Incentives

(a) Corporate income tax

Until calendar year 2011, the Company is entitled to reduce by 75% the income tax on the profit arising from the sale of basic petrochemical products and utilities. The two polyethylene plants at Camaçari have the same right up to base

years 2011 and 2012. The PVC plant at Camaçari will also have this right until base year 2013. The PVC plants in Alagoas and the PET plant at Camaçari are exempt from corporate income tax calculated on the results of their industrial operations until 2008.

Productions of caustic soda, chloride, ethylene dichloride and caprolactam enjoy the benefit of the 75% decrease in the income tax rate up to 2012.

At the end of each fiscal year, in the case of taxable profit resulting from the benefited operations, the income tax amount is recorded as expense for the year and credited to a capital reserve account, which can only be used to increase the capital or loss compensation.

Incentives determined for the nine-month period ended September 30, 2007 was R\$ 44,174 (Note 20 (e)).

(b) Value-added tax - ICMS

A Companhia é detentora de incentivos fiscais de ICMS concedidos pelos Estados do Rio The Company has ICMS tax incentives granted by the States of Rio Grande do Sul and Alagoas, through the Company Operation Fund - FUNDOPEM and State of Alagoas Integrated Development Program - PRODESIN, respectively. Such incentives are designed to foster the installation and expansion of industrial facilities in those States. The incentive is stated in income for the year, under Other operating income . The incentive determined for the nine-month period ended September 30, 2007 was R\$ 6,673 (June 30, 2007 - R\$ 2,018).

19 Long-term Incentives

In September 2005, an incentive scheme called Long-term Incentive plan was approved by a Shareholders Meeting. Under the plan, which is not based on Company shares, certain employees nominated by management on an annual basis are entitled to purchase Company bonds called Investment Units . The plan goals include, among others, to foster the alignment of interests of Braskem employees and shareholders to create long-term value, promote the ownership sense, and drive the employees vision and commitment to long-term results.

Each year, the Board of Directors approves eligible participants, the number of investment units to be issued, the percentage of Company contribution in consideration of the acquisition by employees, as well the number of units offered per participant. A participant s acceptance implies payment in cash of the amount assigned to him/her and the execution of a unit purchase agreement. Braskem then issues the related Investment unit certificate .

The Investment unit value is restated on an annual basis to reflect the average quotation of the Company s class A preferred capital shares at the closing sessions on Bovespa in October and March. Participants do not become Company shareholders as a result of holding Investment units, which do not carry any rights or privileges, in particular voting and other political rights. Investment units are issued in the first semester of each year and, in addition to the variation in its face value, their yield is equal to dividends and/or interest on capital distributed by Braskem.

There are 3 types of Investment units:

Units acquired by participants, called Alfa ;

Units received by participants as a bonus, called Beta ; and

Units received by participants as yield, called Gama .

Investment units (and related certificates) are issued on a strictly personal basis and can only be disposed of upon redemption by Braskem, under the following circumstances:

As of the 5th year from the first acquisition date, participants may redeem at up to 20% of their accumulated balance of Investment units;

As of the 6th year, redemption is limited to 10% of the accumulated balance.

The composition and value of units at September 30, 2007 are as follows:

| | Number | Value |
|-------------------------------|---------------|--------------|
| Investment Units | | |
| Issued (Alfa units) | 285,180 | 4,286 |
| Granted as bonus (Beta units) | 285,180 | 594 |
| Total | 570,360 | 4,880 |

20 Shareholders Equity

(a) Capital

At September 30, 2007, the Company's subscribed and paid-up capital is R\$ 4,640,947, divided into 149,810,870 common, 298,818,675 class A preferred, and 803,066 class B preferred shares, with no par value. At the same date, the Company's authorized capital comprises 488,000,000 shares, of which 175,680,000 are common, 307,440,000 are class A preferred, and 4,880,000 are class B preferred shares.

The Extraordinary General Meeting held on April 2, 2007, approved the merger of Politeno (Note 1(c)). As a result, the Company's capital was increased by R\$ 19,157, through the issue of 1,533,670 class A preferred capital shares, to reach R\$ 3,527,429. The conversion of 486,530 class A preferred into common shares was also approved.

As a result of the exercise of the right to convert 1st Issue debentures (Note 1(c)), the Company's capital was increased by R\$ 1,113,518 on July 31, 2007, through the issue of 77,496,595 shares, comprising 25,832,198 common and 51,664,397 class A preferred shares, to reach R\$ 4,640,947.

b) Rights attaching to shares

Preferred shares carry no voting rights, but qualify for a non-cumulative priority dividend at 6% per annum on their unit value, if profits are available for distribution. Only Class A preferred shares are on a par with common shares for entitlement to remaining profits; dividends are earmarked to common shares only after the priority dividend has been paid to preferred shares. Further, only Class A preferred shares rank equally with common shares in the distribution of shares resulting from capitalization of other reserves. Only Class A preferred shares are convertible into common shares, by resolution of the majority voting stock at general meetings. Class B preferred shares may be converted into Class A preferred shares at a ratio of two Class B preferred shares to each Class A preferred share, upon written notice to the Company at any time (after expiration of the non-convertibility period prescribed in special legislation that authorized the issuance and payment of such shares by using tax incentive funds).

If the Company is wound up, Class A and B preferred shares are accorded priority treatment in repayment of capital.

The shareholders are entitled to a minimum compulsory dividend at 25% of the net profits at yearend, adjusted as per the Brazilian Corporation Law.

According to the Memorandums of Understanding for Execution of Shareholders Agreement, the Company is required to distribute dividends not lower than 50% of the yearend net profits, to the extent that the reserves necessary for its effective operation in the ordinary course of business are maintained at a sufficient level.

As agreed at the time of issuance of Medium-Term Notes (Note 14(c)), the payment of dividends or interest on equity is capped at twofold the minimum dividends accorded to preferred shares under the Company's bylaws.

(c) Treasury shares

The Board of Directors meeting held on May 3, 2006 approved a Share Buyback Program. This program was concluded on October 23, 2006 and was intended to acquire common and class A preferred capital shares to be held in treasury and subsequently sold and/or cancelled, with no reduction in capital. Under the program, the Company acquired 13,131,054 class A preferred capital shares at the average cost of R\$ 13.88. The low and high quotations during this period were R\$ 9.97 and R\$ 15.89 per share, respectively.

In July 2006, the Company also acquired 765,079 class A preferred capital shares from dissenting Polialden shareholders.

Upon the merger of Politeno (Note 1(c)), the cross holding between the companies ceased to exist. The Company class A shares held by Politeno, amounting to 2,186,133, were added to treasury shares.

At September 30, 2007, shares held in treasury comprised 16,594,413 class A preferred shares, for a total value of R\$ 244,456. The total value of these shares, based on the average quotation of Bovespa's last session on September 30, 2007, is R\$ 282.935.

(d) Appropriation of net income

The Ordinary General Meeting held on March 28, 2007 approved the appropriation of net income for 2006, amounting to R\$ 77,753, as follows: (i) R\$ 36,933 for payment of dividends to class A and B preferred capital shares, at the ratio of R\$ 0.159017 per share; (ii) R\$ 3,888 to the legal reserve; and (iii) R\$ 36,933 to the profit retention reserve for expansion. Payment of dividends started April 9, 2007.

(e) Statement of changes in shareholders equity

| Revenue reserves | | | | | | | Total |
|-------------------------------|-------------------------------------|--------------------------|--|----------------------------|------------------------------|---|--------------|
| | Capital Capital reserves | Legal reserve | Retention for expansion | Treasury shares | Retained earnings | Shareholders Equity (PL) | |
| January 1, 2007 | 3,508,272 | 408,650 | 72,811 | 652,336 | (194,555) | 4,447,514 | |
| Tax incentives | | 44,174 | | | | 44,174 | |
| Capital increase | 1,132,675 | | | | | 1,132,675 | |
| Addition through merger | | | | (49,901) | | (49,901) | |
| Net income for the period | | | | | 510,245 | 510,245 | |
| September 30, 2007 | 4,640,947 | 452,824 | 72,811 | 652,336 | (244,456) | 6,084,707 | |

21 Contingencies

(a) Collective Bargaining Agreement Section 4

The Petrochemical, Plastics, Chemicals and Related Industry Workers Union in the State of Bahia (SINDIQUÍMICA) and the Employers' Association of the Petrochemical and Synthetic Resins Industries in the State of Bahia (SINPEQ) are disputing in court the validity of a wage and salary indexation clause contained in the collective bargaining agreement (convenção coletiva de trabalho), given the matter of public policy involved, namely, the adoption of an economic stabilization plan in 1990 that put a limit on wage adjustments. The Company ran plants in the region in 1990, and is a member of SINPEQ.

The employees' labor union seeks retrospective adjustment of wages and salaries. In December 2002, the STF affirmed an erstwhile decision from the Superior Labor Court (TST), determining that an economic policy legislation should prevail over collective bargaining agreements and, as such, no adjustment was due. In 2003, SINDIQUÍMICA appealed this decision by means of a motion for clarification, which was rejected by unanimous opinion on May 31, 2005.

On October 24, 2005, SINDIQUÍMICA filed a plea known as embargos de divergência, which was cognized by the higher courts. This plea was forwarded to the General Prosecutor Office of the Republic, which rendered an opinion fully favorable to SINPEQ in November 2006. Judgment on this appeal started on June 28, 2007, but was adjourned as one of the judges asked for further access to the case docket.

In reliance on the opinion of its legal advisors, Management believes that SINPEQ is likely to prevail in this suit and, as such, no amount was provisioned for.

(b) Preferred capital shares with incentives

Some holders of Class B preferred shares issued by the Company under a tax incentive program claim that they are entitled to profit distribution on a par with the holders of common and Class A preferred shares.

Polialden faced an identical issue before CVM; on August 10, 2000, the CVM Board sided with the Polialden's stance that the dividends payable to preferred shares should range from 6% to 8% of the par value of such shares, or the equivalent to 25% of net profits at yearend, whichever is higher, as the company has done over the last 10 years. Such shares are not entitled to remaining profits, as the bylaws have clearly set the maximum dividends attaching to such shares.

Most court decisions already rendered in this regard have been favorable to the Company and its merged company Polialden. For this reason, most of the judicial bonds posted by Polialden in fulfillment of preliminary injunctions entered favorably to some shareholders (in an amount corresponding to the shortfall asserted by those shareholders in connection with the dividends resolved at the Annual General Meetings of 2002 and 2004) have already been released to the Company; there is only one judicial bond at the historical value of R\$804, which is related to the 2004 dividends asserted by one single shareholder.

The Company's external legal advisors believe that the chances of success in these cases are likely, having also relied on opinions from renowned jurists and on recent court decisions in similar cases and CVM rulings on this specific issue; for this reason, the Company has abided by the rules set out in its bylaws as to payment of dividends to preferred shares under incentive, limiting payments at 6% of their par value and capped at 25% of the compulsory dividends set forth in the Company's bylaws.

(c) Offsetting of tax credits

From May through October 2000, absorbed companies OPP Química and Trikem offset their own federal tax debts with IPI tax credits (créditos-prêmio) assigned by an export trading company (Assignor). These offsetting procedures were recognized by the São Paulo tax officials (DERAT/SP) through offset supporting certificates (DCC's) issued in response to an injunctive relief entered in a motion for writ of mandamus (MS SP). Assignor also filed a motion for writ of mandamus against the Rio de Janeiro tax officials (DERAT/RJ) (MS RJ) for recovery of IPI tax credits and their use for offsetting with third-party tax debts, among others. The MS SP was dismissed without prejudice, confirming the Rio de Janeiro administrative and jurisdictional authority to rule on Assignor's tax credits.

In June 2005, DERAT/SP issued ordinances (portarias) canceling the DCC s. Based on said ordinances, the Federal Revenue Office unit in Camaçari/BA sent collection letters to the Company. Notices of dispute were presented by the Company, but the administrative authorities declined to process them. As a result, past-due federal tax liabilities (dívida ativa) at R\$ 276,620 were posted in December 2005 concerning the Company s tax debts originating from purportedly undue offsetting procedures.

Both Assignor and the Company commenced a number of judicial and administrative proceedings to defend the lawfulness and validity of those offsetting procedures, and the legal counsels to both companies labeled the likelihood of success in those cases as probable, mostly in light of the indisputable certainty and validity of those credits as confirmed in a specific audit conducted by DERAT/RJ.

On October 3, 2005, the Federal Supreme Court (STF) held the MS RJ favorably to Assignor in a final and conclusive manner, confirming Assignor's definite right to use the IPI tax credits from all its exports and their availability for offsetting with third-party debts. As a result, the legal advisors to Assignor and to the Company believe that the offsetting procedures carried out by the absorbed companies and duly recognized by DERAT/SP are confirmed, and for this reason they also hold that the tax liabilities being imputed to the Company are not due. Despite the final and conclusive decision in MS RJ, the legal advisors to Assignor and to the Company, in addition to a jurist when inquired of his opinion on this specific issue, feel that the tax liabilities purportedly related to offsetting procedures carried out by the absorbed companies have become time-barred and, as such, can no longer be claimed by the tax authorities.

In January 2006, the Company was ordered to post bond in aid of execution of the tax claim referred to above; this bond was tendered in the form of an insurance policy.

The Company's legal advisors have labeled the likelihood of success in all claims listed above as probable; nevertheless, if the Company is eventually defeated in all those cases, it will be entitled to full recourse against Assignor concerning all amounts paid to the National Treasury, as per the assignment agreement executed in 2000.

(d) National Social Security Institute - INSS

The Company is a party to several social security disputes in the administrative and judicial spheres, totaling approximately R\$279,358 (updated by the SELIC rate) as of September 30, 2007. Out of these sums, the Company has made judicial deposits at R\$16,287.

In reliance on the legal advisors' opinion that the Company stands good chances of success in these cases, Management believes that no sum is payable in connection with these notices and, as such, no amount was provisioned for.

(e) Other court disputes involving the Company and its subsidiaries

The Company figures as defendant in civil lawsuits filed by the controlling person of a former caustic soda distributor and by a carrier that rendered services to the latter, totaling R\$27,138 as of September 30, 2007. Said plaintiffs seek redress of damages caused by the Company's alleged non-fulfillment of the distributor agreement. In reliance on the opinion of legal advisors sponsoring the Company in these lawsuits, Management believes that the cases will possibly be rejected, and for this reason the respective sums have not been provisioned for.

In the second quarter of 2005, the Chemical and Petrochemical Industry Workers Unions in Triunfo (RS) and Camaçari (BA) filed several lawsuits for recovery of unpaid overtime. The Company has presented its answers accordingly, and in reliance on the legal advisors' opinion the Company's Management does not expect to be defeated.

The Company acts as respondent in an arbitration commenced by a shipping company and underway in the City of Rio de Janeiro. Braskem was eventually sentenced to pay R\$10,363 for breach of the original contractual conditions.

As of September 30, 2007, the Company figured as defendant in 1,236 suits for damages and labor claims (already including those mentioned above), totaling approximately R\$271,125 (June 30, 2007 R\$266,000). According to the opinion of legal advisors, most of these suits are likely to be found for the Company. For the cases entailing a probable defeat, the Company has provisioned for R\$ 14,262.

22 Financial Instruments

(a) Risk management

Since the Company operates in the domestic and international markets, obtaining funds for its operations and investments, it is exposed to market risks mainly arising from changes in the foreign exchange and interest rates.

The Company's policy to manage risks has been approved and reviewed by management. These rules prohibit speculative trading and selling short, and provide for the diversification of instruments and counterparties. Counterparties' limits and creditworthiness are reassessed on a regular basis and set up in accordance with rules approved by management. Gains and losses on hedge transactions are taken to income on a monthly basis.

To cover the exposure to market risk, the Company utilizes various types of currency hedges, some involving the use of cash and others not. The most common types which use cash, as adopted by the Company, are financial applications abroad (Certificates of deposit, securities in U.S. dollars, foreign mutual funds, time deposits and overnight deposits) and put and call options. The types of currency hedge which do not involve the use of cash are swaps of foreign currency for CDI and forwards.

To hedge its exposure to exchange and interest risks arising from loan and financing agreements, the Company adopted the following methodology: hedging of the principal and interest falling due in the next 12 months in, at least (i) 60% of the debt linked to exports (trade finance), except for Advances on Exchange Contracts (ACCs) of up to six

months and Advances on Export Contracts (ACEs); and (ii) 75% of the debt not linked to exports (non-trade finance).

(b) Exposure to foreign exchange risks

The Company has long-term loans and financing to finance its operations, including cash flows and project financing. Part of the long-term loans is linked to the U.S. dollar (Note 14).

(c) Exposure to interest rate risks

The Company is exposed to interest rate risks on its debt. The debt in foreign currency, bearing floating interest rates, is mainly subject to LIBOR variation, while the domestic debt, bearing floating interest rates, is mainly subject to fluctuations in the Long-term Interest Rate (TJLP) and the Interbank Deposit Certificate (CDI) rate.

(d) Exposure to commodities risks

The Company is exposed to fluctuations in the price of several petrochemical commodities, especially its main raw material, naphtha. Since the Company seeks to transfer to its own selling prices the effect of price changes in its raw material, arising from changes in the naphtha international quotation, part of its sales may be carried out under fixed-price contracts or contracts stating maximum and/or minimum fluctuation ranges. Such contracts are commercial agreements or derivative contracts relating to future sales.

(e) Exposure to credit risks

The operations that subject the Company to concentration of credit risk are mainly bank accounts, financial investments and other accounts receivable, exposing Braskem to the risk of the financial institution involved. In order to manage the credit risk, the Company keeps its bank accounts and financial investments with large financial institutions.

In relation to customer credit risk, the Company protects itself by performing detailed analyses before granting credit and by obtaining real and personal guarantees, when necessary.

f) Derivative instrument transactions

At September 30 and June 30, 2007, the Company had the following derivative contracts:

| Description | Maturity | Nominal value | Market value (i) | |
|---------------------------------|-----------------|----------------------|-------------------------|---------------|
| | | | Sep/07 | Jun/07 |
| Real + CDI / Yen + Tibor (swap) | Mar/2012 | R\$ 136,000 | (42,983) | (52,669) |
| Real + CDI / Yen + Tibor (swap) | Jun/2012 | R\$ 143,000 | (37,846) | (35,762) |
| Non Deliverable Forward (NDF) | Nov/2007 | US\$ 49,747 th. | (5,428) | |
| Real + CDI / US\$ (swap) | Jan/2011 | US\$ 100,000 th. | (26,560) | |

(i) The market value represents the amount receivable (payable) in R\$ thousand, should the transactions be settled on September 30 or June 30, 2007.

To determine the estimated market value of financial instruments, the Company uses transaction quotations or public information available in the financial market, as well as valuation methodologies generally accepted and utilized by counterparties. These estimates do not necessarily guarantee that such operations could be realized in the market at the indicated amounts. The use of different market information and/or valuation methodologies could have a significant effect on the estimated market value.

23 Financial Income (Expenses)

| | Sep/07 | Sep/06 |
|--|---------------|---------------|
| Financial income | | |
| Interest income and related parties | 78,089 | 84,281 |
| Monetary variation of financial instruments, related parties, loans and accounts receivable from third parties | 32,843 | 17,045 |
| Monetary variation of taxes recoverable | 7,139 | 32,932 |
| Gains on derivative transactions | 14,071 | |
| Exchange variation on foreign currency assets | (268,748) | (143,287) |
| Other | 3,605 | 29,288 |
| | (133,001) | 20,259 |
| Financial expenses | | |
| Interest on financing and related parties | (257,936) | (285,494) |
| Monetary variation of financing, related parties, loans and accounts payable third parties | (178,536) | (167,842) |
| Interest on taxes and suppliers | (88,353) | (119,625) |
| Losses on derivative transactions | (26,504) | (10,145) |
| Expenses for vendor transactions | (60,046) | (112,337) |
| Discounts granted | (33,781) | (39,136) |
| Exchange variation on liabilities in foreign currency | 798,013 | 275,752 |
| Taxes and charges on financial transactions | (129,290) | (85,605) |
| Other | (45,124) | (63,175) |
| | (21,557) | (607,607) |
| Net financial result | (154,558) | (587,348) |

24 Other Operating Income and Expenses

| | Sep/07 | Sep/06 |
|---|---------------|---------------|
| Income (expenses) | | |
| Rental of facilities and assignment of right of use | 19,835 | 19,237 |
| Recovery of taxes (Note 16 (iii)) | 110,902 | 112,984 |
| Proceeds of the sale of sundry materials | 758 | 1,314 |
| Other operating income (expenses), net | (11,781) | (23,062) |
| | 119,714 | 110,473 |

The recovery of taxes in the first quarter of 2006 mainly arises to favorable final decisions on PIS and COFINS lawsuits Law 9718 of 1998 (Note 16(iii)).

25 Insurance Coverage

The Company has a broadly-based risk management program designed to provide cover and protection for all assets, as well as possible losses caused by production stoppages, through an "all risks" insurance policy. This policy establishes the amount for maximum probable damage, considered sufficient to cover possible losses, taking into account the nature of the Company's activities and the advice of insurance consultants. At September 30, 2007, insurance coverage for inventories, property, plant and equipment, and loss of profits of the Company is R\$ 10,415,492. As the risk assumptions adopted, given their nature, are not within the scope of an audit of financial statements, they have been not reviewed by the Company independent auditors.

26 Shares Traded Abroad - NYSE and LATIBEX

(a) American Depositary Receipts ("ADRs") Program

The Company's ADSs are traded on the NYSE with the following characteristics:

- . Type of shares: Class A preference
- . Each ADS represents 2 shares, traded under the symbol BAK
- . Foreign Depositary Bank: The Bank of New York (BONY) - New York branch
- . Brazilian Custodian Bank: Banco Itaú S.A.

(b) LATIBEX

The Company's Class A preference shares are traded on LATIBEX, the market for Latin American Companies quoted in Euros at the Madrid Stock Exchange. The shares are traded under the symbol "XBRK" and the Brazilian Custodian Bank is Banco Itaú S.A. The shares are traded in units.

27 Private Pension Plans

The actuarial obligations relating to the pension and retirement plans are accrued in conformity with the procedures established by CVM Deliberation 371/2000.

The incorporation of Braskem (Note 1 (c)) involved the integration of six sponsoring companies and three different pension plans managed by Fundação PETROBRAS de Seguridade Social - PETROS ("PETROS"), PREVINOR - Associação de Previdência Privada ("PREVINOR") and ODEPREV - Odebrecht Previdência ("ODEPREV"). In addition to sponsoring different private pension plans, the Company has approximately 800 employees who do not participate in company-sponsored pension plans, as no new benefits were granted to employees since the inception of the Company.

Management ceased to include new participants in the three plans in order to devise a single, legitimate solution for all participants, with a view to protecting the plan participants' financial assets.

Experts engaged by the Company recommended that ODEPREV be the only supplementary pension plan entity sponsored by the Company. Furthermore, employees who do not participate in the PETROS and PREVINOR plans were offered the opportunity of joining the ODEPREV plan, retroactively to August 16, 2002.

In June 2005, the Company communicated to PETROS and PREVINOR its intended withdrawal as a sponsor effective June 30, 2005. With regard to PETROS, the calculation of mathematical reserves of participants was completed in November 2006 and submitted in that month to the Supplementary Pension Plan Secretary, a Social Security Ministry department in charge of regulating and inspecting private pension plans. The Company has a provision of R\$ 40,493, which is considered sufficient to face any disbursements at the time the commitments of this plan are settled.

Benefits to Petros retired employees and pensioners will continue to be paid on a regular basis up to completion of the process.

Merged company Politeno was a sponsor of Previnor until January 2007. The computation of the mathematical reserves is being made by Watson Waite and Previnor, to be subsequently sent to SPC.

Regarding to PREVINOR, commitments to the plan participants were settled during the first semester of 2007, and such the Company needs not make any new contributions.

(a) ODEPREV

The Company has a defined-contribution plan for its employees. The plan is managed by ODEPREV - Odebrecht Previdência which was set up by Odebrecht S.A. as a closed private pension entity. ODEPREV offers its participants, employees of the sponsoring companies, the Optional Plan, a defined-contribution plan, under which monthly and sporadic participant contributions and annual and monthly sponsor contributions are accumulated and managed in individual retirement savings accounts.

The Board of Trustees of ODEPREV defines each year, in advance, in the funding plan, the parameters for contributions to be made by the participants and the sponsoring companies. With regard to the payment of benefits under the Optional Plan, the obligation of ODEPREV is limited to the total value of the quotas held by its participants and, to comply with the regulations for a defined-contribution plan, it will not be able to require any obligation or responsibility on the part of the sponsoring company to assure minimum levels of benefits to the participants who retire.

Up to September 30, 2007, the active participants in ODEPREV amounted to 2,529 (June 30, 2007 2,536), and the Company's and employees' contributions in 2007 amounted to R\$ 4,475 (June 30, 2007 R\$ 3,129) and R\$ 12,536 (June 30, 2007 R\$ 8,893), respectively.

28 Raw Material Purchase Commitments

The Company has contracts for consumption of electric energy for its industrial plants located in the States of Alagoas, Bahia and Rio Grande do Sul. The minimum commitment for consumption under these four-year contracts amounts to R\$ 248,459.

The Company acquires from Copesul ethylene and propylene for its units at the Southern Petrochemical Complex, under a contract in force until 2014. The minimum annual purchase commitment corresponds to 275,400 metric tons of ethylene and 267,720 metric tons of propylene. Considering the prices ruling at September 30, 2007, this commitment corresponds to R\$ 1,211,280 (not reviewed). If the Company does not acquire the minimum volume, it must pay 40% of the current price of the amount not purchased. Based on 40% of prices charged as of September 30, 2007, the amount would be equal to R\$ 484,512 (nor reviewed).

Braskem purchases naphtha under contracts establishing a minimum annual purchase volume equal to R\$ 5,393,889 (not reviewed), based on market prices as of September 30, 2007.

In April 2007, the Company entered into an agreement with Refinaria Alberto Pasqualini (Refap), located in Canoas Rio Grande do Sul, for the initial supply of 70 thousand tons of propylene per year, with the possibility of exceeding 100 thousand tons per year. The agreement determines the initial supply of 5.8 tons of propylene per month. Up to September 30, no purchases were made under this agreement.

Supplementary Information

Statement of cash flows for the periods ended September 30, 2007 and 2006

| | Parent company | | Consolidated | |
|---|-------------------|-----------|--------------|-----------|
| | Sep/07 | Sep/06 | Sep/07 | Sep/06 |
| Net income (loss) for the period | 510,245 | (2,957) | 520,346 | 23,190 |
| Adjustment to reconcile net income/(loss): | | | | |
| Depreciation, amortization and depletion | 709,438 | 652,953 | 896,449 | 723,242 |
| Amortization of goodwill (negative goodwill), net | 54,102 | 38,001 | 66,061 | 35,083 |
| Equity in income of subsidiary and associated companies | (153,889) | (116,767) | (859) | (367) |
| (Reversal) provision for loss on investments | 903 | (6,469) | 903 | |
| Tax incentives | | | (2,747) | (15,419) |
| Exchange variation on investments | 8,670 | (4,701) | 9,452 | (229) |
| Gains (losses) on interest in investment and other | (83) | (2,291) | (4,979) | (13,859) |
| Gains (losses) on permanent assets disposal | 19,333 | 92 | 28,373 | 1,410 |
| Interest and monetary and exchange variations, net | (83,512) | 373,057 | (209,466) | 417,208 |
| Recognition of tax credits | (110,704) | (80,583) | (111,546) | (80,583) |
| Minority interests | | | 243,100 | 644 |
| Deferred income and social contribution taxes | (30,731) | (114,311) | (35,719) | (119,862) |
| Other | 296 | 8,446 | (4,936) | 2,702 |
| | 924,068 | 744,470 | 1,394,432 | 973,160 |
| Effect of mergers and acquisition of | | | | |
| Investments | 5,796 | 147,698 | 222,675 | 8,752 |
| Financial effects on cash | 329,994 | 225,511 | 130,509 | 203,453 |
| Cash generation before changes on operating working capital | 1,259,858 | 1,117,679 | 1,747,616 | 1,185,365 |
| Changes in operating working capital | | | | |
| Marketable securities | 427,156 | (357,799) | 239,082 | (446,798) |
| Trade accounts receivable | (147,398) | 12,925 | 245,006 | (177,232) |
| Inventories | 101,296 | 42,877 | 127,004 | (6,838) |
| Taxes recoverable | 308,463 | (191,414) | 167,131 | (235,472) |
| Prepaid expenses | 58,586 | (28,477) | 59,832 | 8,390 |
| Dividends received | 73,908 | 139,968 | 2,287 | 2,000 |
| Other accounts payable | (20,513) | (14,848) | (18,274) | (117,319) |

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| | | | | |
|---|-----------|-----------|-----------|-----------|
| Suppliers | (647,317) | 159,124 | (38,855) | 63,692 |
| Taxes and contributions | (338,495) | (66,182) | (193,188) | (71,971) |
| Tax incentives | 44,177 | 7,023 | 47,223 | 22,524 |
| Advances from customers | 3,531 | (23,196) | (9,101) | (24,401) |
| Other accounts payable | (59,725) | 43,698 | (85,142) | 105,367 |
| Generation of cash from operations before financial effects | 1,063,527 | 841,378 | 2,290,621 | 307,307 |
| Exclusion of financial effects on cash | (329,994) | (225,511) | (130,509) | (203,453) |
| Generation of accounting cash from operations | 733,533 | 615,867 | 2,160,112 | 103,854 |

Cash flows (continued)

| | Parent company | | Consolidated | |
|---|-----------------------|------------------|---------------------|--------------------|
| | Sep/07 | Sep/06 | Sep/07 | Sep/06 |
| Proceeds from the sale of permanent assets | 1,613 | 793 | 1,637 | 793 |
| Additions to investments | (693,234) | (243,845) | (782,880) | (236,558) |
| Additions to intangible assets | | | (2,494) | |
| Additions to property, plant and equipment | (557,006) | (658,752) | (869,268) | (730,614) |
| Additions to deferred charges | (4,241) | (41,122) | (14,539) | (46,639) |
| Cash used for investments | (1,252,868) | (942,926) | (1,667,544) | (1,013,018) |
| Short-term debt, net | | | | |
| Funds obtained | 641,974 | 1,732,529 | 2,924,522 | 2,467,971 |
| Repayment | (878,774) | (2,415,764) | (4,420,731) | (3,156,041) |
| Long-term debt | | | | |
| Funds obtained | 1,295,177 | 1,783,144 | 1,657,332 | 1,833,467 |
| Repayment | (673,453) | (690,555) | (742,630) | (692,168) |
| Related parties | | | | |
| Funds obtained | 39,375 | 308,458 | 96 | 425 |
| Repayment | (101,220) | (422,438) | (1,054) | (5,954) |
| Dividends paid to shareholders and minority interests | (36,606) | (322,985) | (37,326) | (341,991) |
| Capital increase | | | 74 | 18,876 |
| Repurchase of shares | | (135,258) | | (135,258) |
| Other | 656 | | 604 | (2,586) |
| Generation (use) of cash in financing | 287,129 | (162,869) | (619,113) | (13,259) |
| Generation (use) of cash and cash equivalents | (232,206) | (489,928) | (126,545) | (922,423) |
| Represented by | | | | |
| Cash and cash equivalents, at the beginning of the period | 1,125,925 | 1,461,090 | 1,547,060 | 2,135,742 |
| Cash and cash equivalents, at the end of the period | 893,719 | 971,162 | 1,420,515 | 1,213,319 |
| Generation (use) of cash and cash equivalents | (232,206) | (489,928) | (126,545) | (922,423) |

This statement was prepared in accordance with the criteria set forth in Accounting Standards and Procedures - NPC 20 - Statement of Cash Flows, issued by the Brazilian Institute of Independent Auditors - IBRACON.

The following transactions not impacting cash were excluded from the cash flow statements:

Recognition of supplementary goodwill on Politeno (Note 1(c)); and

Conversion of debentures into capital (Note 20).

* * *

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 16, 2007

BRASKEM S.A.

By: /s/ Carlos José Fadigas de Souza Filho

Name: Carlos José Fadigas de Souza Filho

Title: Chief Financial Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
