BRASKEM SA
Form 6-K
March 16, 2012

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 March, 2012
(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 ___X___ 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 ___X___

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

Braskem S.A.

Financial Statements

at December 31, 2011 and 2010

and Independent Auditors' Report

Independent Auditors' Report

on the individual and consolidated Financial Statements

To the Board of Directors and Shareholders

Braskem S.A.

We have audited the accompanying financial statements of Braskem S.A. ("Parent Company"), which comprise the balance sheet as at December 31, 2011 and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We have also audited the accompanying consolidated financial statements of Braskem S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2011 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditors' Report

on the individual and consolidated Financial Statements

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the parent company financial statements

In our opinion, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Braskem S.A.as at December 31, 2011, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Braskem S.A. and its subsidiaries as at December 31, 2011, and their financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As discussed in note 2 to these financial statements, the parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Braskem S.A., these practices differ from IFRS applicable to separate financial statements only in relation to the measurement of investments in subsidiaries, associates and jointly-controlled entities based on equity accounting, while IFRS requires measurement based on cost or fair value. Our opinion is not qualified in respect of this matter.

Independent Auditors' Report

on the individual and consolidated Financial Statements

Other matters

Supplementary information - statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2011, which are the responsibility of the Company's management. The presentation of these statements is required by the Brazilian corporate legislation for listed companies, but is considered supplementary information for IFRS. These statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Salvador March 13, 2012

PricewaterhouseCoopers Auditores Independentes

CRC 2SP000160/O-5 "F" BA

Fábio Cajazeira Mendes

Contador CRC 1SP196825/O-0"S" BA

Braskem S.A.

Balance sheet at December 31

All amounts in thousands of reais

		Parent Company		Consolidated	
Assets	**Note**	**2011**	**2010**	**2011**	**2010**
Current assets					
Cash and cash equivalents	6	2,224,335	2,339,060	2,986,819	2,624,270
Financial investments	7	168,979	236,319	170,297	236,319
Trade accounts receivable	8	1,097,482	1,077,492	1,843,756	1,894,648
Inventories	9	1,968,509	1,789,505	3,623,522	3,015,657
Taxes recoverable	11	606,258	400,969	1,036,253	698,879
Dividends and interest on capital		30,268	10,895		
Prepaid expenses		60,109	29,690	104,496	41,620
Other receivables	14	162,173	111,074	406,634	228,569
		6,318,113	**5,995,004**	**10,171,777**	**8,739,962**
Non-current assets					
Financial investments	7	34,720	28,706	34,752	28,706
Trade accounts receivable	8	49,858	59,026	51,056	62,303
Taxes recoverable	11	1,062,974	1,096,497	1,506,247	1,444,401
Deferred income tax and social contribution	23.2	415,002	361,299	1,237,144	1,136,685
Judicial deposits	12	151,592	227,888	174,220	250,195
Related parties	10	1,624,513	2,408,371	58,169	53,742
Insurance claims	13	246,357	40,336	252,670	40,336
Other receivables	14	138,265	95,780	182,533	107,432
Investments in subsidiaries and jointly-controlled subsidiaries	15	8,062,528	6,549,402		
Investment in associates	15	29,870	157,910	29,870	160,790
Other investments		6,575	6,575	10,844	7,485
Property, plant and equipment	16	11,665,942	11,100,184	20,628,187	19,366,272
Intangible assets	17	2,248,675	2,280,111	3,016,692	3,079,182
		25,736,871	**24,412,085**	**27,182,384**	**25,737,529**

Total assets	**32,054,984**	**30,407,089**	**37,354,161**	**34,477,491**

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

Braskem S.A.

Balance sheet at December 31

All amounts in thousands of reais **Continued**

		Parent Company		Consolidated	
Liabilities and equity	**Note**	**2011**	**2010**	**2011**	**2010**
Current liabilities					
Trade payables		5,052,757	4,462,552	6,847,340	5,201,162
Borrowings	19	961,519	1,212,975	1,391,779	1,206,444
Debentures	20		517,741		517,741
Hedge operations	21.2.1	82,912	27,618	83,392	50,124
Payroll and related charges		155,248	252,694	242,102	360,368
Taxes payable	22	215,924	235,339	329,987	390,062
Dividends and interest on capital	29 (h.1)	1,617	416,648	4,838	419,981
Advances from customers		13,935	44,587	19,119	50,344
Sundry provisions	24	18,759	26,036	23,629	32,602
Other payables	18	47,514	125,935	119,402	233,322
Related parties	10	79,790	64,517		
		6,629,975	**7,386,642**	**9,061,588**	**8,462,150**
Non-current liabilities					
Borrowings	19	11,276,196	9,309,704	13,753,033	11,004,301
Debentures	20			19,102	
Hedge operations	21.2.1	10,278	12,526	10,278	34,433
Taxes payable	22	1,500,584	1,449,704	1,613,179	1,583,569
Related parties	10	1,297,567	83,739	44,833	31,386
Long-term incentives	25	15,213	14,442	15,213	14,442
Deferred income tax and social contribution	23.2	900,716	1,238,340	1,938,971	2,200,538
Pension plans	26	134,506	109,894	149,575	123,517
Provision for losses on subsidiaries	15 (c)	90,990	937		
Advances from customers	27	77,846		218,531	
Sundry provisions	24	94,913	124,495	298,094	362,265
Other payables	18	241,412	237,567	280,546	252,604
		15,640,221	**12,581,348**	**18,341,355**	**15,607,055**
Equity	29				
Capital		8,043,222	8,043,222	8,043,222	8,043,222
Capital reserve		845,998	845,998	845,998	845,998
Revenue reserves		591,307	1,338,908	591,307	1,338,908

Other comprehensive income		315,586	221,350	315,586	221,350
Treasury shares		(11,325)	(10,379)	(60,217)	(59,271)
Total attributable to the shareholders of the Company		9,784,788	10,439,099	9,735,896	10,390,207
Non-controlling interest	2.2			215,322	18,079
		9,784,788	**10,439,099**	**9,951,218**	**10,408,286**
Total liabilities and equity		**32,054,984**	**30,407,089**	**37,354,161**	**34,477,491**

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

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Braskem S.A.

Statement of operations

Years ended December 31

All amounts in thousands of reais, except earnings (loss) per share

		Parent Company		Consolidated	
	Note	**2011**	**2010**	**2011**	**2010**
Net sales revenue	31	**18,205,335**	**17,152,789**	**33,176,160**	**25,494,817**
Cost of products sold		(15,512,386)	(14,109,477)	(29,317,951)	(21,411,775)
Gross profit		**2,692,949**	**3,043,312**	**3,858,209**	**4,083,042**
Income (expenses)					
Selling		(166,863)	(176,325)	(343,655)	(383,454)
Distribution		(325,079)	(299,890)	(480,532)	(335,510)
General and administrative		(694,396)	(723,118)	(1,025,668)	(969,929)
Research and development		(62,321)	(55,288)	(99,083)	(78,778)
Results from equity investments	15 (c)	(21,181)	439,014	(1,419)	20,302
Results from business combinations	5		849,194		975,283
Other operating income (expenses), net	33	(19,906)	(43,959)	22,053	(95,995)
Operating profit		**1,403,203**	**3,032,940**	**1,929,905**	**3,214,961**
Financial results	34				
Financial expenses		(2,846,480)	(1,149,483)	(3,574,240)	(1,696,949)
Financial income		526,062	340,732	769,341	369,426
		(2,320,418)	**(808,751)**	**(2,804,899)**	**(1,327,523)**
Profit (loss) before income tax and social contribution		**(917,215)**	**2,224,189**	**(874,994)**	**1,887,438**
Current income tax and social contribution	23.1	(1,712)	(20,426)	(18,981)	(61,536)
Deferred income tax and social contribution	23.1	393,785	(308,454)	377,136	63,583
		392,073	**(328,880)**	**358,155**	**2,047**
Profit (loss) for the year		**(525,142)**	**1,895,309**	**(516,839)**	**1,889,485**
Attributable to:					
Company's shareholders				(525,142)	1,895,309
Non-controlling interest	2.2			8,303	(5,824)

		(516,839)	**1,889,485**
Earnings (loss) per share attributable to the shareholders of the Company at the end of the year (R$)	30		
Basic earnings (loss) per share - common		(0.6580)	2.7037
Basic earnings (loss) per share - preferred		(0.6580)	2.5904
Diluted earnings (loss) per share - common		(0.6577)	2.7031
Diluted earnings (loss) per share - preferred		(0.6577)	2.5898

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

Braskem S.A.

Statement of comprehensive income

Years ended December 31

All amounts in thousands of reais

		Parent Company		Consolidated	
	Note	**2011**	**2010**	**2011**	**2010**
Profit (loss) for the year		**(525,142)**	**1,895,309**	**(516,839)**	**1,889,485**
Other comprehensive income or loss:					
Available for sale financial assets			58		58
Cash flow hedge	21.2.2	7,231	(20,042)	45,034	6,032
Cash flow hedge - subsidiaries		37,803	26,074		
Foreign currency translation adjustment	15 (b)	54,631	(79,135)	56,809	(79,346)
Income tax and social contribution related to components of comprehensive income	21.2.2	(2,458)	6,793	(2,458)	6,793
Total other comprehensive income or loss		97,207	(66,252)	99,385	(66,463)
Total comprehensive income or loss for the year		**(427,935)**	**1,829,057**	**(417,454)**	**1,823,022**
Attributable to:					
Company's shareholders				(427,935)	1,829,057
Non-controlling interest				10,481	(6,035)
				(417,454)	**1,823,022**

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

Braskem S.A.

Statement of changes in equity

All amounts in thousands of reais

						Revenue reserves				
	Note	**Capital**	**Capital reserve**	**Legal reserve**	**Tax incentives**	**Unrealized profit reserve**	**Additional dividends proposed**	**Other comprehensive income**	**Treasury shares**	**(acc**
At December 31, 2009		**5,473,181**	**416,675**					**314,838**	**(10,376)**	**(**
Comprehensive income for the year:										
Profit for the year										
Fair value of financial assets, net of taxes								38		
Fair value of cash flow hedge, net of taxes								12,845		
Foreign currency translation adjustment								(79,135)		
								(66,252)		
Equity valuation adjustments										
Realization of additional property, plant and equipment price-level restatement, net of taxes								(27,236)		
								(27,236)		
Contributions and distributions to shareholders:										

Capital increase		2,570,041	1,479,294						
Purchase of treasury shares									(3)
Expired dividends / other									
Absorption of losses			(1,061,871)						
Tax incentives			11,900						
Legal reserve				87,710					
Minimum mandatory dividends									
Additional dividends proposed							250,346		
Unrealized profit reserves						995,505			
Tax incentives reserve					5,347				
		2,570,041	429,323	87,710	5,347	995,505	250,346		(3)
At December 31, 2010		**8,043,222**	**845,998**	**87,710**	**5,347**	**995,505**	**250,346**	**221,350**	**(10,379)**
Comprehensive income for the year:									
Loss for the year									
Fair value of cash flow hedge, net of taxes	21.2.2							42,576	
Foreign currency translation adjustment	15 (b)							54,631	
								97,207	
Equity valuation adjustments									
Deemed cost of jointly-controlled subsidiary, net								22,079	
Realization of deemed cost of jointly-controlled subsidiary, net of taxes								(920)	
Realization of additional property, plant and equipment price-level restatement, net								(27,236)	

of taxes								(6,077)	
Contributions and distributions to shareholders:									
Payment of additional dividends proposed							(250,346)		
Tax incentives					(800)				
Gain on interest in subsidiary	15 (b)							3,106	
Expired dividends / other									
Absorption of losses	29 (e)					(496,455)			
Additional dividends proposed	29 (e)					(482,593)	482,593		
Repurchase of treasury shares	29 (g)								(946)
					(800)	(979,048)	232,247	3,106	(946)
At December 31, 2011		**8,043,222**	**845,998**	**87,710**	**4,547**	**16,457**	**482,593**	**315,586**	**(11,325)**

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

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Braskem S.A.

Statement of changes in equity

All amounts in thousands of reais

								Attributed to shareholder		
						Revenue reserves				
	Note	**Capital**	**Capital reserve**	**Legal reserve**	**Tax incentives**	**Unrealized profit reserve**	**Additional dividends proposed**	**Other comprehensive income**	**Treasury shares**	**(ac**
At December 31, 2009		**5,473,181**	**416,675**					**314,838**	**(10,376)**	**(**
Comprehensive income for the year:										
Profit for the year										
Fair value of financial assets, net of taxes								38		
Fair value of cash flow hedge, net of taxes								12,845		
Foreign currency translation adjustment								(79,135)		
								(66,252)		
Equity valuation adjustments										
Realization of additional property, plant and equipment price-level restatement, net of taxes								(27,236)		
								(27,236)		

Contributions and distributions to shareholders:									
Capital increase		2,570,041	1,479,294						
Treasury shares									(48,892)
Purchase of treasury shares									(3)
Expired dividends / other									
Absorption of losses			(1,061,871)						
Tax incentives			11,900						
Legal reserve				87,710					
Minimum mandatory dividends									
Additional dividends proposed							250,346		
Unrealized profit reserves						995,505			
Tax incentives reserve					5,347				
Acquisition of non-controlling interest									
		2,570,041	429,323	87,710	5,347	995,505	250,346		(48,895)
At December 31, 2010		**8,043,222**	**845,998**	**87,710**	**5,347**	**995,505**	**250,346**	**221,350**	**(59,271)**
Comprehensive income for the year:									
Loss for the year									
Fair value of cash flow hedge, net of taxes	21.2.2							42,576	
Foreign currency translation adjustment	15 (b)							54,631	
								97,207	
Equity valuation adjustments									
Deemed cost of jointly-controlled subsidiary, net								22,079	
Realization of deemed cost of jointly-controlled								(920)	

subsidiary, net of taxes									
Realization of additional property, plant and equipment price-level restatement, net of taxes								(27,236)	
								(6,077)	
Contributions and distributions to shareholders:									
Capital increase of non-controlling interest									
Payment of additional dividends proposed	29 (h.1)						(250,346)		
Tax incentives					(800)				
Gain (loss) on interest in subsidiary	15 (b)							3,106	
Acquisition of non-controlling interest - Cetrel	2.2								
Expired dividends / other									
Absorption of losses	29 (e)					(496,455)			
Additional dividends proposed	29 (e)					(482,593)	482,593		
Repurchase of treasury shares	29 (g)								(946)
					(800)	(979,048)	232,247	3,106	(946)
At December 31, 2011		**8,043,222**	**845,998**	**87,710**	**4,547**	**16,457**	**482,593**	**315,586**	**(60,217)**

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

Braskem S.A.

Statement of cash flows

Years ended December 31

All amounts in thousands of reais

	Parent Company		Consolidated	
	2011	**2010**	**2011**	**2010**
Profit (loss) before income tax and social contribution	(917,215)	2,224,189	(874,994)	1,887,438
Adjustments for reconciliation of profit (loss)				
Depreciation, amortization and depletion	1,064,731	1,036,758	1,721,428	1,606,354
Results from equity investments	21,181	(439,014)	1,419	(20,302)
Results from business combinations		(849,194)		(975,283)
Interest and monetary and exchange variations, net	1,900,976	615,497	2,292,498	413,194
Other	517	23,201	2,302	47,209
	2,070,190	**2,611,437**	**3,142,653**	**2,958,610**
Changes in operating working capital				
Held-for-trading financial investments	83,224	(50,460)	90,953	79,764
Trade accounts receivable	(11,245)	322,674	365,901	184,442
Inventories	(173,519)	(226,778)	(382,465)	(382,285)
Taxes recoverable	(125,862)	284,139	(311,021)	622,167
Prepaid expenses	(29,871)	(7,605)	(62,531)	(5,062)
Receivables from related parties	128,429	(810,110)		
Other receivables	(138,106)	(68,664)	(356,253)	1,730
Trade payables	784,797	1,112,734	1,325,977	683,639
Taxes payable	(8,888)	(430,828)	(52,134)	(601,878)
Long-term incentives	771	6,733	771	6,733
Advances from customers	47,194	(21,847)	187,306	(38,424)
Sundry provisions	(56,607)	(10,936)	(74,402)	21,128
Other payables	(296,253)	155,701	(212,133)	177,901
Cash from operations	**2,274,254**	**2,866,190**	**3,662,622**	**3,708,465**
Interest paid	(639,680)	(595,796)	(802,427)	(929,481)
Income tax and social contribution paid	(50,439)	(45,222)	(82,695)	(58,617)
Net cash generated by operating activities	**1,584,135**	**2,225,172**	**2,777,500**	**2,720,367**

Proceeds from the sale of fixed assets and investments	423	1,781	23,958	1,781
Proceeds from the capital reduction of associates	6,600		6,600	
Acquisitions of investments in subsidiaries and associates	(572,847)	(4,586,233)	(619,207)	(939,427)
Acquisitions to property, plant and equipment	(1,602,251)	(1,307,279)	(2,252,491)	(1,689,006)
Acquisitions of intangible assets	(5,131)		(11,474)	(17,042)
Held-to-maturity financial investments	(4,814)	256,113	(13,856)	256,113
Net cash used in investing activities	**(2,178,020)**	**(5,635,618)**	**(2,866,470)**	**(2,387,581)**
Short-term and long-term debt				
Obtained borrowings	4,284,538	4,477,351	7,122,632	5,860,561
Payment of borrowings	(4,305,282)	(4,839,330)	(6,042,644)	(10,013,753)
Related parties				
Obtained loans	2,459,254	484,847		
Payment of loans	(1,293,557)	(414,277)		
Dividends paid	(664,847)	(98)	(664,851)	(107)
Non-controlling interests in subsidiaries			76,406	
Repurchase of shares	(946)	(3)	(946)	(3)
Capital increase		3,746,892		3,764,971
Other			4,147	
Net cash provided by (used in) financing activities	**479,160**	**3,455,382**	**494,744**	**(388,331)**
Exchange variation on cash of foreign subsidiaries			(117,030)	(3,253)
Increase (decrease) in cash and cash equivalents	**(114,725)**	**44,936**	**288,744**	**(58,798)**
Represented by				
Cash and cash equivalents at the beginning of the year	2,339,060	2,294,124	2,698,075	2,683,068
Cash and cash equivalents at the end of the year	2,224,335	2,339,060	2,986,819	2,624,270
Increase (decrease) in cash and cash equivalents	**(114,725)**	**44,936**	**288,744**	**(58,798)**

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

Braskem S.A.

Statement of value added

Years ended December 31

All amounts in thousands of reais

	Parent Company		Consolidated	
	2011	2010	2011	2010
Revenue	**22,322,402**	**21,031,396**	**39,623,873**	**31,217,214**
Sale of goods, products and services	22,339,568	21,069,290	39,579,217	31,392,470
Other income (expenses), net	(25,558)	(27,296)	40,044	(108,360)
Allowance for doubtful accounts - reversal (recognition)	8,392	(10,598)	4,612	(66,896)
Inputs acquired from third parties	**(17,810,055)**	**(16,458,763)**	**(33,357,839)**	**(24,644,991)**
Cost of products, goods and services sold	(17,068,140)	(15,743,445)	(32,169,206)	(23,687,052)
Material, energy, outsourced services and other	(756,991)	(698,173)	(1,196,721)	(976,327)
Impairment / recovery of assets	15,076	(17,145)	8,088	18,388
Gross value added	**4,512,347**	**4,572,633**	**6,266,034**	**6,572,223**
Depreciation, amortization and depletion	(1,064,731)	(1,036,758)	(1,721,428)	(1,606,354)
Net value added produced by the entity	**3,447,616**	**3,535,875**	**4,544,606**	**4,965,869**
Value added received in transfer	**505,115**	**1,629,421**	**768,175**	**1,363,071**
Equity in the results of investees	(21,181)	439,014	(1,419)	20,302
Financial income	526,062	340,732	769,341	369,426
Result from business combination		849,194		975,283
Other	234	481	253	(1,940)
Total value added to distribute	**3,952,731**	**5,165,296**	**5,312,781**	**6,328,940**
Personnel	**487,508**	**485,305**	**762,314**	**786,511**
Direct compensation	371,573	380,234	577,110	630,795
Benefits	84,504	73,939	140,095	111,486
FGTS (Government Severance Pay Fund)	31,431	31,132	45,109	44,230
Taxes, fees and contributions	**1,001,877**	**1,486,653**	**1,313,788**	**1,781,323**
Federal	201,648	1,115,770	366,996	1,062,174
State	795,426	367,890	925,309	704,644
Municipal	4,803	2,993	21,483	14,505
Remuneration on third parties' capital	**2,988,488**	**1,298,029**	**3,753,518**	**1,871,621**

Financial expenses (including exchange variation)	2,836,289	1,131,747	3,558,776	1,676,227
Rentals	152,199	166,282	194,742	195,394
Remuneration on own capital	**(525,142)**	**1,895,309**	**(516,839)**	**1,889,485**
Profit retained (loss) in the year	(525,142)	1,480,025	(525,142)	1,480,025
Dividends		415,284		415,284
Non-controlling interests in profits retained or losses			8,303	(5,824)
Value added distributed	**3,952,731**	**5,165,296**	**5,312,781**	**6,328,940**

- The statement of value added is not a required part of a set of financial statements under IFRS.

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

Braskem S.A.

Notes to the financial statements

at December 31, 2011

All amounts in thousands of reais unless otherwise stated

1 Operations

Braskem S.A. ("Parent Company") is a publicly-held corporation headquartered in Camaçari, State of Bahia, which, together with its subsidiaries and jointly-controlled subsidiaries ("Braskem" or "Company"), operates 35 industrial units, 28 of which are located in the Brazilian states of Alagoas, Bahia, Rio de Janeiro, Rio Grande do Sul and São Paulo, five are located in the United States, in the states of Pennsylvania, Texas and West Virginia and two are located in Germany. These units produce basic petrochemicals - such as ethylene, propylene butadiene, toluene, xylene and benzene, as well as gasoline and LPG (Liquefied Petroleum Gas) – and thermoplastic resins – polyethylene, polypropylene and polyvinyl chloride ("PVC"). Additionally, Braskem is also engaged in the import and export of chemicals, petrochemicals and fuels, the production, supply and sale of utilities such as steam, water, compressed air, industrial gases, as well as the provision of industrial services and the production, supply and sale of electric energy for its own use and use by other companies. Braskem also invests in other companies, either as a partner or shareholder.

Braskem S.A. is controlled by Odebrecht S.A. ("Odebrecht"), which directly and indirectly holds a 50.1% and a 38.1% interest in its voting and total capital, respectively.

(a) Significant operational events

In September 2010, the management of the subsidiary Braskem PP Americas, Inc ("Braskem America") decided to suspend a polypropylene production line at the plant located in the State of Texas. The key factors driving this decision were the line's outdated technology, high production cost, and low production capacity. Braskem America will keep the production of polypropylene in other lines of that plant without affecting its total production of other resins. The residual carrying amount of this production line on December 31, 2011 and 2010 equals zero.

On September 24, 2010, the Company inaugurated an ethanol-derived ethylene unit at the Triunfo Petrochemical Complex, which will produce 200,000 metric tons of green polyethylene per year. With this new unit, the Company now supplies resin from renewable sources, diversifying its competitive raw material sources. The cost of the investment was R$ 482,053.

In December 2011, Sunoco Chemicals, Inc. (“Sunoco Chemicals”) announced that as from the second half of 2012 it will shut down, permanently, the activities of its refinery, which is one of the suppliers of raw materials to the polypropylene plant of the subsidiary Braskem America located in the State of Pennsylvania. The annual production capacity of this plant is 350,000 metric tons and the residual book value on December 31, 2011 is US$ 94,303 (R$ 176,894).

The agreement for the purchase of this polypropylene plant entered into with Sunoco Chemicals itself in 2010 provides for an indemnity to Braskem in the event of an interruption in the supply of raw materials that exceeds the residual book value mentioned above.

Despite this guarantee, Braskem’s management is analyzing economically viable ways for the supply of inputs to its industrial unit. The plant is still operating at normal levels with the supply coming from other sources and from Sunoco Chemicals itself, which has been supplementing the supply through its refinery in Philadelphia.

Braskem S.A.

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(b) Corporate events

Since its creation on August 16, 2002, Braskem has been undergoing an extensive corporate restructuring process, which has been disclosed to the market in the form of “Material Fact” notices. The main events in 2010 and 2011 are summarized below:

(b.1) Quattor

On January 22, 2010, Braskem announced the completion of the negotiations for the acquisition of Quattor Participações S.A. (“Quattor”), currently named Braskem Qpar S.A. (“Braskem Qpar”), by means of an Investment Agreement entered into on that date between Odebrecht, Petróleo Brasileiro S.A. – PETROBRAS (“Petrobras”), Braskem and Unipar – União de Indústrias Petroquímicas S.A. (“Unipar”). The agreement allowed Petrobras to consolidate its main petrochemical assets in the Company.

Also, as a result of the Investment Agreement, the Company has the preemptive right to participate as a partner in the projects of the Petrochemical Complex in the State of Rio de Janeiro - COMPERJ - and the Petrochemical Complex of Suape, in the State of Pernambuco.

The Investment Agreement was approved without restrictions on February 23, 2011 by the Brazilian antitrust agency (“CADE”).

All stages of the Investment Agreement had already been implemented by September 30, 2010, as follows:

(i) In December 2009, the holding company BRK Investimentos Petroquímicos S.A. (“BRK”) was created, in which all the common shares issued by Braskem and held by Odebrecht and Petrobras were subsequently concentrated.

(ii) In April 2010, Odebrecht and Petrobras completed a capital increase in BRK in the amount of R$ 3,500,000 through the payment of new shares in cash.

(iii) On April 14, 2010, the Board of Directors approved an increase of the Company's capital in the form of a private subscription, which resulted in the payment of 243,206,530 common shares and 16,697,781 class A preferred shares, at the price of R$ 14.40 each, totaling R$ 3,742,622. Of this amount, R$ 2,378,742 was allocated to capital and R$ 1,363,880 to the capital reserve account (Note 29(a)).

(iv) On April 27, 2010, the Company announced by means of a Material Fact, the acquisition from Unipar of shares representing 60% of Quattor's voting and total capital by means of the payment of R$ 659,454 in cash. On April 30, 2010, Quattor held the following investments:

Braskem S.A.

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at December 31, 2011

All amounts in thousands of reais unless otherwise stated

(v) On May 10, 2010, the Company announced to the market the acquisition, from Unipar, of 100% of the shares of Unipar Comercial e Distribuidora (“Unipar Comercial”) and the shares representing 33.33% of the total capital of Polibutenos S.A. Indústrias Químicas (“Polibutenos”) by means of the payment in cash of R$ 27,104 and R$ 22,362, respectively.

On May 31, 2010, the Company acquired from Chevron Oronite do Brasil ("Chevron"), shares representing 33.33% of the total capital of Polibutenos for R$ 22,482. With the acquisitions from Unipar and Chevron, the Company became the direct and indirect holder of 100% of Polibutenos' capital.

In accordance with the accounting practices adopted in the preparation of these financial statements (Note 2), the acquisitions of Quattor and Unipar Comercial represented business combinations under Accounting Pronouncement of the Accounting Pronouncements Committee (“CPC”) 15 (R1) and International Financial Reporting Standards (“IFRS”) 3, and the effects of which are stated in Note 5.

(vi) On June 18, 2010, the Company’s Extraordinary General Shareholders’ Meeting approved the merger of Quattor (current Braskem Qpar) shares held by Petrobras, which represented 40% of the total and voting capital of that subsidiary. The carrying amount of the merged net assets on March 31, 2010 amounted to R$ 199,356. Of this amount, R$ 164,744 was allocated to capital and R$ 34,612, to the capital reserve account. In this operation, 18,000,087 common shares were issued based on the exchange ratio of 0.18855863182 share of the Company for each share of Quattor, as determined in economic appraisal reports of the companies prepared by an independent appraiser. With this merger, the Company became the holder of 100% of the total and voting capital of Quattor.

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(vii) On June 24, 2010, Quattor's Extraordinary General Shareholders' Meeting approved a capital increase of R$ 4,014,128, without the issue of new shares. The capital increase was paid up using advances for future capital increase previously made by the Company. Additionally, on June 29, 2010, the Extraordinary General Shareholders' Meeting of Quattor approved a R$ 2,578,372 reduction in its capital stock, without the cancellation of shares and with return to the Company, its sole shareholder, of all the investments in Rio Polímeros S.A. ("Riopol") and Quattor Petroquímica S.A. ("Quattor Petroquímica"), which is currently named Braskem Petroquímica S.A. ("Braskem Petroquímica").

(viii) On August 9, 2010, BNDES Participações S.A. ("BNDESPAR") exercised its put option for the shares of Riopol, equivalent to 25% of the total capital of this subsidiary. Braskem acquired 190,784,674 common shares and 30 preferred shares of Riopol for R$ 209,951 (60% of the shares held by BNDESPAR). The acquisition corresponds to 15% of the capital stock of Riopol and Braskem became the direct and indirect holder of 90% of the capital of this subsidiary.

The amount of this acquisition will be paid in three installments adjusted based on the Long-Term Interest Rate ("TJLP") (Note 18), as follows:

a. On June 11, 2015, corresponding to 15% of the total amount;

b. On June 11, 2016, corresponding to 35% of the total amount;

c. On June 11, 2017, corresponding to 50% of the total amount.

(ix) On August 30, 2010, the Company's Extraordinary General Shareholders' Meeting approved the merger of Riopol shares, converting Riopol into a wholly-owned subsidiary. The carrying amount of the merged net assets on March 31, 2010, the base date of the operation, amounted to R$ 103,087. Of this amount, R$ 22,285 was allocated to capital and R$ 80,802, to the capital reserve account. In this transaction, 2,434,890 class A preferred shares were issued, based on an exchange ratio of 0.010064743789 share of the Company for each Riopol share, as determined in economic appraisal reports of the companies, prepared by an independent appraiser.

Due to this merger of shares, Braskem's subsidiary Quattor Petroquímica (current Braskem Petroquímica), which held 9.02% of Riopol's capital, received shares of the Company. In the consolidated financial statements, these shares, which result in mutual interest, are accounted for as "treasury shares" (Note 29(a)).

(x) On September 1, 2010, the Extraordinary General Shareholders' Meeting of Quattor approved the merger of the companies listed below. The net assets of the merged companies were appraised at carrying amount at June 30, 2010 (the base date of the operation).

a. Quattor Química S.A (“Quattor Química”)

On the date of the merger, Quattor Química's capital was held by Quattor (94.11%) and Quattor Petroquímica (5.89%). The exchange ratio of Quattor Química shares for Quattor shares was determined based on the equity of both companies at June 30, 2010, the base date of the operation, resulting in a capital increase of R$ 58,231 with the issue of 7,538,949 common shares that were delivered to Quattor Petroquímica.

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b. Polibutenos

On the date of the merger, Polibutenos's capital was held by Quattor (33.33%) and the Company (66.67%). The exchange ratio of Polibutenos shares for Quattor shares was determined based on the equity of both companies at June 30, 2010, the base date of the operation, resulting in a capital increase of R$ 13,032 with the issue of 1,687,179 common shares that were delivered to the Company.

c. Mauá Resinas S.A. ("Mauá Resinas") and Norfolk Distribuidora Ltda. ("Norfolk")

On the date of the merger, Mauá Resinas and Norfolk were wholly-owned subsidiaries of Quattor and this is why there was no capital increase or issue of shares by the merging company.

(xi) On May 26, 2010, the Company filed with CVM the request for the registration of a public offering for the acquisition of 7,688 common shares and 1,542,006 preferred shares of Quattor Petroquímica held by its non-controlling shareholders as a result of the change in the control of this subsidiary. The shares subject to the offering correspond to 0.68% of the total capital of Quattor Petroquímica. On October 28, 2010, CVM's board approved the public offering.

The offering was completed and settled on December 16, 2010. The total number of shares acquired through the public offering was 224,968, and 1,324,726 preferred shares remained outstanding. The outstanding shares stated at carrying amount on March 31, 2010 were merged into the Company, resulting in an increase in its capital of R$ 4,270, which was subscribed and paid-up by Quattor Petroquímica's shareholders. In this transaction, 398,175 class A preferred shares were issued based on an exchange ratio of 0.300571316385725 share of the Company for each share of Quattor Petroquímica, as determined in economic appraisal reports of the companies, prepared by an independent appraiser.

This operation was approved by the Extraordinary General Shareholders' Meetings of the Company and of the subsidiary Quattor Petroquímica on December 27, 2010 in accordance with the disclosure in a Material Fact notice on December 7, 2010.

CVM, by means of an official letter dated February 3, 2011, approved the cancelation of the registration of Quattor Petroquímica to trade shares on stock exchanges that was requested by the Company on January 28, 2011.

On January 3, 2011, the shareholders of IQ Soluções & Química S.A. ("Quantiq") approved the merger of Unipar Comercial. The merger resulted in an increase in the capital of Quantiq by R$ 38,710, from R$ 61,141 to R$ 99,851 without the issue of new shares. Such increase was based on the equity of Unipar Comercial on November 30, 2010 (base date of the operation), under the terms and conditions established in the "Protocol and Justification" dated

December 27, 2010.

On July 29, 2011, the Extraordinary General Shareholders' Meeting approved the capital increase of Quattor by R$ 543,224, which was fully subscribed and paid up by the Company. Since no new shares were issued, this increase was diluted among the shareholders of the Company and Braskem Petroquímica, simultaneously generating in Braskem's financial statements a loss on the investment in Quattor and a gain on the investment in Braskem Petroquímica in the amount of R$ 16,521. These effects offset each other in the Company's equity and are eliminated from consolidation (Note 15(b)).

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On December 31, 2011, the Company's interest in the acquired companies is stated in the flowchart below:

(b.2) Sunoco Chemicals

On February 1, 2010, Braskem announced that its subsidiary Braskem America, Inc. ("Braskem America Inc.") entered into, on that date, an agreement for the purchase and sale of shares with Sunoco Inc., an U.S. oil company, by means of which Braskem America Inc. acquired 100% of the shares representing the voting and total capital of Sunoco Chemicals, Inc. ("Sunoco Chemicals") for US$ 350.7 million, equivalent to R$ 620,838. Sunoco Chemicals has an annual installed capacity of 950,000 metric tons of polypropylene distributed over three plants located in the states of Pennsylvania, West Virginia and Texas.

The transaction was completed on April 1, 2010 after full payment was made. On the same date, the name of Sunoco Chemicals was changed to Braskem PP Americas, Inc. ("PP Americas").

In accordance with the accounting practices adopted in the preparation of these financial statements (Note 2), this acquisition represented a business combination under Accounting Pronouncement CPC 15 (R1) and IFRS 3, and the effects of which are stated in Note 5.

On January 1, 2011, the parent company Braskem America Inc. was merged into its subsidiary Braskem PP Americas Inc. On the same date, the corporate name of Braskem PP Americas, Inc. was changed to Braskem America Inc. ("Braskem America").

(b.3) Braskem Idesa

In November 2009, Braskem and the IDESA Sociedad Anónima de Capital Variable Group ("IDESA"), a traditional Mexican petrochemical company, announced that they won a bidding process in Mexico for the implementation of a petrochemical project using ethane in the region of Veracruz by means of an agreement for the supply, by Pemex-Gas y Petrouímica Básica (subsidiary of Petróleos Mexicanos), of 66,000 barrels/day of this input for a period of 20 years. As a result of this bidding process, Braskem and IDESA signed a Memorandum of Understanding and formalized, on February 23, 2010, a final agreement that comprises an investment commitment by Braskem and IDESA for (i) the construction of an ethane cracker to produce 1 million metric tons of ethane a year; and (ii) the construction of three polyethylene plants for the production of 1 million metric tons of resins a year. The project is called Ethylene XXI and the expected investment is US$ 3 billion (Capital expenditure – Capex). The works are expected to be completed and the units are expected to be operational in the first half of 2015.

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The corporate name of this new company is Braskem Idesa, Sociedad Anónima Promotora de Inversión ("Braskem Idesa") and its total and voting capital is held by the Company, 65% and Etileno XXI, Sociedad Anónima de Capital Variable, 35%.

In December 2011, Braskem Idesa's capital amounts to Mex$ 2,220,174 thousand (R$ 293,320).

(b.4) Other events

(i) On June 1, 2010, Braskem approved the spin-off of its subsidiary Varient Distribuidora de Resinas Ltda. ("Varient") and the merger of the spun-off portion by the new subsidiary called Alcacer Distribuidora de Resinas Ltda. ("Alcacer"). On the same date, the Company completed the negotiations for the sale of these two subsidiaries for the total amount of R$ 12,700.

(ii) On December17, 2010, the Extraordinary General Shareholders' Meeting held by Braskem approved the merger of Companhia Alagoas Industrial - Cinal ("Cinal") into the Company based on its equity as of September 30, 2010, amounting to R$ 27,834, in accordance with the terms and conditions set forth in the protocol and justification dated November 29, 2010. There were no changes in the value of the Company's capital since the Company is the only shareholder of Cinal.

(iii) On May 25, 2011, the Company entered into a private instrument for the purchase and sale of quotas by means of which all the quotas of the subsidiary ISATEC – Pesquisa, Desenvolvimento e Análises Ltda. ("ISATEC") were sold for R$ 1,100.

(iv) On July 7, 2011 the company Braskem America Finance, a wholly-owned subsidiary of Braskem America, was incorporated for the purposes of raising funds in the international financial market. Braskem America Finance was the issuer of the US$ 500 million bond issued on July 19, 2011 (Note 19).

(v) On July 29, 2011, Braskem increased the capital of many subsidiaries (Note 15(b)). The breakdown of the increases that were fully subscribed and paid up by Braskem is presented below:

	Capital Increase	**Number of share / quotas issued**
Braskem Participações S.A. ("Braskem Participações")	53	without the issue of new shares
Ideom Tecnologia Ltda. ("Ideom")	23,701	23,700,974

Politeno Empreendimentos Ltda. (“Politeno Empreendimentos”)	35	18
IQ Soluções & Química S.A.(“Quantiq”)	61,100	without the issue of new shares
Rio Polímeros S.A. (“Riopol”)	14,108	without the issue of new shares
	98,997	

(vi) On August 25, 2011, the company Braskem Europe GmbH (“Braskem Alemanha”), a wholly-owned subsidiary of Braskem Netherlands B.V. (“Braskem Holanda”), current name of Braskem Europe B.V., was incorporated for the purpose of producing, trading, distributing, importing and exporting chemical and petrochemical products and conducting research and development in the area of such products, among other things. The assets acquired in the business combination of The Dow Chemical (“Dow Chemical”) in Germany were recorded in this subsidiary as from October 2011 (Note 5).

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(vii) On September 27, 2011, Braskem increased the capital of its subsidiary Braskem Netherlands by R$ 415,168 (US$ 230 million) through the issue of 84,465,660 shares (Note 15(b)). A portion of this amount was used in the incorporation of its subsidiary Braskem Germany.

(c) Net working capital

On December 31, 2011, the Parent Company’s net working capital was negative by R$ 311,862 (2010 – R$ 1,391,638) as compared with a positive consolidated net working capital of R$ 1,110,189 (2010 – R$ 277,812). Because the consolidated figures are used in the management of working capital, as Braskem uses mechanisms to transfer funds between the companies efficiently, without jeopardizing the fulfillment of the commitments of each of the entities forming the consolidated statements, any analysis of the Parent Company’s working capital will not reflect the actual liquidity position of Braskem.

Braskem also has two revolving credit lines, which may be used at any time (Note 4.3).

(d) Effect of foreign exchange variation

Braskem has assets and liabilities denominated in foreign currency, particularly in U.S. dollars, such as financial investments, trade accounts receivable, inventories, trade payables and borrowings, which were translated into Brazilian reais at the commercial sell rate disclosed by the Central Bank of Brazil on December 30, 2011, of US$ 1.00 to R$ 1.8758 (US$ 1.00 to R$ 1.6662 on December 31, 2010). The appreciation of the Brazilian real in relation to the U.S. dollar in 2011 was 12.58% (2010 – the Brazilian real appreciated 4.31% in relation to the U.S. dollar).

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.These policies have been consistently applied to the years presented.

2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared under the historical cost convention and were adjusted, when necessary, to reflect the fair value of assets and liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The issue of these financial statements was authorized by the Company's Board of Directors on March 13, 2012.

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a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b) Parent company financial statements

The Parent Company financial statements have been prepared in accordance with accounting practices adopted in Brazil, following the provisions in Brazilian Corporate Law, and with the standards issued by the CPC and are disclosed together with the consolidated financial statements.The accounting practices adopted in Brazil applicable to the Parent Company financial statements differ from IFRS only in relation to the evaluation of investments in subsidiaries and associates based on the equity accounting method, instead of cost or fair value in accordance with IFRS. The reconciliations of equity and results of operations of the Parent Company with the consolidated are presented in Note 2.2.2.

2.2 Basis of consolidation

The financial statements of subsidiaries, jointly-controlled subsidiaries and specific purpose entities included in the consolidated financial statements have been prepared in accordance with the same accounting practices as those adopted by the parent company.

The consolidation process provided for in pronouncements CPC 36 and IAS 27 corresponds to the sum of balance sheet accounts and profit and loss, in addition to the following eliminations:

a) the investments of the Parent Company in the equity of subsidiaries, jointly-controlled subsidiaries and specific purpose entities;

b) balance sheet accounts between companies;

c) income and expenses arising from commercial and financial operations carried out between companies; and

d) the portions of profit (loss) for the year and assets that correspond to unrealized gains and losses on transactions between companies.

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Braskem S.A.

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The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

			Total interest - %	
		Headquarters (Country)	**2011**	**2010**
Direct and Indirect subsidiaries				
Braskem America, Inc. ("Braskem America Inc")	(i)	USA		100.00
Braskem America, Inc. ("Braskem America")	(ii)	USA	100.00	100.00
Braskem America Finance Company ("Braskem America Finance")	(iii)	USA	100.00	
Braskem Argentina S.A. ("Braskem Argentina")	(iv)	Argentina	100.00	100.00
Braskem Chile Ltda. ("Braskem Chile")		Chile	100.00	100.00
Braskem Distribuidora Ltda.("Braskem Distribuidora")		Brazil	100.00	100.00
Braskem Netherlands B.V ("Braskem Holanda")	(v)	Netherlands	100.00	100.00
Braskem Europe GmbH ("Braskem Alemanha")	(vi)	Germany	100.00	
Braskem Finance Limited ("Braskem Finance")		Cayman Islands	100.00	100.00
Braskem Idesa S.A.P.I ("Braskem Idesa")		Mexico	65.00	65.00
Braskem Idesa Servicios S.A. de CV ("Braskem Idesa Serviços")	(vii)	Mexico	65.00	
Braskem Importação e Exportação Ltda. ("Braskem Importação")		Brazil	100.00	100.00
Braskem Incorporated Limited ("Braskem Inc")		Cayman Islands	100.00	100.00
Braskem México, S de RL de CV ("Braskem México")		Mexico	100.00	100.00
Braskem Participações S.A. ("Braskem Participações")		Brazil	100.00	100.00
	(viii)	Brazil	100.00	100.00

Braskem Petroquímica S.A. (“Braskem Petroquímica”)				
Braskem Petroquímica Chile Ltda. (“Petroquímica Chile”)		Chile	100.00	100.00
Braskem Qpar S.A. (“Braskem Qpar”)	(xi)	Brazil	100.00	100.00
Cetrel S.A. ("Cetrel")	(ix)	Brazil	54.09	53.72
Commom Industries Ltd. (“Commom”)		British Virgin Islands	100.00	100.00
Ideom Tecnologia Ltda. (“Ideom”)		Brazil	100.00	100.00
IQ Soluções & Química S.A.(“Quantiq”)		Brazil	100.00	100.00
IQAG Armazéns Gerais Ltda. (“IQAG”)		Brazil	100.00	100.00
ISATEC–Pesquisa, Desenv. e Análises Quím.Ltda. (“ISATEC”)	(x)	Brazil		100.00
Lantana Trading Co. Inc. (“Lantana”)		Bahamas	100.00	100.00
Norfolk Trading S.A. (“Norfolk”)		Uruguay	100.00	100.00
Politeno Empreendimentos Ltda. (“Politeno Empreendimentos”)		Brazil	100.00	100.00
Rio Polímeros S.A. (“Riopol”)		Brazil	100.00	100.00
Unipar Comercial e Distribuidora S.A. (“Unipar Comercial”)	(xii)	Brazil		100.00
Jointly-controlled subsidiaries				
Refinaria de Petróleo Riograndense S.A. (“RPR”)		Brazil	33.20	33.20
Polietilenos de America S.A.(“Polimerica”)		Venezuela	49.00	49.00
Polipropileno Del Sur S.A.(“Propilsur”)		Venezuela	49.00	49.00
Specific Purpose Entity ("SPE")				
Fundo de Investimento Multimercado Crédito Privado Sol (“FIM Sol”)		Brazil	100.00	100.00

(i) Merged into Braskem PP Americas Inc. in January 2011 (Note 1 (b.2)).

(ii) This company's name was changed from Braskem PP Americas Inc. to Braskem America Inc. after the merger of its parent (Note 1 (b.2)).

(iii) Company created in February 2011.

(iv) This company's name was changed from Braskem Petroquímica S.A. to Braskem Argentina S.A.

(v) This company's name was changed from Braskem Europe B.V to Braskem Netherlands B.V.

(vi) Company created in August 2011.

(vii) Company created in February 2011.

(viii) This company's name was changed from Quattor Petroquímica S.A. to Braskem Petroquímica S.A.

(ix) Cetrel started to be fully consolidated by Braskem as from the quarterly information for the period ended June 30, 2011 based on a new interpretation of that subsidiary's bylaws, which, according to the opinion of the Company's external legal advisors, establishes control by the Company. The consolidated quarterly in information for the prior periods was not restated due to the immateriality of Cetrel to the Company's financial information as a whole.

(x) Company sold in May 2011 (Note 1 (b.4) (iii)).

(xi) This company's name was changed from Quattor Participações S.A. to Braskem Qpar S.A.

(xii) Merged into Quantiq in January 2011 (Note 1 (b.1)).

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2.2.1 Non-controlling interest in the equity and results of operations of subsidiaries

		Equity	Profit (loss) for the year	
	2011	**2010**	**2011**	**2010**
Braskem Idesa	93,578	18,079	(4,695)	(5,824)
Cetrel	121,744		12,998	
Total	**215,322**	**18,079**	**8,303**	**(5,824)**

2.2.2 Reconciliation of equity and profit (loss) for the period between Parent Company and consolidated

		Equity		Profit (loss) for the year
	2011	**2010**	**2011**	**2010**
Parent company	**9,784,788**	**10,439,099**	**(525,142)**	**1,895,309**
Braskem's shares owned by subsidiary Braskem Petroquímica	(48,892)	(48,892)		
Non-controlling interest	215,322	18,079	8,303	(5,824)
Consolidated	**9,951,218**	**10,408,286**	**(516,839)**	**1,889,485**

2.3 Segment reporting

Operating segment information is prepared and presented consistently with the internal report provided to the Chief Executive Officer, who is the main operating decision-maker and responsible for allocating resources and assessing performance of the operating segments.

The determination of results per segment takes into consideration the transactions carried out with third parties and transfers of goods and provision of services between segments that are considered arm’s length sales and stated based on market prices.

2.4 Foreign currency translation

(a) Functional and presentation currency

The functional and presentation currency of the Company is the real, determined in accordance with CPC 02 (R2) and IAS 21.

(b) Transactions and balances

Foreign currency transactions and balances are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions or at year end, as applicable. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations, except those designated for hedge accounting, which are deferred in equity as cash flow hedges.

Foreign exchange variations on financial assets and liabilities are classified as “financial income” and “financial expenses”, respectively.

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(c) Foreign subsidiaries and jointly-controlled subsidiaries

Some subsidiaries and jointly-controlled subsidiaries have a different functional currency from that of the Company, namely:

(i) Propilsur and Polimerica - headquartered in Venezuela, for which the functional currency is the U.S. dollar, since they are under the construction stage and the capital contributions and the main supplies of equipment and services are based on this currency;

(ii) Braskem Idesa and Braskem Idesa Serviços - headquartered in Mexico, for which the functional currency is the Mexican peso, since they are under the construction stage and the main supplies of equipment and services are based on this currency;

(iii) Braskem America, headquartered in the United States – it maintains a management structure that is independent from the operations of the Parent Company and that comprises own labor, outsourcing services, acquisition of raw materials and production and sale of resins. Prices, personnel expenses and production costs are mostly determined in U.S. dollar, which is, therefore, its functional currency; and

(iv) Braskem Alemanha – it maintains a management structure that is independent from the operations of the Parent Company and that comprises own labor, outsourcing services, acquisition of raw materials and production and sale of resins. Prices, personnel expenses and production costs are mostly determined in euro, which is, therefore, its functional currency.

The financial statements of these subsidiaries and jointly-controlled subsidiaries are translated into reais based on the following rules:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- equity is converted at the historical rate, that is, the foreign exchange rate prevailing on the date of each transaction; and

- income and expenses for each income statement are translated at the rate prevailing on the dates of the transactions.

All resulting exchange differences are recognized as a separate component of equity in the account "other comprehensive income". When a foreign investment is partially or fully disposed of, exchange differences recorded in equity are recognized in the income statement as part of the gain or loss on the transaction.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and highly liquid investments with maturities of three months or less. They are convertible into a known amount and subject to an immaterial risk of change in value.

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2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets upon initial recognition in the categories listed below. The classification depends on the purpose for which the financial assets were acquired/established.

(a) Held-for-trading financial assets – these are measured at fair value and they are held to be actively and frequently traded in the short term. The assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated for hedge accounting (Note 2.7).

(b) Loans and receivables - these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets, except for those falling due more than 12 months after the balance sheet date (these are classified as non-current assets). The Company's loans and receivables comprise loans to related parties and accounts with associates, trade accounts receivable (Note 8), other accounts receivable (Note 14), cash and cash equivalents (Note 6) and financial investments (Note 7).

***(c)* Held-to-maturity financial assets** - these are financial assets acquired with the intention and financial capacity for their maintenance in the portfolio up to maturity. The Company's held-to-maturity financial assets comprise mainly quotas of investment funds in credit rights, classified as non-current assets.

(d) Available-for-sale financial assets - these are non-derivatives that are either designated in this category or not classified in any of the previous categories. They are included in current assets unless management intends to dispose of them within 12 months after the balance sheet date. These are classified as non-current assets.

2.6.2 Recognition and measurement

Purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset).

Available-for-sale and held-for-trading financial assets are carried at fair value on an ongoing basis.

Gains or losses arising from changes in the fair value of held-for trading financial assets are presented in “financial results” in the period in which they arise.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as financial income.

Changes in the fair value of monetary securities classified as available-for-sale are recognized in equity, net of taxes, as “other comprehensive income”. When securities are sold or impaired, the accumulated fair value adjustments are included in the income statement as “financial results”.

Loans and receivables are carried at amortized cost using the effective interest method. These assets are stated at cost of acquisition, plus earnings accrued, against profit or loss for the year.

Financial assets are derecognized when the rights to receive cash flows from the investments have been received or transferred and the Company has transferred substantially all risks and rewards of ownership of the related assets.

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The transaction costs related to the held-for-trading financial assets are expensed in the income statement. For the other financial assets, the transaction costs, when they are significant, are added to their respective fair value.

Dividends declared by associates are recognized in the income statement as part of the account "results from equity investments".

The fair values of quoted investments are based on current bid prices. If the market for a financial asset and for unlisted securities is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

2.6.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal right to offset the recognized amounts and an intention to settle them on a net basis, or realize the asset and settle the liability simultaneously.

2.6.4 Impairment of financial assets

The Company assesses at each balance sheet date, based on the history of losses, whether there is objective evidence that a financial asset, classified as loans and receivables, held-to-maturity or available-for-sale, is impaired. The criteria the Company uses to determine that there is objective evidence of an impairment loss include:

a) significant financial difficulty of the issuer or debtor;

b) a breach of contract, such as a default or delinquency in interest or principal payments;

c) it becomes probable that the borrower will enter bankruptcy or other financial reorganization; or

d) the disappearance of an active market for that financial asset because of financial difficulties.

(a) Assets classified as held-to-maturity and loans and receivables

Losses are recorded when there is objective evidence of impairment as a result of one more events that occurred after the initial recognition of the asset and that loss event has an impact on the future cash flows that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of future cash flows discounted at the financial asset's original effective interest rate. This methodology does not apply to the calculation of the provision for impairment.

The methodology adopted by the Company for recognizing the provision for impairment is based on the history of losses and considers the sum of (i) 100% of the amount of receivables past due for over 180 days; (ii) 50% of the amount of receivables past due for over 90 days; (iii) 100% of the amount of receivables under judicial collection (iv) 100%.of the receivables arising from a second renegotiation with customers; (v) and all the receivables from the first renegotiation maturing within more than 24 months. Receivables from related parties are not considered in this calculation.

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(b) Assets classified as available-for-sale

When there is any evidence of an impairment loss for the financial assets classified as available for sale , the accumulated fair value that is recognized in equity is transferred from “other comprehensive income” to profit (loss) for the year.

If, in a subsequent period, the amount of the loss decreases and this decrease can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed.

2.7 Derivative financial instruments and hedging activities

Derivatives are recognized at fair value on an ongoing basis.

(a) Hedging activities (designated for hedge accounting)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

The recognition of the gain or loss in profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged.

Management may designate certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. It also documents its assessment, on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of the changes in the fair value of hedge derivatives is recognized in “other comprehensive income”. These amounts are transferred to profit or loss for the periods in which the hedged item affects profit or loss.

Gains or losses on interest rate or foreign exchange rate swaps that hedge borrowings are recognized in profit (loss) for the year as “financial result”.

The ineffective portion is recognized immediately in the income statement as “financial income and expenses” within “financial result”.

When the hedge instrument matures or is sold or when it no longer meets the criteria for hedge accounting, itis prospectively discontinued and any cumulative gain or loss existing in equity remains in equity and is recognized in profit or loss when the hedged item or transaction affects profit or loss. If the hedged item or transaction is settled in advance or discontinued, the cumulative gain or loss that was previously recognized in equity is immediately transferred to profit or loss for the year.

The cash flow hedge transactions carried out by the Company are described in Note 21.

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(b) Derivatives at fair value through profit or loss

Derivatives not designated as hedge instruments are classified as current assets or liabilities. Changes in the fair value of these derivative instruments are recognized immediately in the income statement within "financial results".

(c) Derivatives embedded in commercial agreements

The Company has procedures aimed at the timely recognition, control and proper accounting treatment of embedded derivatives in purchase, sale and service agreements.

The contracts that may have embedded derivative instruments are assessed to determine whether the economic characteristics of the embedded derivatives are closely related to those of the host contract or not and, if they are not, the embedded derivatives are separated from the host contract and stated at fair value through profit or loss

Currently, Braskem has no contracts that require the separation of embedded derivatives.

2.8 Trade accounts receivable

Trade accounts receivable are recognized at the amount billed net of the provision for impairment. The Company's average billing period is 30 days, therefore, the amount of the trade accounts receivable corresponds to their fair value on the date of the sale.

2.9 Inventories

Inventories are stated at the lower of average acquisition or production cost or at the net realizable value. The Company determines the cost of its inventories using the absorption method based on the weighted moving average. Net realizable value is the estimated selling price in the ordinary course of the Company's business, less taxes. The provisions for impairment of slow-moving or obsolete inventories are recognized when the realization amount is lower than cost. Imports in transit are stated at the cost accumulated in each import.

2.10 Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities (control).The investments in subsidiaries are accounted for in the financial statements of the Parent Company using the equity method. Subsidiaries are fully consolidated for as long the Company has the control over them.

The Company uses the acquisition method to account for the acquisitions of subsidiaries (business combinations).The use of this method requires (i) the identification of the acquirer; (ii) determination of the date of acquisition; (iii) the recognition and measurement of the identifiable assets acquired, contingencies, liabilities assumed and non-controlling interests; and (iv) the recognition and measurement of goodwill from future profitability or gain arising from a bargain purchase.

The consideration transferred for the acquisition of a subsidiary is the sum of the fair value of the assets transferred, liabilities incurred and equity interests issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.The non-controlling interests in the investee are determined by means of the application of the respective interest percentage on the fair value of the acquiree’s net assets.

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The excess of the consideration paid in relation to the fair value of the Company's share of the identifiable net assets acquired, is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference, after all recalculations are made, is recognized directly as a gain in the income statement (bargain purchase).

The costs related to the acquisition of subsidiaries are accounted for in profit or loss for the year as they are incurred.

Investment gains and losses arising from transactions (purchase or sale) with non-controlling shareholders are directly recorded in equity in "other comprehensive income". These gains and losses are transferred to profit (loss) for the year when the Company ceases to have control over the related subsidiary.

The Company recognizes, in the Parent Company's financial statements, a provision for losses in subsidiaries at an amount equivalent to the net capital deficiency of these subsidiaries. This provision is recorded in non-current liabilities with a contra-entry to the account "results from equity investments".

2.11 Investments in associates and other investments

Associates are all entities over which the Company has the power to participate in the financial and operating decisions without having control (significant influence). Investments in associates are initially accounted for at cost and subsequently using the equity method and they may include possible goodwill identified on acquisition, net of any accumulated impairment loss.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest.

Gains and losses arising from the dilution of or increase in investments in associates are recognized in the income statement.

Other investments are stated at acquisition cost, less provision for adjustments to market value, when applicable.

2.12 Investments in jointly-controlled subsidiaries

Jointly-controlled subsidiaries are all entities over which the Company shares control with one or more parties under a shareholders' or partners' agreement. Investments in jointly-controlled subsidiaries are initially accounted for at cost and subsequently using the equity method. These investments are consolidated using the proportional consolidation method.

2.13 Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and provision for impairment, when applicable. The cost includes:

(a) the acquisition price and the financial charges incurred in borrowings during the phase of construction (Note 19(g)), and all other costs directly related with making the asset usable; and

(b) the fair value of assets acquired through business combinations.

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The assets intended for maintaining the Company's activities arising from financial lease operations are recorded initially at the lower of fair value or the present value of the minimum payment of the contract, and are depreciated on a straight-line basis over the lower of the remaining useful life of the asset or the term of the contract.

The financial charges are capitalized on the balance of the projects in progress using (i) an average funding rate of all borrowings; and (ii) the portion of the foreign exchange variation that corresponds to a possible difference between the average rate of financing in the internal market and the rate mentioned in item (i) above.

The machinery, equipment and installations of the Company require inspections, replacement of components and maintenance in regular intervals. The Company makes stoppages in regular intervals that vary from two to six years to perform these activities. These stoppages can involve the plant as a whole, a part of it, or even specific relevant pieces of equipment, such as industrial boilers, turbines and tanks. Stoppages that take place every six years, for example, are usually made for the maintenance of industrial plants as a whole.

Costs that are directly attributable to these stoppages are capitalized when (i) it is probable that future economic benefits associated with these costs will flow to the Company; and (ii) these costs can be measured reliably. For each scheduled stoppage, the costs of materials and services from third-parties are included in property, plant and equipment items that were the subject matter of the stoppage and are fully depreciated until the beginning of the following related stoppage.

The expenditures with the consumption of small materials, maintenance and the related services from third parties are recorded, when incurred, as production costs.

Property, plant and equipment items are depreciated on a straight-line basis. The average depreciation and depletion rates used, determined based on the useful lives of the assets, are presented in Note 3.4.

Land has an indefinite useful life, therefore, it is not depreciated.

Projects in progress are not depreciated. Depreciation begins when the assets are available for use.

The useful life is annually reviewed by the Company. The review made on December 31, 2011 did not indicate the need for a change in relation to 2010.

The Company does not attribute a residual value to assets due to its insignificance.

2.14 Intangible assets

The group of accounts that comprise the intangible assets is the following:

(a) Goodwill based on future profitability

The existing goodwill was determined in accordance with the criteria established by the accounting practices adopted in Brazil before the adoption of the CPC pronouncements and represent the excess of the amount paid over the amount of equity of the entity acquired. The Company applied the exemption related to business combinations prior to January 1, 2009 and did not remeasure these amounts. This goodwill has not been amortized since January 1, 2009 and it is tested annually for impairment.

Goodwill is accounted for at cost, net of accumulated impairment losses. Impairment losses are not reversed.

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(b) Trademarks and patents

The technologies acquired from third parties and in a business combination are recorded at the cost of acquisition and/or fair value and other directly attributed costs, net of accumulated amortization and provision for impairment, when applicable. Technologies that have defined useful lives and are amortized using the straight-line method based on the estimated useful lives of the assets (15 to 20 years) or the term of the purchase agreement.

Expenditures with research and development are accounted for in profit or loss as they are incurred.

(c) Contractual customer and supplier relationships

Contractual customer and supplier relationships arising from a business combination are recognized at fair value at the acquisition date. These contractual customer and supplier relationships have a finite useful life and are amortized using the straight-line method over the term of the respective purchase or sale agreement.

(d) Software

This is recorded at cost net of accumulated amortization and provision for impairment, when applicable. Cost includes the acquisition price and/or internal development costs and all other costs directly related with making the software usable. Software that has defined useful lives is amortized using the straight-line method based on its estimated useful lives (3 to 10 years) or on the term of the respective purchase contracts. Costs associated with maintaining computer software programs are recognized in profit or loss as incurred.

2.15 Impairment of non-financial assets

Assets that have indefinite useful lives, for example goodwill based on future profitability, are not subject to amortization and are tested annually for impairment. This goodwill is allocated to the Cash Generating Units ("CGU") or operating segments for the purposes of impairment testing.

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of (i) an asset's fair value less costs to sell; (ii) and its value in use. Taking into consideration the peculiarities of the Company's assets, the value used for assessing impairment is the value in use, except when specifically indicated otherwise. The value in use is estimated based on the present value of future cash flows (Note 3.6).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows that can be CGUs or operating segments.

Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

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2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business and they are recorded at the amount billed. When applicable, they are recorded at present value based on interest rates that reflect the term, currency and risk of each transaction.

The Company calculates the adjustment to present value for the purchases that fall due after 180 days and accounts for it as financial expenses.

2.17 Borrowings

Borrowings are recognized initially at fair value and, in some cases, net of the transaction costs incurred in structuring the transaction. Subsequently, borrowings are presented with the charges and interest in proportion to the period incurred.

2.18 Provisions

Provisions are recognized in the balance sheet when (i) the Company has a present legal, contractual or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources will be required to settle the obligation and (iii) the amount can be reliably estimated.

The provisions for tax, labor and other contingencies are recognized based on Management's expectation of probable loss in the respective proceedings in progress and supported by the opinion of the Company's external legal advisors (Note 24).

The contingencies assumed in a business combination for which an unfavorable outcome is considered possible are recognized at their fair value on the acquisition date. Subsequently, and until the liability is settled, these contingent liabilities are measured at the higher of the amount recorded in the business combination and the amount that would be recognized under CPC 25 and IAS 37.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate before tax effects that reflects current market assessments. The increase in the provision due to passage of time is recognized in "financial results".

2.19 Current and deferred income tax and social contribution

The income tax ("IR") and social contribution ("CSL") recorded in the year are determined on the current and deferred tax basis. These taxes are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company operates and are recognized in the income statement, except to the extent they relate to items recorded in equity.

Deferred income tax and social contribution are recognized on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. On the other hand, the deferred income tax and social contribution are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred income tax and social contribution assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized based on projections of future results prepared and based on internal assumptions and future economic scenarios that will allow for their utilization. The amounts accounted for and projections are regularly reviewed.

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Deferred income tax and social contribution assets and liabilities are presented net in the balance sheet when there is a legally enforceable right to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.

Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

2.20 Employee benefits – pension plan

The Company sponsors a defined contribution plan and defined benefit plans.

(i) Defined contribution plan

For the defined contribution plans, the Company pays contributions to private pension plans on compulsory, contractual or voluntary bases. As soon as the contributions are paid, the Company does not have any further obligations related to additional payments.

(ii) Defined benefit plan

The defined benefit plan is financed by the payment of contributions to pension funds and the use of actuarial assumptions is necessary to measure the liability and the expenses of the plan, as well as the existence of actuarial gains and losses.

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, less the market value of plan assets, adjusted by actuarial gains or losses and past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the expected interest rate of return on assets disclosed by the plan's manager, which have terms to maturity approximating the terms of the related pension obligation.

The Company adopts the corridor approach to recognize actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions. Actuarial gains and losses that exceed the higher of 10% of plan assets or 10% of plan liabilities, are charged or credited to profit or loss according to the average remaining service period of the fund participants.

Past-service costs are recognized immediately in profit or loss on a straight-line basis over a period equivalent to the vesting period.

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2.21 Contingent assets and liabilities and judicial deposits

The recognition, measurement and disclosure of contingent assets and liabilities and judicial deposits are performed in accordance with CPC 25 and IAS 37 as follows:

(i) Contingent assets – are not recognized in the books, except when management considers, supported by the opinion of its external legal advisors, the gain to be virtually certain or when there are secured guarantees or for which a favorable final and unappealable decision has been rendered.

(ii) Contingent liabilities – are not recognized, except when management considers, supported by the opinion of its external legal advisors, that the chances of an unfavorable outcome is probable. In the case of non-recognition, the Company discloses the main proceedings for which an unfavorable outcome is possible in Note 28.

(iii) Judicial deposits – are maintained in non-current assets without the deduction of the related provisions for contingencies or legal liabilities, unless such deposit can be legally offset against liabilities and the Company intends to offset such amounts.

2.22 Recognition of sales revenue

Sales revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of taxes, returns and rebates.

Revenue from the sale of goods is recognized when (i) the amount of revenue can be reliably measured and the Company no longer has control over the goods sold; (ii) it is probable that future economic benefits will be received by the Company; and (iii) all legal rights and risks and rewards of ownership have been transferred to the customer. The Company does not make sales with continued management involvement.

Most of Braskem's sales are made to industrial customers and, in a lower volume, to retailers and resellers.

The moment at which the legal right, as well as the risks and rewards, are substantially transferred to the customer depends on the delivery terms:

(i) for contracts in which the Company is responsible for freight and insurance, the legal right, as well as the risks and rewards, are transferred to the customer after the good is delivered at the contractually agreed destination;

(ii) for contracts in which the freight and insurance are the responsibility of the customer, the risks and rewards are transferred at the moment the goods are delivered at the client's shipping company; and

(iii) for contracts in which the delivery of the goods involves the use of pipelines, particularly basic petrochemicals, the risks and rewards are transferred at the point immediately after the Company's official measures, which is the point of delivery of the goods and transfer of their ownership.

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2.23 Distribution of dividends

Distributions of dividends and interest on capital to the Company's shareholders are recognized as a liability in the financial statements at year-end in accordance with Brazilian tax legislation and the Company's bylaws.

The amount that is lower than the portion equivalent to the minimum compulsory dividend (25%) is recorded as a liability in the "dividends payable" account because it is considered a legal liability as provided for in the Company's bylaws. The amount of dividends that exceeds the minimum compulsory dividend is not recorded as a liability and it is presented in the "proposed additional dividend" account in equity.

2.24 Operating leases

Leases in which a significant portion of the risks and rewards of ownership of the assets is retained by the lessor are classified as operating leases. Payments made under these leases are charged to the income statement on a straight-line basis over the period of the lease.

The contracts in which the Company holds substantially all risks and rewards of ownership of the assets, are classified as operating leases and recognized in liabilities as "other payables".

2.25 New standards, amendments and interpretations to existing standards that are not yet effective

New standards, amendments and interpretations to existing standards that are not yet effective and that have not been early adopted by the Company and its subsidiaries:

IAS 19, "Employee benefits" was amended in June 2011. The impact on the Company will be as follows: (i) to eliminate the corridor approach; (ii) to recognize all actuarial gains and losses in “other comprehensive income” as they occur; (iii) to immediately recognize all past service costs; and (iv) to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit asset (liability). The standard is applicable as from January 1, 2013. These amendments have not yet been ratified by the CPC.

IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. The standard is applicable as from January 1, 2015. This standard has not yet been ratified by the CPC.

IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company. The standard provides additional guidance to assist in the determination of control. The standard is applicable as from January 1, 2013. This standard has not yet been ratified by the CPC.

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IFRS 11,"Joint arrangements" was issued in May 2011. The standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than on its legal form. There are two types of joint arrangements: (i) joint operations - arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses; and (ii) joint ventures - arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. The proportional consolidation method will no longer be permitted in joint ventures. The standard is applicable as from January 1, 2015. This standard has not yet been ratified by the CPC.

IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is applicable as from January 1, 2013. This standard has not yet been ratified by the CPC.

IFRS 13, “Fair value measurement” was issued in May 2011. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard is applicable as from January 1, 2013. This standard has not yet been ratified by the CPC.

The Company is yet to access the full impact of these standards.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 Application of critical accounting practices and judgments

Critical estimates and judgments

Critical estimates and judgments are those that require the most difficult, subjective or complex judgments by management, usually as a result of the need to make estimates that affect issues that are inherently uncertain. Estimates and judgments are continually reassessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from those estimated under different variables, assumptions or conditions.

In order to provide an understanding of the way the Company forms its judgments on future events, the variables and assumptions used in estimates are presented below:

3.1 Deferred income tax and social contribution

The Company keeps a permanent record of deferred income tax and social contribution on the following bases: (i) tax losses and social contribution tax loss carryforwards; (ii) temporarily non-taxable and undeductible income and expenses, respectively; (iii) tax credits and expenses that will be reflected in the books in subsequent periods; and (iv) asset and liability amounts arising from business combinations that will be treated as income or expenses in the future and that will not affect the calculation of income tax and social contribution.

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The recognition and the amount of deferred taxes assets depend on the generation of future taxable income, which requires the use of an estimate related to the Company's future performance. This information is in the Business Plan, which is approved by the Board of Directors at the end of the second half of every year. This plan is prepared by the Executive Board and its main variables, such as the price of the products manufactured by the Company, price of naphtha, exchange variation, interest rate, inflation rate, and the start-up of operations of new plants are obtained from specialized external consultants. The Company annually reviews the projection of taxable income. If this projection shows that the taxable income will not be sufficient to absorb the deferred tax, then the corresponding portion of the asset that cannot be recovered is written-off.

3.2 Pension plans

The Company recognizes the obligation of the employee defined benefit plans and related costs, net of the plan assets, by adopting the following practices:

(i) the plan cost is determined by actuaries using the projected unit credit method and the best estimates of the plan's manager and the Company of the expected performance of the plan's investments, salary growth, retirement age of employees and discount rates;

(ii) the plan assets are stated at fair value;

(iii) plan curtailments result in significant changes in the length of service expected from active employees. A net curtailment gain or loss is recognized when the event is probable and can be estimated.

The discount rate used to determine the future benefit obligation is an estimate of the interest rate of return on the plan assets disclosed by the plan's management.

Additionally, actuaries, supported by the plan’s manager, also use subjective factors such as rescission, turnover and mortality rates to estimate these factors. The actuarial assumptions used in the Company’s plans can be materially different from the actual results due to changes in economic and market conditions, regulatory events, court decisions, higher or lower rescission rates or longer or shorter longevity of participants (Note 26).

3.3 Derivative financial instruments

The Company evaluates the derivative financial instruments at their fair value on the date of the financial statements and the main sources of information are the stock exchanges, commodities and futures markets, disclosures of the Central Bank of Brazil and quotation services like Bloomberg. Nevertheless the high volatility of the foreign exchange and interest rate markets in Brazil caused, in certain periods, significant changes in future rates and interest rates over short periods of time, leading to significant changes in the market value of swaps and other financial instruments. The market value recognized in its financial statements may not necessarily represent the amount of cash that the Company would receive or pay upon the settlement of the transaction.

3.4 Useful live of assets

The Company recognizes the depreciation and depletion of its long-lived assets based on their useful life estimated by independent appraisers and approved by the Company’s technicians taking into consideration the experience of these professionals in the management of Braskem’s plants. The useful lives initially established by independent appraisers are reviewed at the end of every year by the Company’s technicians in order to check whether they need to be changed. In December 2011, this analysis concluded that the useful lives applied in 2010 and 2011 should be maintained in 2012.

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The main factors that are taken into consideration in the definition of the useful life of the assets that compose the Company's industrial plants are the information of manufacturers of machinery and equipment, volume of the plants' operations, quality of preventive and corrective maintenance and the prospects of technological obsolescence of assets.

The Company's management also decided that (i) depreciation should cover all assets because when the equipment and installations are no longer operational, they are sold by amounts that are absolutely immaterial; and (ii) land is not depreciated because it has an indefinite useful life.

The useful lives applied to the assets determined the following average depreciation and depletion rates:

		Percentage (%)
	2011	**2010**
Buildings and improvements	3.46	4.12
Machinery, equipment and installations	6.91	6.72
Mines and wells	9.01	9.01
Furniture and fixtures	10.86	10.36
IT equipment	20.80	20.50
Lab equipment	10.18	10.18
Security equipment	9.96	9.96
Vehicles	20.00	20.00
Other	6.38	6.38

3.5 Valuation of assets and liabilities in business combinations

In accordance with CPC 15 and IFRS 3, the Company must allocate the cost of the assets acquired and liabilities assumed based on their estimated fair values on the acquisition date.

The Company exercises significant judgment in the process of identifying and evaluating tangible and intangible assets and liabilities and in the determination of their remaining useful lives. The use of assumptions in the evaluation of the assets acquired and liabilities assumed includes an estimate of discounted cash flows or discount rates that may result in estimated amounts that are different from those of the assets acquired and liabilities assumed. The Company contracts a specialized company to evaluate the fair value of the assets acquired and liabilities assumed.

If the future results are not consistent with the estimates and assumptions used, the Company may be exposed to losses that may be material.

3.6 Impairment test for tangible and intangible assets

(a) Tangible and intangible assets with defined useful lives

On the balance sheet date, the Company makes an analysis to determine if there is evidence that the amount of long-lived tangible assets and intangible assets with defined useful lives will not be recoverable. This analysis takes into consideration the following variables that are relevant to the Business Plan mentioned in Note 3.1: (i) evolution of Industrial Gross Domestic Product; (ii) price of naphtha; (iii) evolution of Brazil’s Gross Domestic Product; (iv) inflation; and (v) foreign exchange rates. The Company uses scenarios projected by specialized consultants to estimate these variables.

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When some evidence that the amount of tangible and intangible assets with defined useful lives will not be recovered is identified, the Company compares the amount of these assets with the respective value in use. For this test, the Company uses the cash flow that is prepared based on the Business Plan. The assets are allocated to the CGUs as follows:

Basic petrochemicals operating segment:

- CGU UNIB Bahia: represented by assets of the basic petrochemicals plants located in the state of Bahia;
- CGU UNIB South: represented by assets of the basic petrochemicals plants located in the state of Rio Grande do Sul;
- CGU UNIB Southeast: represented by assets of the basic petrochemicals plants located in the states of Rio de Janeiro and São Paulo;

Polyolefins operating segment:

- CGU Polyethylene: represented by assets of the polyethylene plants located in Brazil;
- CGU Polypropylene: represented by assets of the polypropylene plants located in Brazil;

Vinyls operating segment:

- CGU Vinyls: represented by assets of PVC plants and chloride soda (CS) located in Brazil;

Foreign businesses operating segment:

- CGU PP USA: represented by assets of polypropylene plants located in the United States;
- CGU PP Germany: represented by assets of polypropylene plants located in Germany;
- CGU Green Polyethylene: represented by the Green Polyethylene plant located in Brazil;

Chemical Distribution operating segment:

- CGU Quantiq – represented by assets of the subsidiaries Quantiq and IQAG.

(b) Goodwill based on future profitability and intangible assets with indefinite useful lives

Whether there are indications that the amount of an asset may not be recovered or not, the balances of goodwill from future profitability arising from business combinations and intangible assets with indefinite useful lives are tested for impairment at least once a year at the balance sheet date.

For the purposes of testing impairment, the Company allocated the goodwill existing at the CGU UNIB South and in the Polyolefins and Vinyls operating segments. The Company's management allocated the goodwill to the Polyolefins segment based on the way this goodwill is internally managed. The existing goodwill was generated in a business combination that resulted in the simultaneous acquisition of polypropylene and polyethylene plants. The main raw materials of these plants were supplied by the Parent Company, which allowed for the obtainment of significant synergies in the operation. These synergies were one of the main drivers of that acquisition. Accordingly, the Company's management tested this goodwill and assets for impairment in the ambit of their operating segment since the benefits of the synergies are associated with all units acquired.

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3.7 Provisions and contingent liabilities

Braskem's management, based on the opinion of its external legal advisors, classifies the legal and administrative proceedings against the Company in terms of probability of loss as follows:

Probable loss – these are proceedings for which there is a higher probability of loss than of a favorable outcome, that is, the probability of loss exceeds 50%. For these proceedings, the Company recognizes a provision that is determined as follows:

(i) labor claims – the amount of the provision corresponds to the amount claimed multiplied by the Company's historical percentage of settlement of claims of this nature;

(ii) tax claims - the amount of the provision corresponds to 100% of the value of the matter plus charges corresponding to the variation in the Selic rate, which is the rate disclosed by the Central Bank of Brazil;

(iii) other claims – the amount of the provision corresponds to the value of the matter.

Possible loss – these are proceedings for which the possibility of loss is not remote. The loss may occur, however, the elements available are not sufficient or clear to allow for a conclusion on whether the trend is for a loss or a gain. In percentage terms, the probability of loss is between 25% and 50%. For these claims, except for the cases of business combinations, the Company does not recognize a provision and mentions the most significant ones in a note to the financial statements (Note 28). In business combination transactions, in accordance with the provision in CPC 15 (R1) and IFRS 3, the Company records the fair value of the claims based on the assessment of loss. The amount of the provision corresponds to the value of the matter, plus charges corresponding to the variation in the Selic rate, multiplied by the probability of loss (Note 24(c)).

Remote loss – these are proceedings for which the risk of loss is small. In percentage terms, this probability is lower than 25%. For these proceedings, the Company does not recognize a provision nor does it disclose them in a note to the financial statements regardless of the amount involved.

The Company's management believes that the estimates related to the outcome of the proceedings and the possibility of future disbursement may change in view of the following: (i) higher courts may decide in a similar case involving another company, adopting a final interpretation of the matter and, consequently, advancing the termination of the of a proceeding involving the Company, without any disbursement or without implying the need of any disbursement; and (ii) programs encouraging the payment of the debts, such as refinancing programs (REFIS) implemented in Brazil at the Federal level, in favorable conditions that may lead to a disbursement that is lower than the one that is currently recognized in the provision or lower than the value of the matter.

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4 Risk management

Braskem is exposed to (i) market risks arising from variations in commodity prices, foreign exchange and interest rates; (ii) credit risks of its counterparties in cash equivalents, financial investments and trade accounts receivable; and (iii) liquidity risks to meet its obligations related to financial liabilities.

Braskem adopts procedures for managing market and credit risks that are in conformity with the new financial policy approved by the Board of Directors on August 09, 2010. The purpose of risk management is to protect the cash flows of Braskem and reduce the threats to the financing of its operating working capital and investment programs.

4.1 Market risk

Braskem prepares a sensitivity analysis for each type of market risk to which it is exposed, which is presented in Note 21.4.

(a) Commodities risk

Braskem is exposed to fluctuations in the prices of many petrochemical commodities, in particular, of its main raw material, the naphtha. As Braskem seeks to pass on the fluctuations in the prices of this raw material caused by the fluctuations in international prices, the Company does not enter into derivatives contracts to protect against commodity risks. Additionally, an immaterial part of sales are performed based on fixed-price contracts or contracts with a maximum and/or minimum fluctuation range. These contracts can be commercial agreements or derivative contracts relating to future sales.

(b) Foreign exchange risk

Braskem has commercial operations denominated or indexed in foreign currencies. Braskem's inputs and products have prices denominated in or strongly influenced by international prices of commodities, which are usually denominated in U.S. dollars. Additionally, Braskem has long-term loans in foreign currencies, which expose the company to variations in the foreign exchange rate between the real and the foreign currency, in particular, the U.S. dollar. Braskem manages its exposure to foreign exchange risk by means of a combination of debts in foreign currencies, investments in foreign currencies and derivatives. Braskem's financial policy to manage foreign exchange risks provides for the maximum and minimum coverage limits that should be followed and which are continuously monitored by its management.

(c) Interest rate risk

Braskem is exposed to the risk that a variation in floating interest rates causes an increase in its financial expenses from payments of future interest. Foreign currency denominated debt subject to floating rates is mainly subject to fluctuations in the Libor. Local currency denominated debt is mainly subject to the variation in the TJLP, fixed rates in Brazilian reais and the variation in the Interbank Deposit Certificate ("daily CDI") rate. Braskem has swap contracts designated for hedge accounting with asset positions in floating Libor and liability positions at fixed rates.

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4.2 Credit risk

The transactions that subject Braskem to the concentration of credit risks are mainly in current accounts with banks, financial investments and trade accounts receivable in which Braskem is exposed to the risk of the financial institution or customer involved. In order to manage this risk, Braskem maintains bank current accounts and financial investments with large financial institutions, weighting concentrations in accordance with the ratings and the daily prices seen in the Credit Default Swap market for the institutions, as well as netting contracts that minimize the total credit risk arising from the many financial transactions entered into by the parties.

On December 31, 2011, Braskem has netting contracts with Banco Citibank S.A., HSBC Bank Brasil S.A. – Banco Múltiplo, Banco Itaú BBA S.A., Banco Safra S.A., Banco Santander (Brasil) S.A., Banco Votorantim S.A., Banco West LB do Brasil S.A., Banco Caixa Geral – Brasil S.A., Banco Bradesco S.A. Approximately 50% of the amounts maintained in cash and cash equivalents (Note 6) and financial investments (Note 7) are contemplated in these contracts and the obligations in which are included in the account "borrowings" (Note 19).

With respect to the credit risk of customers, Braskem protects itself by performing a rigorous analysis before granting credit and obtaining secured and unsecured guarantees when considered necessary.

The maximum exposure to credit risks of non-derivative financial instruments on the reporting date is their carrying amounts less any impairment losses. On December 31, 2011, the balance of trade accounts receivable is net of the provision for impairment and amounts to R$ 253,607 (2010 – R$ 269,159).

4.3 Liquidity risk and capital management

Braskem has a calculation methodology to determine an operating cash and a minimum cash for the purpose of, respectively: (i) ensure the liquidity of short-term obligations, calculated based on the expectation of operating disbursements for the following month; and (ii) ensure that the Company maintains liquidity in possible moments of crisis, calculated based on the expectation of operating cash generation, less short-term debts, working capital needs, among others.

In some financing agreements, Braskem has covenants that tie the net debt and the payment of interest to its consolidated EBITDA (Earnings before interests, taxes, depreciation and amortization) (Note 19(i)). The Company's Management monitors these indicators on quarterly basis in U.S. dollar, as established in the financing agreements.

Additionally, Braskem has two revolving credit lines amounting to: (i) US$ 350 million, which may be used without restriction for a period of three years as from September 2010; and (ii) US$ 250 million, which may be used without restriction for a period of five years as from August 2011. These credit lines allow for the reduction of cash maintained by Braskem. On December 31, 2011, Braskem had not used any credit from these lines.

The table below shows Braskem's financial liabilities by maturity, corresponding to the period remaining in the balance sheet until the contractual maturity date. These amounts are calculated from undiscounted cash flows and may not be reconciled with the balance sheet.

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						Consolidated
	Note	**Until one year (i)**	**Between one and two years (i)**	**Between two and five years (i)**	**More than five years (i)**	**Fair value total**
Current						
Trade payables		6,847,340				6,847,340
Borrowings		2,237,316				2,237,316
Hedge accounting	21.2.1	9,031				9,031
Derivatives	21.2.1	74,361				74,361
Non-current						
Borrowings			2,068,506	5,965,642	19,688,279	27,722,427
Debentures	20				19,102	
Hedge accounting	21.2.1		7,748	2,530		10,278
At December 31, 2011		**9,168,048**	**2,076,254**	**5,968,172**	**19,707,381**	**36,900,753**

(i) The maturity terms presented are based on the contracts signed.

5 Business combinations

5.1 Quattor Participações S.A. (current Braskem Qpar)

On January 22, 2010 the shareholders of the Parent Company (Odebrecht S.A. – "ODB", Odebrecht Serviços e Participações S.A. – "OSP", Petróleo Brasileiro S.A. – Petrobras e Petrobras Química S.A. – Petroquisa), together with União das Indústrias Petroquímicas S.A. – "Unipar", entered into an Investment Agreement to establish the terms for the acquisition by the Company and of the investments held by Unipar in the petrochemical industry, allowing for the consolidation of Petrobras' petrochemical investments in Braskem.

On April 27, 2010, the Company purchased 143,192,231 of Quattor shares representing 60% of its total capital and paid the amount of R$ 659,454 to Unipar. On April 30, 2010, the Company acquired the control of Quattor and, at the Ordinary General Shareholders' Meeting, it appointed the members of Quattor's Board of Directors and this date is the date of acquisition for the purposes of accounting for this business combination.

Under the Investment Agreement of January 22, 2010, when the Company acquired 60% of Quattor's voting capital, it undertook to acquire the following interests:

(i) 40% of the voting capital of Quattor held by Petrobras through the exchange of 18,000,087 shares issued by the Company;

(ii) 33.3% of the voting capital of Polibutenos S.A. held by Unipar for a cash consideration of R$ 22,326;

(iii) 0.68% of non-controlling interests in Quattor Química; these non-controlling shareholders have a tag along right to sell their shares for up to 80% of the price paid to the controlling shareholder);

(iv) 25% of the voting capital of Riopol held by BNDESPAR. [1]

[1] As part of the acquisition of Quattor, the Company assumed the obligation under a put option entered into by Unipar and BNDESPAR (Note 1(b.1(viii))). Under this put option and a similar put option entered into by Petrobras, Unipar and Petrobras, former owners of a 75% interest in Riopol, agreed to repurchase a 25% (being 15% by Unipar and 10% by Petrobras) non-controlling interest of Riopol from BNDESPAR at the end of a five-year period (that commenced on January 15, 2008), or at an earlier time during that period in the event that BNDESPAR decided to exercise the option earlier. Under the terms of the option, the purchase price of these shares would be equal to the total amount originally invested by BNDESPAR, corrected by a contractually agreed interest rate.

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At the acquisition date, the fair value of the option entered by Unipar was R$ 205,121, based on the amount originally invested corrected by the contractual interest rate. On August 9, 2010, BNDESPAR exercised the put option and Braskem acquired 190,784,674 common shares and 30 preferred shares of Riopol for R$ 209,951. The change in the fair value of this put option totaled of R$ 4,830 and was recorded as an expense.

Although the Company did not obtain the legal right over the aforementioned shares of the companies on the acquisition date, all the events described above were accounted for on April 30, 2010, since the Investment Agreement set forth the Company's obligation to acquire all of the remaining shares. Subsequently, all interests were acquired under the Investment Agreement.

The table below summarizes the consideration paid to the shareholders' of the Quattor Group and the amounts of the assets acquired and liabilities assumed recognized on the date of acquisition, as well as the fair value on the date of the acquisition of the non-controlling interests in Quattor.

Consideration paid	
Cash	704,298
Shares issued (the amount of R$250,049 also includes Braskem shares issued for the purrchase of other interests in this business combination)	250,049
BNDESPAR put option assumed by the Company and other obligations	218,739
Total consideration transferred (A)	**1,173,086**
Fair value of identifiable assets and assumed liabilities	
Current assets	
Inventory	823,012
Other current assets	1,383,104
Non-current assets	
Property, plant & equipment	7,531,158
Intangible	560,430

Other non-current assets	990,850
<u>Current liabilities</u>	2,903,113
<u>Non-current liabilities</u>	
Other provisions	220,619
Deffered income tax and social contribution	623,173
Other non-current liabilities	5,527,104
Total identifiable assets and assumed liabilities (B)	**2,014,545**
Business combination result (A) – (B)	**841,459**

The gain (bargain purchase) of R$ 841,459 is recorded in a specific account in the income statement for 2010 called "results from business combinations". This bargain purchase was attributable to the terms of negotiation with the shareholders of Quattor.

The fair value of the Company's shares issued in these transactions was determined based on the BM&FBovespa closing price on April, 30, 2010 and totaled R$ 197,101.

The fair value of the assets acquired and liabilities assumed was estimated by an independent appraiser and the main results are described below:

(i) The fair value of inventories was determined taking into consideration the sales price, net of taxes, on the date of the evaluation of the assets using the market approach method. The difference between the market value and the carrying amount of inventories was R$ 68,009.

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(ii) The method used to evaluate property, plant and equipment was the cost replacement approach method. Management, together with its external appraisers, understands that the use of the market approach method using the unit values of each asset that composes the plant would not reflect the economic value of the plant, since they would not consider the costs of the installed technology, costs of supporting installations and the active connection with production and distribution (going concern). In the evaluation process, the following information was used: (i) cost of installation of similar plants; (ii) most recent quotes for the expansion and replacement of similar assets; and (iii) cash price for the replacement of the asset, taking into consideration the working conditions on the date of inspection, among other. The adjustment booked over the historical Quattor property, plant and equipment book value of R$ 6,039,067 was in the amount of R$ 1,492,091. Therefore, after the adjustments, the fair value of property, plant and equipment registered in the acquisition was in the amount of R$ 7,531,158.

(iii) As a result of the evaluation, net gains on future cash flows were identified for the commercial contracts with customers and suppliers that were brought to present value at a discount rate of 14.1% a year. Additionally, the costs of registration and product placement were considered and, in technology, the expenses incurred with personnel and the administrative expenses for the research conducted together with the Federal University of Rio de Janeiro were also considered. The identifiable intangible assets related to brands, technology, contracts with customers and suppliers totaled R$ 393,878.

(iv) Many tax contingencies were recognized and the chances of an unfavorable outcome for these contingencies are possible based on the evaluation of the value of the matter in dispute and probability of loss estimated by external legal advisors. The provisions recognized refer to lawsuits related to the State Value-Added Tax (ICMS), Social Integration Program (PIS), Social Contribution on Revenues (COFINS), Income Tax (IR) and Social Contribution on Income (CSL) totaling R$ 210,695.

(v) The fair value of loans and financing was determined using the income approach method however, the fair value effects were not recognized since these loans included clauses that provided for the advanced settlement were settled in 2010 and the effects were annulled in profit or loss for that year.

The 2010 net sales revenue included in the consolidated income statement since April 30, 2010 includes R$ 4,412,244 in net revenues from Quattor. Quattor also contributed with profit of R$ 58.461 in the same period.

The acquisition of Quattor was subject to the final approval of CADE. Brazilian Corporate Law allows for the completion of this transaction before the final approval by the Brazilian antitrust authorities, unless CADE issues a writ of prevention against the transaction. This transaction was submitted for CADE's analysis on February 5, 2010. On February 23, 2011, the transaction was approved with no significant restrictions.

5.2 Sunoco Chemicals

On April 1, 2010, Braskem acquired 100% of Sunoco Chemicals' shares for R$ 620,838 (US$ 351 million). The name of this subsidiary was changed to Braskem PP Americas Inc. (currently named Braskem America). Headquartered in Philadelphia, Braskem America has three polypropylene plants located in the states of Texas, Pennsylvania and West Virginia that had an aggregate annual installed capacity of 950,000 metric tons, representing approximately 13% of the total installed polypropylene production capacity in the United States. Additionally, Braskem America also has a technology center in Pittsburgh, Pennsylvania.

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The date of acquisition of control over the operating and financial policies of PP Americas is April 1, 2010, date from which the Company started to appoint all the members of this subsidiary's Board.

The following table summarizes the consideration paid to the former shareholders of Sunoco Chemicals and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

Consideration transferred	
Cash	620,838
Total consideration transferred (A)	**620,838**
Fair value of the identifiable assets and liabilities assumed	
Current assets	
Inventory	177,070
Non-current assets	
Property, plant & equipment	628,698
Intangible	285,464
Othe non-current assets	11,262
Current liabilities	6,597
Non-current liabilities	
Deferred income tax and social contribution	330,421
Other non-currente liabilities	18,549
Total identifiable assets and liabilities assumed (B)	**746,927**
Business combination result (A) – (B)	**126,089**

The gain (bargain purchase) of R$ 126,089 is recorded in a specific account in the income statement for 2010 called "results from business combinations".

The fair value of the assets acquired and liabilities assumed was estimated by an independent appraiser and the main results are described below:

(i) The fair value of inventories was determined taking into consideration the sales price, net of taxes, on the date of the evaluation of the assets by the experts using the market approach method.

(ii) The method used to evaluate property, plant and equipment was the cost approach method. Management, together with its external appraisers, understands that the use of the market approach method using the unit values of each asset that composes the plant would not reflect the economic value of the plant, since they would not consider the costs of the installed technology, costs of supporting installations and the active connection with production and distribution (going concern). In the evaluation process, the following information was used: (i) cost of installation of similar plants; (ii) most recent quotes for the expansion and replacement of similar assets; and (iii) cash price for the replacement of the asset, taking into consideration the working conditions on the date of inspection, among other.

(iii) As a result of the evaluation, net gains on future cash flow were identified for the commercial contracts that were brought to present value at a discount rate of 15% a year. The identifiable intangible assets relate to technology and contracts with suppliers.

The net revenue included in the consolidated income statement since April 1, 2010 includes R$ 1,891,487 in net revenues from PP Americas' operations. PP Americas also contributed with a profit of R$ 172,735 in the same period.

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This transaction was approved by CADE on November 3, 2010 and by the U.S. antitrust agency on March 22, 2010.

5.3 Unipar Comercial

On May 10, 2010, the Company acquired 100% of the voting capital of Unipar Comercial. On the same date, the Company acquired the control over its management and, therefore, this date was considered for accounting for the business combination. The total cash consideration paid for the acquisition was R$ 27,104 and the fair value of the assets acquired and liabilities assumed was R$ 35,138. The adjustment that was booked over the historical book value, in the amount of R$ 8,342, arose from the evaluation of property, plant and equipment, and on this amount, deferred income tax and social contribution liabilities, amounting to R$ 4,139, was also recognized. A bargain purchase gain of R$ 7,735 was recognized in the income statement for 2010 within “results from business combinations”. CADE approved this transaction on February 23, 2011.

5.4 Polypropylene plants abroad – Dow Chemical

On September 30, 2011, Braskem, through its subsidiaries Braskem America and Braskem Alemanha acquired the polypropylene business from Dow Chemical for R$ 607,595 (US$ 323 million). On the same date, the amount of R$ 312,263 (US$ 166 million) was paid, corresponding to the portion of the trade payables that were assumed in the transaction.

Based on the changes in trade accounts receivable and inventories between the date of the announcement of the transaction and the closing date, an additional amount of R$ 9,412 (US$ 5 million) was paid. The final amount can still be changed based on new changes in trade accounts receivable and inventories.

The negotiations included four industrial units, two in the United States and two in Germany, with an annual production capacity of 1,050 thousand metric tons of polypropylene.

In the United States and Germany, mainly industrial plants, trade accounts receivable, inventories were acquired and liabilities assumed related to the business operation. In the United States, the plants acquired are located in the State of Texas and have an annual polypropylene production capacity of 505,000 metric tons. In Germany, the plants have an annual polypropylene production capacity of 545,000 metric tons.

Trade accounts receivable and inventories located in Mexico were also acquired through the subsidiary Braskem Mexico amounting to R$ 13,214 (US$ 7 million), net of trade payables assumed. Since this was a separated purchase of assets that will be terminated in the short term with the sale of inventories and the financial settlement of trade accounts receivable and payable, this transaction is not a business combination.

The closing of this transaction between the parties took place on September 30 and the financial settlement occurred on October 3, 2011.

Until the effective payment to Dow Chemical, the acquirers have not made any significant decision with respect to the operations of the plants. The rights and obligations generated from October 1, 2011 are of the acquirers, including inventories produced and new liabilities assumed.

The reasons mentioned above lead us to conclude that the date of acquisition of control is October 3, 2011, which is the date the business combination was recorded.

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The following table summarizes the consideration paid to Dow Chemical and the amounts of the assets acquired and liabilities assumed recognized on the acquisition date:

	U.S.	**Germany**	**Total business combination**	**Mexico**	**Total paid**
Consideration transferred					
Cash	315,120	288,674	603,793	13,214	617,007
Total consideration transferred	**315,120**	**288,674**	**603,793**	**13,214**	**617,007**
Fair value of the identifiable assets and liabilities assumed					
Current assets					
Trade accounts receivable	142,051	135,320	277,371	18,948	296,318
Inventory	161,381	124,066	285,447	15,169	300,616
Other receivables	24,867		24,867	(2,507)	22,360
Non-current assets					
Property, plant & equipment	129,040	194,103	323,143		323,143
Current liabilities					