

BRASKEM SA  
Form 6-K  
May 05, 2006

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**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 May, 2006**

**(Commission File No. 1-14862 )**

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**BRASKEM S.A.**

*(Exact Name as Specified in its Charter)*

**N/A**

*(Translation of registrant's name into English)*

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**Rua Eteno, 1561, Polo Petroquimico de Camacari**

**Camacari, Bahia - CEP 42810-000 Brazil**

*(Address of principal executive offices)*

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

Form 20-F  Form 40-F

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

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

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

Yes  No

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

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## Net Income Reaches R\$ 122 million in 1Q06

*EBITDA Reaches R\$400 million*

**São Paulo, May 4, 2006 --- BRASKEM S.A.** (BOVESPA: BRKM5; NYSE: BAK; LATIBEX: XBRK), leader in the thermoplastic resins segment in Latin America and one of the three largest Brazilian privately-owned industrial companies, announced today its results for the first quarter of 2006 (1Q06).

The 1Q06 results set forth in this release are derived from Braskem's consolidated results of operations, and have been compared with Braskem's results for the first quarter of 2005 (1Q05), except where otherwise indicated. The consolidated balance sheet, cash flow statement and income statement attached hereto have been subject to a limited review by Braskem's independent auditors and also reflect the elimination of the accounting effects of CVM Instruction 247 (therefore only those investments under Braskem's direct control are consolidated, and Braskem's stakes in Politeño Indústria e Comércio S.A., COPESUL- Companhia Petroquímica do Sul and Petroflex Indústria e Comércio S.A. are recognized through the equity accounting method) and include the accounting effects of **CVM 408** and of **OFÍCIO-CIRCULAR/CVM/SNC/ SEP N° 01/2006**, which require the recognition of Securitized Receivables Funds (Fundo de Investimento em Direitos Creditórios or FIDC) as indebtedness. On March 31, 2006, the Brazilian Real / U.S. dollar exchange rate was R\$2.1724 per U.S.\$ 1.00.

### Earnings Release Events

#### Investor Relations

##### **Meetings: In São Paulo:**

May 9, 2006, at 8:30 a.m.  
(Brazilian Official Time)

##### **In Rio de Janeiro:**

May, 12, 2006, at 8:30 a.m.  
(Brazilian Official Time)

##### **Brazilian Conference Call:**

May 5, 2006, at 9:00 a.m. U.S.  
EST  
(10:00 a.m. Brazil)

### 1. Main Highlights

- **Braskem is implementing a stock buy-back program to repurchase some of its class A preferred shares (BOVESPA: BRKM5) and common shares (BOVESPA: BRKM3), taking advantage of the opportunity to create value given the current significant discount in Braskem's share price. The stock buy-back program will be carried out over a 180-day period and may result in the repurchase of up to 13,896,133 class A preferred shares (8.25% of Braskem's outstanding class A preferred shares), and up to 1,400,495 common shares (7.07% of Braskem's outstanding common shares).**
- **Braskem acquired control of Politeño's total share capital, and now holds 100% and 96.15% of Politeño's voting and total share capital, respectively. This acquisition is strategically important to Braskem because it provides Braskem with a diversified high-quality product**

**International Conference Call:**

May 5, 2006, at 11:00 a.m.  
U.S. EST  
(12:00 a.m. Brazil)

For more information, visit  
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portfolio, technological innovation and contributes to Braskem's overall expertise. Braskem's management of Politeno is expected to enable the Company to capture additional **synergies estimated to be worth U.S.\$ 110 million**, based on net present value, as calculated by Monitor, an consulting company of international standing. The initial amount paid by Braskem on April 6, 2006 to Politeno's other shareholders for their preferred and common shares of Politeno was **U.S.\$ 111 million**.

- **On March 31, 2006**, Petrobras, Petroquisa and Braskem announced the **expiration of the Petroquisa Option**, which if exercised would have allowed Petroquisa to increase its ownership interest in Braskem's voting share capital from 10% to 30%. **The Petroquisa Option was not exercised** due to the fact that it was not possible to agree upon the terms and conditions necessary to create value to all of Braskem's shareholders.
- **On April 17, 2006, Braskem and Pequiven announced the execution of an agreement to implement what would be the most competitive petrochemical complex in the Americas**, the Jose Project, which is expected to produce over 1.2 million tons of ethylene from natural gas, as well as polyethylene and other second generation products. In addition, Braskem and Pequiven continue their ongoing project to construct a new polypropylene (PP) plant in Venezuela at the El Tablazo Complex, with an estimated annual production capacity of 400,000 tons and investments estimated at approximately U.S.\$370 million.
- In April, Braskem issued new 9.0% **perpetual bonds** in the aggregate principal amount of **U.S.\$ 200 million**. The bonds are callable, at the company's discretion, on a quarterly basis on or after April 2011. This issuance increased the average tenor of **Braskem's debt to 16 years**.
- In the **1Q06, Braskem's EBITDA** totaled **U.S.\$ 183 million**, compared to U.S.\$ 258 million in the 1Q05. This decrease was due to increased costs, principally as a result of an increase in the price of naphtha for the period, which increased Braskem's costs by U.S.\$ 122 million when compared to 1Q05.

- In Brazilian *reais*, EBITDA totaled R\$ 400 million, compared to EBITDA of R\$ 688 million recorded during the 1Q05. This decrease reflects the impacts of the appreciation of the Brazilian *real* against the U.S. dollar and of increased naphtha prices on our results of operations. Braskem's 1Q06 operational results includes non-recurring operating revenue from the reversal of a tax provision (PIS/COFINS) based on a final Brazilian court decision in an aggregate amount of R\$ 112 million.
- **Braskem's net profit was R\$ 122 million in the 1Q06, as compared to a net profit of R\$ 206 million in the 1Q05.** In the fourth quarter of 2005 (4Q05), Braskem reported a net loss of R\$ 5 million.
- **In April, Standard & Poors' rating agency upgraded Braskem's local currency risk rating, from brAA- with a positive outlook to brAA with a stable outlook. Two weeks later, Fitch Ratings also upgraded Braskem's risk rating, from BB- to BB. Fitch's local currency risk rating remains BB+. Both ratings are above the corresponding sovereign risk ratings and reflect Braskem's solid cash flow.**
- **In the 1Q06, Braskem's capital expenditures totaled R\$ 172 million** (including R\$ 30 million in programmed maintenance stoppages), compared to R\$ 75 million in capital expenditures during the 1Q05. These investments were made to increase Braskem's production capacity and productivity levels, and to improve its environmental protection standards, among others.

## 2. Operating Performance

Braskem's operating strategy is based upon the optimization of the use of its assets through the maintenance of high production capacity utilization rates in all of its Business Units.

During the 1Q06, and in order to be prepared to take advantage of the possibility of higher domestic demand for Braskem's products as of 2Q06, the Company scheduled maintenance stoppages in its second generation plants. As a result, Braskem's capacity utilization rates in the 1Q06 decreased due to (1) a maintenance stoppage at Polialden's polyethylene (PE) plant in the State of Bahia, (2) a maintenance stoppage in January and February of one of Braskem's PP plants in the Triunfo Complex, (3) a maintenance stoppage in the MVC Unit (Vinyls), and (4) lower production levels of ethylene, due to the decreased consumption of this product by its internal customers.

The annual production capacity utilization rates of Braskem's major products are shown below:

### Maintenance Stoppages during 1Q06

Polialden's PE Plant

MVC Plant in Camaçari Complex

PP Plant in Triunfo Complex

\*Includes 50Kt of additional capacity as of 4Q05

The production capacity of the **Polyolefins Business Unit** decreased by 4% during the 1Q06 when compared to the 1Q05 and the 4Q05. The decrease in production of PE and PP resulted from the programmed maintenance stoppages mentioned above. Consequently, the annual production capacity utilization rates were 88% for PP and 85% for PE in the 1Q06.

In addition to the 30,000 tons of PE capacity added during the 4Q05, an ongoing debottlenecking program will add another 30,000 tons of annual PE capacity by the end of the 2Q06. These capacity increases will enable Braskem to increase the production of Braskem Flexus<sup>®</sup> that it offers, in particular to meet the needs of the higher value-added cardboard packaging market.

In the **Vinyls Business Unit**, the production capacity utilization rate of PVC, its principal product, increased in the 1Q06 to 87%, principally as a result of the R\$112 million invested made in the Alagoas plant, which increased Braskem's production capacity by 50,000 tons in December 2005. When compared to the 4Q05 and the 1Q05, the total production of PVC increased by 2% and 4%, respectively. This increase was offset by the programmed maintenance stoppage in the MVC plant (raw material for PVC) in Bahia.

Braskem is prepared to expand its annual production capacity of PVC to 100,000 tons, of which 50,000 tons will be produced in its plant in Camaçari and 50,000 tons will be produced in its plant in Alagoas, if

the domestic demand for PVC increases. Braskem expects increased demand in the domestic PVC market as a result of the growth potential of the Brazilian housing and infrastructure markets over the next few years.

In the 1Q06, the **Basic Petrochemicals Business Unit** recorded a 3% decrease in the production levels of its major products, ethylene and propylene, compared to the 4Q05 and the 1Q05, as a result of the programmed maintenance stoppage, as mentioned above.

| Production Volume - tons        | 1Q06<br>(A)    | 4Q05<br>(B)    | 1Q05<br>(C)    | Chg%<br>(A)/(B) | Chg%<br>(A)/(C) |
|---------------------------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>Polyolefins Unit</b>         |                |                |                |                 |                 |
| . PE's - Polyethylene           | 183,452        | 184,700        | 195,182        | (1)             | (6)             |
| . PP - Polypropylene            | 121,435        | 133,057        | 123,976        | (9)             | (2)             |
| . Total (PE's + PP)             | <b>304,888</b> | <b>317,757</b> | <b>319,158</b> | <b>(4)</b>      | <b>(4)</b>      |
| <b>Vinyls Unit</b>              |                |                |                |                 |                 |
| . PVC - Polyvinyl Chloride      | 109,419        | 107,506        | 113,477        | 2               | (4)             |
| . Caustic Soda                  | 112,302        | 109,787        | 125,157        | 2               | (10)            |
| <b>Basic Petrochemical Unit</b> |                |                |                |                 |                 |
| . Ethylene                      | 283,636        | 289,238        | 295,679        | (2)             | (4)             |
| . Propylene                     | 135,368        | 143,006        | 138,563        | (5)             | (2)             |

## 2.2 - Commercial Performance

Braskem offers its clients a highly diversified range of products and services. Consequently, during 1Q06, Braskem was able to focus on the prices of its products, particularly the prices of its thermoplastics resins/products in connection with thermoplastic resins. In addition, during the 1Q06, Braskem chose to reduce its exports due to a potential increase in international prices of thermoplastic resins, expected to begin in the 2Q06.

Total sales volumes of thermoplastic resins in the domestic and export market were 317,000 tons and 87,000 tons, respectively, which included increased sales of PP and PVC due to a Brazilian demand recovery. Total sales volumes of thermoplastic resins in the domestic and export markets increased by 1% when compared to the total sales volume of 400,000 tons in the 4Q05. Sales volumes during the 1Q06 decreased by 6% compared to the 1Q05, primarily as a result of a 21% decrease in exports.

| Sales Volume - tons             | 1Q06<br>(A)    | 4Q05<br>(B)    | 1Q05<br>(C)    | Chg%<br>(A)/(B) | Chg%<br>(A)/(C) |
|---------------------------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>Polyolefins Unit</b>         |                |                |                |                 |                 |
| . PE's - Polyethylene           | 170,287        | 174,607        | 203,835        | (2)             | (16)            |
| . PP - Polypropylene            | 121,619        | 121,164        | 130,567        | 0               | (7)             |
| . Total (PE's + PP)             | <b>291,906</b> | <b>295,770</b> | <b>334,402</b> | <b>(1)</b>      | <b>(13)</b>     |
| <b>Vinyls Unit</b>              |                |                |                |                 |                 |
| . PVC - Polyvinyl Chloride      | 111,745        | 104,563        | 95,576         | 7               | 17              |
| . Caustic Soda                  | 105,351        | 121,070        | 119,137        | (13)            | (12)            |
| <b>Basic Petrochemical Unit</b> |                |                |                |                 |                 |

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|              |         |         |         |      |     |
|--------------|---------|---------|---------|------|-----|
| . Ethylene*  | 278,197 | 290,373 | 290,968 | (4)  | (4) |
| . Propylene* | 128,941 | 152,694 | 136,741 | (16) | (6) |

**\* Includes sales/transfers to Braskem's Business Units**

In the **Polyolefins Business Unit**, the sales volumes of PP in the domestic market increased by 7% compared to the 4Q05 and by 1% compared to the 1Q05. Export sales volumes of PE increased by 19% compared to the 4Q05. Total sales volumes of PE in the domestic market decreased by 11% and 14% in the 4Q05 and the 1Q05, respectively. This decrease in sales volumes of PE reflects (1) the the entry of a new competitor in the domestic market in the 1Q06, Rio Polímeros (RioPol), and (2) the non-recurring

sale by Braskem of 12,000 tons of PE to RioPol during the 1Q05. Braskem believes that the effects resulting from the entry of RioPol in the market are already fully evidenced in its 1Q06 results.

In the **Vinyls Business Unit**, total PVC sales volumes in the domestic and export markets increased by 17% compared to the 1Q05. In the domestic market, 14,000 additional tons were sold during the 1Q06 compared to the 1Q05, which is evidence of this product's market growth potential.

In the **Basic Petrochemicals Business Unit**, ethylene and propylene sales volumes were adversely affected by some programmed maintenance stoppages undertaken in the second generation plants. These stoppages also caused a decrease in sales of by-products, such as butadiene and aromatics, which, in addition, suffered a decrease in prices due to higher oil prices.

This unit plays an important role in Braskem's exports, in particular exports of propylene and aromatics.

### 3. Competitive Management

#### 3.1. Business Competitiveness:

The goal of Braskem + , a program created in 2004, is to position Braskem among the world's most competitive petrochemical companies. This program also represents an important and additional potential for productivity gains for Braskem, estimated to total R\$420 million on an annual and recurring basis once the program is completed.

Braskem + is structured to increase Braskem's ability to create value in all stages of the petrochemical cycle.

The results achieved through the end of 1Q06 represented gains amounting to R\$270 million, on an annual and recurring basis, compared to the R\$218 million originally estimated for this period when the project was first created.

The benefits of the Braskem + program are reflected in several of Braskem's units and include significant productivity gains, lower energy consumption, lower maintenance costs and improvements in several operating processes at Braskem's plants.

### 4. Financial and Economic Performance

#### 4.1. Net Revenue

Braskem's commercial policy is designed to align the prices of its products with those in the international markets. In addition, Braskem has a highly diversified range of products and services, which enabled the Company to opt for higher price margins in the 1Q06. Consistent with this scenario, and due to the appreciation of the Brazilian *real* during this period, the average price of resins in the domestic market, in dollars, increased by 4% in the 1Q06, compared to the 1Q05. When compared to the 4Q05, prices were relatively stable, increasing by 1%. In Brazilian



*reais*, Braskem recorded price decreases of 15% and 2% compared to the 1Q05 and the 4Q05, respectively, resulting from the appreciation of the Brazilian *real* against the U.S. dollar during this period (17.6% and 2.4% during the 1Q05 and the 4Q05, respectively).

In the 1Q06, Braskem's net revenue was U.S.\$1.2 billion, in line with net revenue recorded during the 1Q05 and 6% lower than net revenue recorded in 4Q05, which equaled U.S.\$1.3 billion.

Net revenue in *reais* was R\$2.6 billion, 7% and 14% lower than net revenue recorded in the 4Q05 and in 1Q05, respectively. These variations resulted from lower prices of our products, in *reais*, and the decrease in sales, in particular when compared to the 1Q05.

#### **4.1.1 - Exports**

Braskem maintained its long-term commitment to its strategic clients in the most attractive export markets. Even while favoring the recovering domestic market, its net export revenue amounted to U.S.\$ 242 million in the 1Q06, compared to U.S.\$ 261 million recorded during the 1Q05. This decrease was due to Braskem's decision to keep higher inventories of products which are expected to be sold for possibly higher international prices beginning in the 2Q06. Some improvement in international prices of Braskem's products have been observed as of last April.

#### **4.2. Cost of Goods Sold (CoGS)**

During the first quarter of 2006, Braskem's cost of goods sold (CoGS) was R\$ 2.3 billion, in line with the 4Q05 and the 1Q05. During the 1Q06 as compared to the 1Q05, Braskem's expenses increased by U.S.\$ 122 million due to the 27% increase in the price of naphtha during this time, and U.S.\$14 million due to the increase in energy costs (power, gas, steam, fuel, etc) resulting from higher oil prices during the same period, and were offset by a decrease in sales

volumes and a 17.6% appreciation of the Brazilian *real* from the 1Q05 to the end of the 1Q06.

The average ARA (Amsterdam-Rotterdam-Antwerp) price of naphtha was U.S.\$ 537 per ton in 1Q06, representing a 7% and 25% increase compared to the price of naphtha during the 4Q05 and 1Q05, respectively. The 2% appreciation of the Brazilian *real* against the U.S. dollar, on average between the 4Q05 and the 1Q06, partially offset this impact. When compared to the 1Q05, the Brazilian *real* appreciated by 18% against the U.S. dollar. The total cost of ethylene/propylene purchased from Copesul during the 1Q06 increased by R\$74 million when compared to 1Q05 and increased by 20% when compared to the 4Q05.

During the 1Q06, Braskem purchased 1,050,000 tons of naphtha and condensate, of which 832,000 tons (79%) were purchased from Petrobras, its major raw material supplier. The remaining 218,000 tons (21%) were imported directly by the Company, primarily from Northern Africa countries. Braskem also started to purchase naphtha from Pequiven as of April 2006.

Due to the introduction of the new Brazilian Provisional Measure 255 (MP 255) on local taxes, effective as of March 2006, Braskem was granted a net 3.65% (the spread between credit and debt of the applicable tariff percentages for both PIS and Cofins taxes) tax credit over all of its naphtha purchases. This tax credit, when taking into account Braskem's naphtha consumption and the naphtha ARA price during the 1Q06 on an accumulated basis would reduce Braskem's CoGS by approximately R\$180 million during 2006.

Depreciation and amortization expenses during the 1Q06 totaled R\$ 114 million, a 20% increase compared to the R\$95 million recorded in the 4Q05, and a 24% increase compared to the 1Q05. This variation was primarily due to the implementation of several capex projects completed in 2005.

#### **4.3. Selling, General and Administrative Expenses (SG&A)**

Due to the Company's ongoing efforts, Braskem's general and administrative expenses were reduced by 16% from the 4Q05 to the 1Q06. This reduction though was partially offset by the 30% increase in selling expenses resulting from a non-recurrent reversal on Braskem's provision for doubtful accounts in 4Q05, as explained in Braskem's FYE2005 financial results. In the 1Q06, total SG&A expenses were R\$ 169 million, in line with SG&A expenses in 1Q05, and

8% above the 4Q05 SG&A registered expenses.

#### **4.4. EBITDA**

Braskem's EBITDA totaled R\$400 million in the 1Q06, compared to R\$688 million in the 1Q05. During the 1Q06, Braskem recorded non-recurring revenue of R\$112 million in connection with the reversal of the tax provision for PIS/COFINS, based on a recent and final Brazilian court decision (for more information regarding this reversal, see Explanatory Notes to the Company's Quarterly Financial Information). When denominated in U.S. dollars, EBITDA in the 1Q06 totaled U.S.\$183 million, compared to U.S.\$213 million recorded in the 4Q05 and U.S.\$258 million in the 1Q05.

Compared to the 1Q05, the main reasons for Braskem's decrease in EBITDA were (i) the appreciation of the Brazilian *real* during the period, which affects 100% of the Company's revenue and only positively impacts 80% of its costs, (ii) the significant increase in naphtha prices, its major raw material, in line with the increase in international oil prices, and (iii) the decrease in sales volumes, compared to the 1Q05.

#### 4.5. Investments in Subsidiaries and Associated Companies

In the first quarter of 2006, Braskem's results from investments in subsidiaries and associated companies totaled R\$62 million, compared to R\$14 million recorded in the 4Q05, excluding goodwill amortization expenses derived primarily from investments in Copesul, Politeno and Petroflex. It's worth noting that Copesul had a programmed maintenance stoppage during the 4Q05. These results were R\$17 million below 1Q05 figures, when the petrochemical sector as a whole performed better.

(R\$ thousand)

| Investments in Subsidiaries and Associated Companies | 1Q06            | 4Q05            | 1Q05            |
|--|-----------------|-----------------|-----------------|
| <b>Subsidiaries - Equity Method</b>                  | <b>(1)</b>      | <b>518</b>      | <b>(5,096)</b>  |
| <b>Associated Companies - Equity Method</b>          | <b>65,985</b>   | <b>22,043</b>   | <b>88,854</b>   |
| . Copesul  | 61,115          | 17,225          | 63,923          |
| . Politeno   | 3,485           | 3,115           | 13,112          |
| . Others   | 1,386           | 1,702           | 11,820          |
| <b>Exchange Variation</b>                            | <b>148</b>      | <b>(8,920)</b>  | <b>(5,635)</b>  |
| <b>Others</b>  | <b>(3,984)</b>  | <b>66</b>       | <b>462</b>      |
| <b>Subtotal (before amortization)</b>                | <b>62,148</b>   | <b>13,707</b>   | <b>78,585</b>   |
| <b>Amortization of goodwill/negative goodwill</b>    | <b>(38,433)</b> | <b>(38,241)</b> | <b>(37,924)</b> |
| <b>TOTAL</b>   | <b>23,715</b>   | <b>(24,535)</b> | <b>40,662</b>   |

#### 4.6. Net Financial Result

The Company's vendor and interest expenses totaled R\$117 million in the 1Q06, a 12% decrease compared to the 1Q05, reflecting the incremental reduction of interest rates by the Central Bank of Brazil. Expenses were in line when compared to the 4Q05.

The negative exchange rate variation recorded in Braskem's financial results reflects the appreciation of the Brazilian *real* against the dollar, since part of the Company's cash was held in dollars and some of its assets were in foreign currency.

In the 1Q06, Braskem's net financial result, excluding the effects of exchange rate and monetary variations, totaled an expense of R\$179 million, in line when compared with the 1Q05.

**(R\$ million)**

|                                  | <b>1T06</b>  | <b>4T05</b>  | <b>1T05</b>  |
|----------------------------------|--------------|--------------|--------------|
| <b>Financial Expenses</b>        | <b>20</b>    | <b>(585)</b> | <b>(283)</b> |
| Interest / Vendor                | (117)        | (115)        | (133)        |
| Monetary Restatement             | (58)         | (62)         | (53)         |
| F/X on Liabilities               | 295          | (312)        | (25)         |
| CPMF/IOF/Income Tax/Banking Expe | (19)         | (28)         | (25)         |
| Other                            | (81)         | (68)         | (47)         |
| <b>Financial Revenue</b>         | <b>(102)</b> | <b>152</b>   | <b>40</b>    |
| Interest                         | 37           | 40           | 28           |
| Monetary Restatement             | 2            | 3            | 4            |
| F/X on Assets                    | (141)        | 109          | 8            |
| <b>Net Financial Result</b>      | <b>(81)</b>  | <b>(433)</b> | <b>(242)</b> |

**(R\$ million)**

|  | <b>1T06</b>  | <b>4T05</b>  | <b>1T05</b>  |
|--|--------------|--------------|--------------|
| <b>Net Financial Result</b>                  | <b>(81)</b>  | <b>(433)</b> | <b>(242)</b> |
| <b>Foreign Exchange Gain Variation (F/X)</b> | <b>154</b>   | <b>(203)</b> | <b>(17)</b>  |
| <b>Monetary Restatement (MR)</b>             | <b>(56)</b>  | <b>(59)</b>  | <b>(48)</b>  |
| <b>Financial Result less F/X and MR</b>      | <b>(179)</b> | <b>(170)</b> | <b>(177)</b> |

The tables above include the effects of the OFÍCIO-CIRCULAR/CVM/SNC/ SEP N° 01/2006, which require the recognition of Securitized Receivables Funds (Fundo de Investimento em Direitos Creditórios or FIDC) as indebtedness and the effects of the CVM 408 rule, which require the consolidation of the special purpose companies. For your analysis/comparison, the same tables excluding these items are made available in exhibit VI.

#### **4.7. Net Income**

Braskem's net income totaled R\$122 million in the 1Q06, compared to R\$206 million in the 1Q05 and to a R\$5 million loss in the 4Q05. This result reflects Braskem's solid operating performance and its improved financial results, stemming from the Company's capital discipline.

#### **4.8. Free Cash Flow**

The operating cash flow before changes in working capital totaled R\$277 million in the 1Q06, compared to R\$360 million recorded during the 4Q05, primarily due to a decrease in EBITDA. In addition, Braskem's working capital needs for the period totaled R\$296 million due to (1) the increased purchase of Brazilian naphtha (which purchases are required to be paid in full in a relatively short period of time), in line with Braskem's strategy of keeping a flexible

source of this raw material, (2) increased inventories, due to the increased prices of raw material and increased inventories of finished products, (3) increased tax obligations to be recovered, due to increased naphtha prices, and (4) decreased tax obligations due to the acknowledgement of a non-recurrent tax (PIS/Cofins) revenue.

| <b>R\$ million</b>                     | <b>1Q06</b>  | <b>4Q05</b> | <b>1Q05</b> |
|--|--------------|-------------|-------------|
| <b>G.O.C. Antes de Capital de Giro</b> | <b>277</b>   | <b>360</b>  | <b>591</b>  |
| <b>Operating Cash Flow</b>             | <b>(19)</b>  | <b>961</b>  | <b>759</b>  |
| Interest Paid                          | (74)         | (134)       | (41)        |
| Investment Activities                  | (164)        | (340)       | (122)       |
| <b>Free Cash Flow</b>                  | <b>(257)</b> | <b>487</b>  | <b>595</b>  |
| Taxes Paid                             | (4)          | (3)         | (15)        |



#### **4.9 - Capital Structure and Liquidity**

As of the 1Q06, Braskem's financial statements comply with CVM Instruction 408, as explained above. This Instruction affects Braskem's financial results, indebtedness, leverage indicators, and capital structure. The major effect is the recognition of the FIDCS as indebtedness since previously they were recorded as a reduction in accounts receivables.

Braskem has been extending its average debt maturity to a long-term maturity profile and reducing its financial indebtedness in order to become more efficient in allocating funds for working capital and reducing its foreign exchange rate risks. As of the end of the 1Q06, Braskem had 47% of its debt denominated in U.S. dollars, compared to 70% at the end of the 1Q05.

Braskem's cash and cash equivalents amounted to R\$2.1 billion on March 31, 2006, compared to R\$2.2 billion recorded on December 31, 2005.

Braskem's net debt on March 31, 2006 was R\$3.5 billion, consistent with the balance on December 31, 2005, which amounted to R\$3.4 billion. When denominated in U.S. dollars, Braskem's net debt was U.S.\$ 1.6 billion in the 1Q06, compared to U.S.\$1.5 billion in the 4Q05. Excluding the effects of CVM 408, net debt would have increased from R\$2.8 billion in the 4Q05 to R\$3 billion in the 1Q06.

Braskem's financial leverage, measured by its net debt/EBITDA ratio, increased from 1.63x on December 31, 2005 to 1.97x on March 31, 2006. Excluding the effects of CVM 408, leverage would have increased from 1.36x to 1.67x.

In April, Standard & Poors reviewed Braskem's National Scale risk ratings and upgraded its rating risk from brAA- with positive outlook to brAA with stable outlook based on positive expectations for Braskem

over the medium-term in connection with its capital structure, liquidity and the essentials of the petrochemical cycle. Two weeks later, Fitch Ratings also upgraded Braskem's foreign currency risk rating from BB- to BB. Braskem's current local currency risk rating is BB+. These risk ratings are higher than the Brazilian sovereign rating and risk.

Braskem's efforts to extend its debt profile during 2005 resulted in the an average tenor of its debt of 9.3 years by the end of the 1Q06. Following the recent issuance of its perpetual bonds in an aggregate principal amount of U.S.\$ 200 million in April 2006, Braskem's average debt maturity increased to 16 years. Excluding the subordinated debentures due in 2007 and held by the controlling shareholders, current average debt maturities would represent 50% of Braskem's annual depreciation and amortization figures.

The following graph shows the Company's amortization schedule as of March 31, 2006.

## 5. Investments

Braskem's capital expenditures in projects, which seek high returns, and its capital expenditures in the Braskem + and Fórmula Braskem programs totaled R\$ 172 million in the 1Q06, compared to R\$ 75 million in the 1Q05. These investments were allocated to operational, technological, health, safety and environmental areas, benefiting all of Braskem's business units. The increase in capex is primarily due to investments in the Basic Petrochemicals Unit, specifically, in the expansion of isoprene production capacity, and in investments in the Fórmula Braskem program.

These investments include R\$30 million in programmed maintenance stoppages, in order to maintain Braskem's plants high levels of operational reliability and to be prepared the Company for the potential and anticipated economic growth in Brazil.

Braskem will proceed with its investment program in 2006, with expected total investments of R\$900 million. Among the most relevant of these programs are the 350,000 ton Polypropylene project in Paulínia, expected to commence operations by the end of 2007; the 30,000 ton increase in annual polyethylene production capacity; the 8,500 ton increase in annual isoprene production capacity; the increase in storage capacity in Aratu, state of Bahia; and the Fórmula Braskem project.

## 6. Capital Market and Investor Relations

Braskem's publicly traded shares reached approximately 52.1% of its total capital stock ( Free-Float ) and the liquidity of the shares on the BOVESPA and the NYSE significantly increased over the last quarters.

The average daily trading volume of Braskem's class A preferred shares on the BOVESPA (BRKM5) remained relatively stable, from an average of R\$30.1 million traded per day on average in the 1Q05 to an average of R\$26.9 million traded per day in the 1Q06, with a significant decrease in the average Brazilian *real* amount traded per day March 2006 in anticipation of Petroquisa's decision with respect to its Option, which it decided not to exercise on March 31, 2006. On the NYSE, Braskem's ADR (BAK) also maintained the same average trading volume, decreasing from an average of U.S.\$ 5.1 million per day in the 1Q05 to an average of U.S.\$ 4.9 million per day in the 1Q06.

The traded volumes presented above ranked Braskem's shares, for the second consecutive time, as the 9<sup>th</sup> most liquid shares on the IBOVESPA index for the theoretical May to August 2006 portfolio, as calculated by Bovespa, representing 2.9% of this index.

Braskem's class A preferred shares trading on the BOVESPA ( BRKM5 ) ended the quarter with a value of R\$16.12 per share. Braskem's ADRs (BAK) ended the quarter with a value of U.S.\$ 14.91 per ADR.

| <b>Stock Performance - BRKM5</b>             | <b>3/31/2005</b> | <b>6/30/2005</b> | <b>9/30/2005</b> | <b>12/31/2005</b> | <b>3/31/2006</b> |
|--|------------------|------------------|------------------|-------------------|------------------|
| Closing Price (R\$ per share)                | 26.01            | 18.78            | 22.09            | 18.25             | 16.12            |
| Return in the Quarter (%)                    | (18)             | (28)             | 18               | (17)              | (12)             |
| Accumulated Return (%)*                      | 901              | 623              | 750              | 603               | 521              |
| Bovespa Index Accumulated Return (%)*        | 136              | 122              | 180              | 197               | 237              |
| Average Daily Trading Volume (R\$ thousand)  | 30,078           | 24,000           | 31,059           | 25,489            | 26,921           |
| Market Capitalization (R\$ million)          | 9,429            | 6,809            | 8,007            | 6,617             | 5,844            |
| Market Capitalization (US\$ million)         | 3,537            | 2,897            | 3,603            | 2,827             | 2,690            |
| <b>ADR Performance - BAK</b>                 | <b>3/31/2005</b> | <b>6/30/2005</b> | <b>9/30/2005</b> | <b>12/31/2005</b> | <b>3/31/2006</b> |
| Closing Price (R\$ per ADR)                  | 20.25            | 16.78            | 20.72            | 16.21             | 14.91            |
| Return in the Quarter (%)                    | (21)             | (17)             | 23               | (22)              | (8)              |
| Accumulated Return (%)*                      | 1,127            | 917              | 1,156            | 882               | 804              |
| Average Daily Trading Volume (US\$ thousand) | 5,135            | 3,886            | 5,011            | 3,927             | 4,881            |
| <b>Other Information</b>                     | <b>3/31/2005</b> | <b>6/30/2005</b> | <b>9/30/2005</b> | <b>12/31/2005</b> | <b>3/31/2006</b> |
| Total Number of Shares (million) **          | 362,524          | 362,524          | 362,524          | 362,524           | 362,524          |

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|   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| . Common Shares (ON) - BRKM3                  | 120,860        | 120,860        | 120,860        | 120,860        | 120,860        |
| . Preferred Shares Class "A" (PNA) -<br>BRKM5 | 240,860        | 240,860        | 240,860        | 240,860        | 240,860        |
| . Preferred Shares Class "B" (PNB)            | 803            | 803            | 803            | 803            | 803            |
| (-) Shares in Treasury (PNA) - BRKM5          | (467)          | (467)          | (467)          | (467)          | (467)          |
| = Total Number of Shares (ex Treasury)        | <b>362,056</b> | <b>362,056</b> | <b>362,056</b> | <b>362,056</b> | <b>362,056</b> |

ADR (American Depositary Receipt) 1 ADR = 2 BRKM5 shares

\* Accumulated return since the market closing on December 30, 2002.

\*\*Adjusted to reflect split from 250 to 1 share, in May 2005

Source: Economática/Braskem

**7. List of Exhibits**

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Braskem, a world-class Brazilian petrochemical company, is the leader in the thermoplastic resins segment in Latin American, and is among the three largest Brazilian-owned private industrial companies. The company operates 13 manufacturing plants located throughout Brazil, and it has an annual production capacity of 5.8 million tons of petrochemical products.

**FORWARD-LOOKING STATEMENT DISCLAIMER**

This press release contains statements that are forward-looking within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are only predictions and are not guarantees of future performance. Investors are cautioned that any such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the operations and business environments of Braskem and its subsidiaries that may cause the actual results of the companies to be materially different from any future results expressed or implied in such forward-looking statements.

Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the risks and uncertainties set forth from time to time in Braskem's reports filed with the United States Securities and Exchange Commission. Although Braskem believes that the expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to Braskem's management, Braskem cannot guarantee future results or events. Braskem expressly disclaims a duty to update any of the forward-looking statements.

**EXHIBIT I**  
**Consolidated**  
**Income Statement <sup>(1)</sup>**  
**(R\$ million)**

| Income Statement  | 1Q06 (A) | 4Q05 (B) | 1Q05 (C) | Change<br>(%)<br>(A)/(B) | Change<br>(%)<br>(A)/(C) |
|---|----------|----------|----------|--------------------------|--------------------------|
| Gross revenue   | 3,427    | 3,728    | 3,997    | (8)                      | (14)                     |
| Net revenue   | 2,637    | 2,848    | 3,075    | (7)                      | (14)                     |
| Cost of goods sold                                      | (2,274)  | (2,338)  | (2,319)  | (3)                      | (2)                      |
| Gross profit  | 363      | 510      | 756      | (29)                     | (52)                     |
| Selling expenses  | (61)     | (29)     | (58)     | 109                      | 6                        |
| General and Administrative expenses                     | (108)    | (128)    | (110)    | (16)                     | (2)                      |
| Depreciation and amortization                           | (81)     | (80)     | (97)     | 1                        | (17)                     |
| Other operating income (expenses)                       | 92       | 32       | 6        | 183                      | 1,338                    |
| Investments in Associated Companies                     | 24       | (25)     | 41       | -                        | (42)                     |
| .Equity Result  | 62       | 14       | 79       | 353                      | (21)                     |
| .Amortization of goodwill/negative goodwill             | (38)     | (38)     | (38)     | 1                        | 1                        |
| Operating profit before financial result                | 229      | 281      | 539      | (18)                     | (57)                     |
| Net operating result                                    | (81)     | (440)    | (244)    | (82)                     | (67)                     |
| Operating profit (loss)                                 | 148      | (159)    | 295      | -                        | (50)                     |
| Other non-operating revenue (expenses)                  | 0        | (8)      | (13)     | -                        | -                        |
| Profit (loss) before income tax and social contribution | 148      | (167)    | 282      | -                        | (47)                     |
| Income tax / social contribution                        | (27)     | 108      | (72)     | -                        | (62)                     |
| Profit (loss) before minority interest                  | 121      | (59)     | 210      | -                        | (42)                     |
| Minority Interest                                       | 1        | 54       | (4)      | (98)                     | -                        |
| Net profit (loss)                                       | 122      | (5)      | 206      | -                        | (41)                     |
| <b>EBITDA</b>   | 400      | 480      | 688      | (17)                     | (42)                     |
| <b>EBITDA Margin</b>                                    | 15.2%    | 16.9%    | 22.4%    | -1,7 p.p.                | -7,2 p.p.                |
| <b>-Depreciacion and Amortization</b>                   | 194      | 175      | 190      | 11                       | 3                        |
| . Cost  | 114      | 95       | 92       | 20                       | 23                       |
| . Expense   | 81       | 80       | 97       | 1                        | (17)                     |

1-Excludes the effects of the proportional consolidation (CVM-247) and for the 1Q05 and 4Q05 includes neither the CVM 247 nor the effects of CVM 408

**EXHIBIT II**  
**Consolidated**  
**Balance Sheet <sup>(1)</sup>**  
**(R\$ million)**

| ASSETS   | 3/31/2006<br>(A)  | 12/31/2005<br>(B) | Change (%)<br>(A)/(B) |
|--|-------------------|-------------------|-----------------------|
| <b>Current Assets</b>                                      | <b>5,449</b>      | <b>4,712</b>      | <b>16</b>             |
| . Cash and Cash Equivalents                                | 2,109             | 2,103             | 0                     |
| . Account Receivable                                       | 1,387             | 785               | 77                    |
| . Inventories  | 1,470             | 1,355             | 8                     |
| . Recoverable Taxes  | 331               | 297               | 12                    |
| . Dividends/Interest attribut.to Shareholders' Equity      | 6                 | 37                | (82)                  |
| . Next Fiscal Year Expenses                                | 35                | 43                | (18)                  |
| . Others   | 111               | 93                | 20                    |
| <b>Long-Term Assets</b>                                    | <b>1,125</b>      | <b>1,182</b>      | <b>(5)</b>            |
| . Related Parties  | 97                | 37                | 163                   |
| . Compulsory Deposits                                      | 96                | 160               | (40)                  |
| . Deferred income taxes and social contributions           | 307               | 277               | 11                    |
| . Recoverable Taxes  | 518               | 478               | 8                     |
| . Marketable Securities                                    | 0                 | 67                | (100)                 |
| . Others   | 108               | 163               | (34)                  |
| <b>Fixed Assets</b>  | <b>8,646</b>      | <b>8,811</b>      | <b>(2)</b>            |
| .Investments   | 1,256             | 1,306             | (4)                   |
| .Plant, property and equipment                             | 5,741             | 5,360             | 7                     |
| .Deferred  | 1,649             | 2,145             | (23)                  |
| <b>Total Assets</b>  | <b>15,220</b>     | <b>14,705</b>     | <b>3</b>              |
| LIABILITIES AND SHAREHOLDERS' EQUITY                       | 31/03/2006<br>(A) | 31/12/2005<br>(A) | Var. (%)<br>(A)/(B)   |
| <b>Current</b>   | <b>4,200</b>      | <b>3,933</b>      | <b>7</b>              |
| . Suppliers  | 2,602             | 2,655             | (2)                   |
| . Long-term loans  | 1,002             | 620               | 62                    |
| . Salaries and social charges                              | 128               | 104               | 23                    |
| . Proposed dividends/interest attributable to shareholders | 298               | 298               | 0                     |
| . Income Tax Payable                                       | 10                | 54                | (81)                  |
| . Receivable Taxes   | 92                | 132               | (31)                  |
| . Advances from Clients                                    | 33                | 36                | (8)                   |
| . Others   | 36                | 33                | 9                     |
| <b>Long-Term Liabilities</b>                               | <b>6,218</b>      | <b>5,993</b>      | <b>4</b>              |
| . Long-term loans  | 4,644             | 4,384             | 6                     |
| . Impostos e Contribuições a Recolher                      | 1,384             | 1,440             | (4)                   |
| . Others   | 190               | 169               | 13                    |
| <b>Deferred Income</b>                                     | <b>86</b>         | <b>79</b>         | <b>10</b>             |

|   |               |               |          |
|---|---------------|---------------|----------|
| <b>Minority Interest</b>                          | <b>120</b>    | <b>111</b>    | <b>8</b> |
| <b>Shareholders' Equity</b>                       | <b>4,596</b>  | <b>4,590</b>  | <b>0</b> |
| . Capital   | 3,403         | 3,403         | 0        |
| . Capital Reserves                                | 281           | 397           | (29)     |
| . Treasury Shares                                 | (15)          | (15)          | 0        |
| . Profit reserve                                  | 806           | 806           | 0        |
| . Retained Earnings (Losses)                      | 122           | -             | -        |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>15,220</b> | <b>14,705</b> | <b>3</b> |

1- Excludes the effects of the proportional consolidation (CVM-247) and for December 31, 2005 includes neither the CVM 247 nor the effects of CVM 408 (with a variation on Accounts Receivable and on short term Financing due to the change in the accounting of the FIDCs)



**EXHIBIT III**  
**Consolidated**  
**Cash Flow**  
**(R\$ million)**

| Cash Flow  | 1Q06                | 4Q05              | 1Q05                |
|--|---------------------|-------------------|---------------------|
| <b>Net Income for the Period</b>                               | <b>122</b>          | <b>(5)</b>        | <b>206</b>          |
| <b>Expenses (Revenues) not affecting Cash</b>                  | <b>155</b>          | <b>365</b>        | <b>385</b>          |
| Depreciation and Amortization                                  | 194                 | 174               | 190                 |
| Equity Result  | (24)                | 18                | (28)                |
| Interest, Monetary and Exchange Restatement, Net               | 46                  | 435               | 198                 |
| Minority Interest  | (1)                 | (54)              | 4                   |
| User lincense sales  | 0                   | (58)              | 0                   |
| Others   | (60)                | (150)             | 21                  |
| <b>Adjusted Profit (loss) before cash financial effects</b>    | <b>277</b>          | <b>360</b>        | <b>591</b>          |
| <b>Asset and Liabilities Variation, Current and Long Term</b>  | <b>(296)</b>        | <b>601</b>        | <b>168</b>          |
| <b>Asset Decutions (Additions)</b>                             | <b><u>(205)</u></b> | <b><u>257</u></b> | <b><u>(149)</u></b> |
| Marketable Securities  | (80)                | (100)             | 1                   |
| Account Payable  | 0                   | 287               | (260)               |
| Recoverable Taxes  | (63)                | 30                | (22)                |
| Inventories  | (90)                | 2                 | 82                  |
| Advances Expenses  | 10                  | (22)              | 14                  |
| Dividends Received   | 28                  | 29                | 47                  |
| Other Account Receivables                                      | (10)                | 32                | (10)                |
| Derivatives Fair Value   | 0                   | 0                 | 0                   |
| <b>Liabilities Additions (Reductions)</b>                      | <b><u>(91)</u></b>  | <b><u>344</u></b> | <b><u>316</u></b>   |
| Suppliers  | (58)                | (23)              | 269                 |
| Advances to Clients  | (4)                 | 18                | 17                  |
| Fiscal Incentives  | 7                   | 4                 | 31                  |
| Taxes and Contributions  | (56)                | (7)               | 27                  |
| Creditorium Rights   | 0                   | 363               | 0                   |
| Others   | 19                  | (11)              | (28)                |
| <b>Cash resulting from operating activities</b>                | <b>(19)</b>         | <b>961</b>        | <b>759</b>          |
| <b>Investment Activities</b>                                   | <b>(164)</b>        | <b>(340)</b>      | <b>(122)</b>        |
| Fixed assets sale  | 0                   | 2                 | 0                   |
| Investmen Allocation   | 0                   | 5                 | (16)                |
| Fixed Assets Allocation  | (140)               | (272)             | (75)                |
| Deferred Assets Allocation                                     | (24)                | (75)              | (32)                |
| <b>Subsidiaries and Affiliated Companies, Net</b>              | <b>(1)</b>          | <b>(23)</b>       | <b>(53)</b>         |
| <b>Financing Activities</b>                                    | <b>18</b>           | <b>(441)</b>      | <b>(538)</b>        |
| Inflows  | 418                 | 239               | 276                 |
| Amortization and Paid Interest                                 | (364)               | (668)             | (805)               |
| Dividend/Interest attributable to Shareholders                 | (35)                | (12)              | (9)                 |
| <b>Cash and Cash Equivalentents Increase (Reduction)</b>       | <b>(166)</b>        | <b>157</b>        | <b>45</b>           |
| <b>Cash and Cash Equivalentents at the beginning of period</b> | <b>2,079</b>        | <b>1,921</b>      | <b>1,697</b>        |

|  |              |              |              |
|--|--------------|--------------|--------------|
| <b>Cash and Marketable Securities at the end of period</b> | <b>1,912</b> | <b>2,079</b> | <b>1,742</b> |
|--|--------------|--------------|--------------|

**Excludes the effects from the proportional consolidation (CVM-247) but includes the effects of CVM 408 and of the OFÍCIO-CIRCULAR/CVM/SNC/ SEP N° 01/2006**

The tables above include the OFÍCIO-CIRCULAR/CVM/SNC/ SEP N° 01/2006, which require the recognition of Securitized Receivables Funds (Fundo de Investimento em Direitos Creditórios or FIDC) as indebtedness and the effects of the CVM 408 rule, which require the consolidation of the special purpose companies. For your analysis/comparison, the same tables excluding these items are made available in exhibit VI.

**EXHIBIT IV**  
**Sales Volume**  
**(tons)**

| Sales Volume<br>(tons)          | 1Q06<br>(A)    | 4Q05<br>(B)    | 1Q05<br>(C)    | Change%<br>(A)/(B) | Change%<br>(A)/(C) |
|---------------------------------|----------------|----------------|----------------|--------------------|--------------------|
| <b>Domestic Market</b>          |                |                |                |                    |                    |
| <b>Polyolefins Unit</b>         | <b>217,838</b> | <b>224,579</b> | <b>234,812</b> | <b>(3)</b>         | <b>(7)</b>         |
| . PE's - Polyethylene           | 109,077        | 123,296        | 126,844        | (12)               | (14)               |
| . PP - Polypropylene            | 108,761        | 101,283        | 107,969        | 7                  | 1                  |
| <b>Vinyls Unit</b>              | <b>204,264</b> | <b>205,971</b> | <b>204,046</b> | <b>(1)</b>         | <b>0</b>           |
| . PVC - Polyvinyl Chloride      | 98,914         | 93,894         | 84,909         | 5                  | 16                 |
| . Caustic Soda                  | 105,351        | 112,077        | 119,137        | (6)                | (12)               |
| <b>Basic Petrochemical Unit</b> | <b>519,278</b> | <b>598,483</b> | <b>549,379</b> | <b>(13)</b>        | <b>(5)</b>         |
| . Ethylene*                     | 278,197        | 290,373        | 290,968        | (4)                | (4)                |
| . Propylene*                    | 99,334         | 144,882        | 90,349         | (31)               | 10                 |
| . Butadiene                     | 31,515         | 44,509         | 39,807         | (29)               | (21)               |
| . Isoprene                      | 3,290          | 3,222          | 3,403          | 2                  | (3)                |
| . BTX                           | 106,941        | 115,497        | 124,852        | (7)                | (14)               |
| <b>Export Market</b>            |                |                |                |                    |                    |
| <b>Polyolefins Unit</b>         | <b>74,068</b>  | <b>71,192</b>  | <b>99,590</b>  | <b>4</b>           | <b>(26)</b>        |
| . PE's - Polyethylene           | 61,210         | 51,311         | 76,991         | 19                 | (20)               |
| . PP - Polypropylene            | 12,858         | 19,880         | 22,599         | (35)               | (43)               |
| <b>Vinyls Unit</b>              | <b>12,831</b>  | <b>19,662</b>  | <b>10,667</b>  | <b>-35%</b>        | <b>20</b>          |
| . PVC - Polyvinyl Chloride      | 12,831         | 10,669         | 10,667         | 20                 | 20                 |
| . Caustic Soda                  | -              | 8,993          | -              | -                  | -                  |
| <b>Basic Petrochemical Unit</b> | <b>86,060</b>  | <b>76,972</b>  | <b>114,650</b> | <b>12</b>          | <b>(25)</b>        |
| . Ethylene                      | -              | -              | -              | -                  | -                  |
| . Propylene*                    | 29,606         | 7,812          | 46,392         | 279                | (36)               |
| . Butadiene                     | 6,376          | -              | -              | -                  | -                  |
| . Isoprene                      | 13             | 853            | 1,380          | (98)               | (99)               |
| . BTX                           | 50,064         | 68,307         | 66,878         | (27)               | (25)               |

\* Includes sales/transfers to Braskem's Business Units

## EXHIBIT V

**Consolidated  
Net Revenue by Business Unit  
(R\$ million)**

| Business Units<br>(R\$ million) | 1Q06<br>(A)  | 4Q05<br>(B)  | 1Q05<br>(C)  | Change<br>% (A)/(B) | Change<br>% (A)/(C) |
|---------------------------------|--------------|--------------|--------------|---------------------|---------------------|
| <b>Domestic Market</b>          | <b>2,106</b> | <b>2,347</b> | <b>2,379</b> | <i>(10)</i>         | <i>(11)</i>         |
| Basic Petrochemicals            | 978          | 1,185        | 995          | <i>(17)</i>         | <i>(2)</i>          |
| Polyolefins                     | 684          | 715          | 809          | <i>(4)</i>          | <i>(15)</i>         |
| Vynils                          | 360          | 360          | 430          | <i>0</i>            | <i>(16)</i>         |
| Business Development            | 84           | 87           | 146          | <i>(3)</i>          | <i>(42)</i>         |
| <b>External Market</b>          | <b>531</b>   | <b>501</b>   | <b>696</b>   | <b>6</b>            | <b>(24)</b>         |
| Basic Petrochemicals            | 283          | 266          | 314          | <i>6</i>            | <i>(10)</i>         |
| Polyolefins                     | 191          | 196          | 294          | <i>(3)</i>          | <i>(35)</i>         |
| Vynils                          | 37           | 35           | 64           | <i>5</i>            | <i>(42)</i>         |
| Business Development            | 21           | 4            | 24           | <i>416</i>          | <i>(12)</i>         |
| <b>Total Net Revenue</b>        | <b>2,637</b> | <b>2,848</b> | <b>3,075</b> | <b>(7)</b>          | <b>(14)</b>         |

**EXHIBIT VI**  
**Consolidated**  
**Cash Flow and Financial Result without CVM 408**  
**(R\$ million)**

| Cash Flow  | 1Q06         | 4Q05         | 1Q05         |
|--|--------------|--------------|--------------|
| <b>Net Income for the Period</b>                               | <b>122</b>   | <b>(5)</b>   | <b>206</b>   |
| <b>Expenses (Revenues) not affecting Cash</b>                  | <b>128</b>   | <b>331</b>   | <b>385</b>   |
| Depreciation and Amortization                                  | 194          | 174          | 190          |
| Equity Result  | (24)         | 18           | (28)         |
| Interest, Monetary and Exchange Restatement, Net               | 19           | 402          | 198          |
| Minority Interest  | (1)          | (54)         | 4            |
| User lincense sales  | -            | (58)         | 0            |
| Others   | (60)         | (150)        | 21           |
| <b>Adjusted Profit (loss) before cash financial effects</b>    | <b>250</b>   | <b>327</b>   | <b>591</b>   |
| <b>Asset and Liabilities Variation, Current and Long Term</b>  | <b>(271)</b> | <b>626</b>   | <b>179</b>   |
| <b>Asset Decutions (Additions)</b>                             | <b>(178)</b> | <b>645</b>   | <b>(138)</b> |
| Marketable Securities  | (5)          | (46)         | 1            |
| Account Payable  | (48)         | 621          | (249)        |
| Recoverable Taxes  | (63)         | 30           | (22)         |
| Inventories  | (90)         | 2            | 82           |
| Advances Expenses  | 9            | (22)         | 14           |
| Dividends Received   | 28           | 29           | 47           |
| Other Account Receivables                                      | (10)         | 32           | (10)         |
| Derivatives Fair Value   | -            | 0            | 0            |
| <b>Liabilities Additions (Reductions)</b>                      | <b>(93)</b>  | <b>(19)</b>  | <b>317</b>   |
| Suppliers  | (58)         | (23)         | 269          |
| Advances to Clients  | (4)          | 18           | 17           |
| Fiscal Incentives  | 7            | 4            | 31           |
| Taxes and Contributions  | (56)         | (7)          | 27           |
| Creditorium Rights   | -            | 0            | 0            |
| Others   | 17           | (11)         | (27)         |
| <b>Cash resulting from operating activities</b>                | <b>(21)</b>  | <b>952</b>   | <b>770</b>   |
| <b>Investment Activities</b>                                   | <b>(164)</b> | <b>(340)</b> | <b>(122)</b> |
| Fixed assets sale  | 0            | 2            | 0            |
| Investmen Allocation   | -            | 5            | (16)         |
| Fixed Assets Allocation  | (140)        | (272)        | (75)         |
| Deferred Assets Allocation                                     | (24)         | (75)         | (32)         |
| <b>Subsidiaries and Affiliated Companies, Net</b>              | <b>(1)</b>   | <b>(23)</b>  | <b>(53)</b>  |
| <b>Financing Activities</b>                                    | <b>(272)</b> | <b>(432)</b> | <b>(549)</b> |
| Inflows  | 128          | 235          | 276          |
| Amortization and Paid Interest                                 | (364)        | (668)        | (805)        |
| Dividend/Interest attributable to Shareholders                 | (35)         | 0            | (20)         |
| <b>Cash and Cash Equivalentents Increase (Reduction)</b>       | <b>(458)</b> | <b>157</b>   | <b>45</b>    |
| <b>Cash and Cash Equivalentents at the beginning of period</b> | <b>2,078</b> | <b>1,920</b> | <b>1,697</b> |
| <b>Cash and Marketable Securities at the end of period</b>     | <b>1,620</b> | <b>2,078</b> | <b>1,742</b> |

**1-Excludes the effects of the proportional consolidation (CVM-247)**

The tables above do not include the OFÍCIO-CIRCULAR/CVM/SNC/ SEP Nº 01/2006, which require the recognition of Securitized Receivables Funds (Fundo de Investimento em Direitos Creditórios or FIDC) as indebtedness and the effects of the CVM 408 rule, which require the consolidation of the special purpose companies. For your analysis/comparison, the same tables including these items are made available in exhibit III.

**(R\$ million)**

|                                  | <b>1Q06</b>  | <b>4Q05</b>  | <b>1Q05</b>  |
|----------------------------------|--------------|--------------|--------------|
| <b>Financial Expenses</b>        | <b>18</b>    | <b>(592)</b> | <b>(284)</b> |
| Interest / Vendor                | (96)         | (98)         | (123)        |
| Monetary Restatement             | (58)         | (62)         | (53)         |
| F/X on Liabilities               | 295          | (312)        | (25)         |
| CPMF/IOF/Income Tax/Banking Expe | (19)         | (28)         | (25)         |
| Other                            | (104)        | (91)         | (59)         |
| <b>Financial Revenue</b>         | <b>(102)</b> | <b>152</b>   | <b>40</b>    |
| Interest                         | 37           | 40           | 28           |
| Monetary Restatement             | 2            | 3            | 4            |
| F/X on Assets                    | (141)        | 109          | 8            |
| <b>Net Financial Result</b>      | <b>(83)</b>  | <b>(440)</b> | <b>(244)</b> |

**(R\$ million)**

|  | <b>1Q06</b>  | <b>4Q05</b>  | <b>1Q05</b>  |
|--|--------------|--------------|--------------|
| <b>Net Financial Result</b>                  | <b>(83)</b>  | <b>(440)</b> | <b>(244)</b> |
| <b>Foreign Exchange Gain Variation (F/X)</b> | <b>154</b>   | <b>(203)</b> | <b>(17)</b>  |
| <b>Monetary Restatement (MR)</b>             | <b>(56)</b>  | <b>(59)</b>  | <b>(48)</b>  |
| <b>Financial Result less F/X and MR</b>      | <b>(181)</b> | <b>(177)</b> | <b>(178)</b> |

## SIGNATURES

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

Date: May 4, 2006

### **BRASKEM S.A.**

By:     /s/     Paul Elie Altit

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Name:     Paul Elie Altit  
Title:    Chief Financial Officer

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