

BRASKEM SA
Form 6-K
March 31, 2011

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, 2011
(Commission File No. 1-14862)

BRASKEM S.A.
(Exact Name as Specified in its Charter)

N/A
(Translation of registrant's name into English)

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

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

Form 20-F Form 40-F

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

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

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

Yes No

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

(A free translation of the original in Portuguese)

Braskem S.A.
Financial Statements at
December 31, 2010

Braskem S.A. and Subsidiaries

Independent Auditor's Report as of December 31, 2010

**Independent Auditor's Report
on the Financial Statements**

To the Board of Directors and Shareholders

Braskem S.A

We have audited the accompanying financial statements of Braskem S.A ("Company" or "Parent Company"), which comprise the balance sheet as at December 31, 2010 and the statements of income, 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, 2010 and the consolidated statements of income, 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.

Braskem S.A. and Subsidiaries

Independent Auditor's Report as of December 31, 2010

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 present fairly, in all material respects, the financial position of Braskem S.A as at December 31, 2010, 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 present fairly, in all material respects, the financial position of Braskem S.A and its subsidiaries as at December 31, 2010, 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.

Braskem S.A. and Subsidiaries

Independent Auditor's Report as of December 31, 2010

Other matters

Statements of value added

We also have audited the parent company and consolidated statements of value added for the year ended December 31, 2010, the presentation of which 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.

Audit of corresponding amounts in the previous year

The audit of the financial statements for the year ended December 31, 2009, presented for comparative purposes, was conducted under the responsibility of other auditors, who issued an unqualified opinion thereon dated February 12, 2010, containing an emphasis of matter paragraph regarding the completion of negotiations for the acquisition of Quattor Participações on January 22, 2010. Our opinion is not qualified due to this issue.

As part of our audit of the 2010 financial statements, we have also audited the adjustments described in Note 4 that were made to amend the financial statements of 2009. In our opinion, such adjustments are appropriate and were properly recorded.

Salvador [1], March 16, 2011

PricewaterhouseCoopers

Auditores Independentes

CRC 2SP000160/O-5 "F" BA

Felipe Edmond Ayoub

Contador CRC 1SP187402/O-4

Braskem S.A. and Subsidiaries**Balance Sheet at December 31****Amounts in thousands of Brazilian reais****(continued)**

Assets	Note	Parent Company			Consolidated		
		2010	2009	01/01/2009	2010	2009	01/01/2009
Current assets							
Cash and cash equivalents	6	2,339,060	2,294,124	2,199,862	2,624,270	2,683,068	2,413,749
Available for sale investments investments	7	-	261,453	331,452	-	261,884	331,452
Held for trading	7	236,319	173,616	187,446	236,319	173,616	187,446
Trade accounts receivable	8	1,077,492	1,402,630	2,027,101	1,894,648	1,666,467	2,126,608
Inventories	9	1,789,505	1,547,165	2,474,277	3,015,657	1,721,755	2,709,206
Taxes recoverable	11	400,969	482,494	582,385	698,879	506,298	612,282
Dividends and interest on capital receivable		10,895	3,736	7,162	-	-	-
Prepaid expenses		29,690	22,085	65,187	41,620	22,295	65,760
Other accounts receivables		151,410	120,518	114,805	268,905	113,272	123,084
		6,035,340	6,307,821	7,989,677	8,780,298	7,148,655	8,569,587
Non-current assets							
Held-to-maturity	8	28,706	15,811	9,717	28,706	15,811	9,717
Trade accounts receivable		59,026	58,343	46,666	62,303	58,783	47,129
Taxes recoverable	21 (b)	1,096,497	1,253,889	1,197,710	1,444,401	1,259,801	1,201,816
Deferred income tax and social contribution	12	361,299	1,076,679	1,253,931	1,136,685	1,080,804	1,261,569
Judicial deposits	10	227,888	213,533	163,432	250,195	217,769	167,579
Related parties		2,408,371	70,054	84,055	53,742	100,725	45,953
Other accounts receivable	13	95,780	76,920	64,831	107,432	78,590	66,356
Investments in subsidiaries	13	6,549,402	411,647	381,418	-	-	-
Investment in associated companies		157,910	136,677	127,330	160,790	136,677	127,330
Other investments	14	6,575	6,575	11,770	7,485	8,605	13,702
Property, plant and equipment	15	11,100,184	10,828,453	11,007,463	19,366,272	10,947,678	11,094,020
Intangible assets		2,280,111	2,312,011	2,290,506	3,079,182	2,317,859	2,341,887

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	24,371,749	16,460,592	16,638,829	25,697,193	16,223,102	16,377,058
Total assets	30,407,089	22,768,413	24,628,506	34,477,491	23,371,757	24,946,645

Braskem S.A. and Subsidiaries**Balance Sheet at December 31**

Amounts in thousands of Brazilian reais

(continued)

Liabilities and Equity	Note	2010	Parent Company		2010	Consolidated	
			2009	01/01/2009		2009	01/01/2009
Current liabilities							
Suppliers		4,462,552	3,326,678	4,703,070	5,201,162	3,858,783	4,920,758
Loans and financing	17	1,212,975	1,880,577	3,250,925	1,206,444	1,890,494	3,279,463
Debentures	18	517,741	316,729	26,276	517,741	316,729	26,276
Hedge accounting transactions and other derivatives	19.2	27,618	37,913	-	50,124	79,667	31,531
Salaries and social charges		252,694	258,419	206,202	360,368	267,688	215,085
Taxes payable	20	235,339	1,160,990	101,214	390,062	1,175,672	105,258
Dividends and interest on capital		416,648	2,861	6,604	419,981	2,894	6,708
Advances from customers		44,587	66,434	78,910	50,344	67,388	86,136
Other provisions	22	26,036	30,748	17,395	32,602	30,926	18,869
Other accounts payable	16	125,935	5,394	55,787	233,322	24,835	68,306
Related parties	10	64,517	66,798	-	-	-	-
		7,386,642	7,153,541	8,446,383	8,462,150	7,715,076	8,758,390
Non-current liabilities							
Suppliers		-	23,140	18,675	-	23,229	18,675
Loans and financing	17	9,309,704	7,427,865	9,000,602	11,004,301	7,434,939	9,029,941
Debentures	18		500,000	800,000	-	500,000	800,000
Hedge accounting transactions	19	12,526	-	-	34,433	31,579	77,913
Taxes payable	20	1,449,704	1,273,149	1,285,778	1,583,569	1,277,148	1,290,043
Related parties	10	83,739	11,397	115,819	31,386	-	
Long-term incentives	23	14,442	7,709	10,453	14,442	7,709	10,453
Deferred income tax and social contribution	21 (b)	1,238,340	1,098,591	166,799	2,200,538	1,098,607	174,942
Private pension plans	24	109,894	96,548	97,135	123,517	109,390	113,774
Allowance for losses in subsidiaries		937	3,798	17,458	-	-	
Other provisions	22	124,495	130,719	125,463	362,265	132,118	126,348

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Other payable	16	237,567	63,312	54,513	252,604	63,318	56,738
		12,581,348	10,636,228	11,692,695	15,607,055	10,678,037	11,698,827
Equity							
Capital	26	8,043,222	5,473,181	5,375,802	8,043,222	5,473,181	5,375,802
Capital reserves		845,998	416,675	396,064	845,998	416,675	396,064
Revenue reserves		1,338,908	-	-	1,338,908	-	-
Other comprehensive income		221,350	314,838	361,821	221,350	314,838	361,821
Treasury stock		(10,379)	(10,376)	-	(59,271)	(10,376)	-
Accumulated deficit		-	(1,215,674)	(1,644,259)	-	(1,215,674)	(1,644,259)
Total equity attributable to the shareholders of the company		10,439,099	4,978,644	4,489,428	10,390,207	4,978,644	4,489,428
Non-controlling interest		-	-	-	18,079	-	-
		10,439,099	4,978,644	4,489,428	10,408,286	4,978,644	4,489,428
Total liabilities and equity		30,407,089	22,768,413	24,628,506	34,477,491	23,371,757	24,946,645

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

Braskem S.A. and Subsidiaries**Statement of Operations****Years ended December 31**

Amounts in thousands of Brazilian reais, except for earnings per share
original in Portuguese)

(A free translation of the

		Parent Company		Consolidated	
	Note	2010	2009	2010	2009
Net sales	29	17,152,789	14,602,066	25,494,817	16,136,070
Cost of sales and services rendered		(14,109,477)	(12,203,495)	(21,411,775)	(13,529,696)
Gross profit		3,043,312	2,398,571	4,083,042	2,606,374
Income (expenses)					
Selling		(176,325)	(250,831)	(383,454)	(298,847)
Distribution		(299,890)	(300,735)	(335,510)	(300,735)
General and administrative		(723,118)	(584,751)	(969,929)	(648,310)
Research and development		(55,288)	(60,898)	(78,778)	(63,119)
Equity in the results of investees	13 (c)	439,014	(45,948)	20,302	3,188
Gain from business combinations	5	849,194	102,051	975,283	102,051
Other operating expenses (income), net	30	(43,959)	6,887	(95,995)	3,705
Operating profit before financial income result		3,032,940	1,264,346	3,214,961	1,404,307
Financial income (expenses)	31				
Financial expenses		(1,149,483)	641,495	(1,696,949)	685,439
Financial income		340,732	(156,887)	369,426	(331,330)
		(808,751)	484,608	(1,327,523)	354,109
Profit before income and tax social contribution		2,224,189	1,748,954	1,887,438	1,758,416
Income tax and social contribution - current	21 (a)	(20,426)	(340,079)	(61,536)	(353,551)
Income tax and social contribution - deferred	21 (a)	(308,454)	(1,010,384)	63,583	(1,006,374)

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	(328,880)	(1,350,463)	2,047	(1,359,925)
Net income for the year	1,895,309	398,491	1,889,485	398,491
Attributable to:				
Company's shareholders	-	-	1,895,309	398,491
Non-controlling interest	-	-	(5,824)	-
 Net income per share at the end of period				
Basic earnings per share - common and preferred			2.6497	0.7734
Diluted earnings per share - common and preferred			2.6491	0.7737

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

Braskem S.A. and Subsidiaries**Statement of Comprehensive Income****Years ended December 31****Amounts in thousands of Brazilian reais**
original in Portuguese)

(A free translation of the

	Parent Company		Consolidated	
	2010	2009	2010	2009
Net income for the year	1,895,309	398,491	1,889,485	398,491
Other comprehensive income:				
Available for sale financial assets	58	(10,722)	58.0	(10,722)
Cash flow hedge	6,032	42,794	6,032	42,794
Foreign currency translation adjustment	(79,135)	-	(79,346)	-
Income tax and social contribution related to comprehensive income	6,793	3,851	6,793	3,851
Total other comprehensive income	(66,252)	35,923	(66,463)	35,923
Total comprehensive income for the year	1,829,057	434,414	1,823,022	434,414
Attributable to:				
Company's shareholders			1,829,057	434,414
Non-controlling interest			(6,035)	
			1,823,022	434,414

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

Braskem S.A. and Subsidiaries

Statement of Changes in Equity

Amounts in thousands of Brazilian reais
the original in Portuguese)

(A free translation of

	Note	Capital	Capital reserves	Legal reserve	Profit reserves	Tax incentives	Unrealized profit reserve	Additional proposed dividend	Other comprehensive income	Treasury shares	Retained earnings (accumulated deficit)
At December 31, 2008 - previously disclosed		5,375,802	407,964	-	-	-	-	-	(102,100)	-	(2,001,810)
Adjustment upon initial IFRS adoption	4.3.1(c)	-	(11,900)	-	-	-	-	-	463,921	-	357,551
Restated balances at January 1, 2009		5,375,802	396,064	-	-	-	-	-	361,821	-	(1,644,259)
Total comprehensive income for the year:											
Net income for the year		-	-	-	-	-	-	-	-	-	398,491
Deferred social contribution on additional price-level restatement of property, plant and equipment		-	-	-	-	-	-	-	(55,670)	-	-
Realization of additional property, plant and equipment price-level restatement, net of taxes	4.4 (c)	-	-	-	-	-	-	-	(27,236)	-	27,236
Fair value variation of financial assets		-	-	-	-	-	-	-	(6,871)	-	-
Fair value of cash flow hedges, net of taxes		-	-	-	-	-	-	-	42,794	-	-

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		-	-	-	-	-	-	(46,983)	-	425,727
Total shareholders' contributions :										
Capital increase		97,379	20,611	-	-	-	-	-	-	-
Treasury shares	26 (a)	-	-	-	-	-	-	-	(10,376)	-
Unclaimed dividends	26 (f)	-	-	-	-	-	-	-	-	2,858
		97,379	20,611	-	-	-	-	-	(10,376)	2,858
At December 31, 2009		5,473,181	416,675	-	-	-	-	314,838	(10,376)	(1,215,674)
Total comprehensive income for the year:										
Net income for the year		-	-	-	-	-	-	-	-	1,895,309
Realization of additional property, plant and equipment price-level restatement, net of taxes	4.4 (c)	-	-	-	-	-	-	(27,236)	-	27,236
Fair value variation of financial assets		-	-	-	-	-	-	38	-	-
Fair value of cash flow hedges, net of taxes		-	-	-	-	-	-	12,845	-	-
Foreign currency translation adjustment	13 (b)	-	-	-	-	-	-	(79,135)	-	-
		-	-	-	-	-	-	(93,488)	-	1,922,545
Total contributions from and distributions to shareholders:										
Capital increase	26 (a)	2,570,041	1,479,294	-	-	-	-	-	-	-
Treasury shares	26 (f)	-	-	-	-	-	-	-	(3)	-
Prescribed dividends/others		-	-	-	-	-	-	-	-	(2,650)
Offset of losses		-	(1,061,871)	-	-	-	-	-	-	1,061,871
Transfer to tax incentives reserve	26 (h)	-	11,900	-	-	-	-	-	-	(11,900)
Legal reserve		-	-	87,710	-	-	-	-	-	(87,710)
Minimum mandatory dividends	26 (d)	-	-	-	-	-	-	-	-	(415,284)
Additional dividends proposed	26 (g)	-	-	-	-	-	250,346	-	-	(250,346)
Unrealized profit reserves	26 (g)	-	-	-	-	995,505	-	-	-	(995,505)

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Tax incentives reserves	26 (g)	-	-	-	5,347	-	-	-	-	(5,347)
	26 (g)	2,570,041	429,323	87,710	5,347	995,505	250,346	-	(3)	(706,871)
At December 31, 2010		8,043,222	845,998	87,710	5,347	995,505	250,346	221,350	(10,379)	-

Braskem S.A. and subsidiaries

Statement of Changes in Equity

Amounts in thousands of Brazilian reais
(continued)

	Note	Capital	Capital reserve	Legal reserve	Profit reserves			Attributed to shareholders' interest			B shares
					Tax incentives	Unrealized profit reserve	Additional proposed dividend	Other comprehensive income	Treasury stock	Retained earnings (accumulated) deficit	
At December 31, 2008 - previously disclosed		5,375,802	407,964	-	-	-	-	(102,100)	-	(2,001,810)	3,372,856
Adjustment upon initial IFRS adoption	4.3.1(c)	-	(11,900)	-	-	-	-	463,921	-	357,551	
Restated balances at January 1, 2009		5,375,802	396,064	-	-	-	-	361,821	-	(1,644,259)	4,126,607
Total comprehensive income for the year:											
Net income for the year		-	-	-	-	-	-	-	-	398,491	
Deferred social contribution on additional price-level restatement of property, plant and equipment		-	-	-	-	-	-	(55,670)	-	-	
Realization of additional property, plant and equipment price-level restatement, net of taxes	4.4 (c)	-	-	-	-	-	-	(27,236)	-	27,236	
Fair value variation of financial assets		-	-	-	-	-	-	(6,871)	-	-	
		-	-	-	-	-	-	42,794	-	-	

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Fair of value of cash flow hedges, net of taxes		-	-	-	-	-	-	(46,983)	-	425,727	
Total shareholders' contributions :											
Capital increase	26 (a)	97,379	20,611	-	-	-	-	-	-	-	
Treasury shares	26 (f)	-	-	-	-	-	-	-	(10,376)	-	
Prescribed dividends		-	-	-	-	-	-	-	-	2,858	
		97,379	20,611	-	-	-	-	-	(10,376)	2,858	
At December 31, 2009		5,473,181	416,675	-	-	-	-	314,838	(10,376)	(1,215,674)	4,481,880
Total comprehensive income for the year:											
Net income for the year		-	-	-	-	-	-	-	-	1,895,309	1,895,309
Realization of additional property, plant and equipment price-level restatement, net of taxes	4.4 (c)	-	-	-	-	-	-	(27,236)	-	27,236	
Fair value variation of financial assets		-	-	-	-	-	-	38	-	-	
Fair value of cash flow hedges, net of taxes		-	-	-	-	-	-	12,845	-	-	
Foreign currency translation adjustment	13 (b)	-	-	-	-	-	-	(79,135)	-	-	
		-	-	-	-	-	-	(93,488)	-	1,922,545	1,922,545
Total contributions from and distributions to shareholders:											
Capital increase	26 (a)	2,570,041	1,479,294	-	-	-	-	-	-	-	4,049,335
Treasury shares	26 (f)	-	-	-	-	-	-	-	(48,892)	-	
Purchase of treasury shares		-	-	-	-	-	-	-	(3)	-	
Prescribed dividends / others		-	-	-	-	-	-	-	-	(2,650)	
Offset of losses	26 (h)	-	(1,061,871)	-	-	-	-	-	-	1,061,871	
Transfer to tax incentives reserve		-	11,900	-	-	-	-	-	-	(11,900)	
Legal reserve	26 (d)	-	-	87,710	-	-	-	-	-	(87,710)	

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Minimum mandatory dividends	26 (g)	-	-	-	-	-	-	-	-	(415,284)	(4
Additional dividends proposed	26 (g)	-	-	-	-	-	250,346	-	-	(250,346)	
Unrealized profit reserves	26 (g)	-	-	-	-	995,505	-	-	-	(995,505)	
Tax incentives reserve	26 (g)	-	-	-	5,347	-	-	-	-	(5,347)	
Acquisition of non-controlling interest		-	-	-	-	-	-	-	-	-	
		2,570,041	429,323	87,710	5,347	995,505	250,346	-	(48,895)	(706,871)	3,
At December 31, 2010		8,043,222	845,998	87,710	5,347	995,505	250,346	221,350	(59,271)	-	10,

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

Braskem S.A. and Subsidiaries**Statement of Cash Flows****Years ended December 31**

Amounts in thousands of Brazilian reais
original in Portuguese)

(A free translation of the

	Parent Company		Consolidated	
	2010	2009	2010	2009
Profit before income tax and social contribution	2,224,189	1,748,954	1,887,438	1,758,416
Reconciling items:				
Depreciation, amortization and depletion	1,036,758	1,028,186	1,606,354	1,038,061
Equity in the results of investees	(439,014)	45,948	(20,302)	(3,188)
Losses (gains) on investments and others	(4,838)	(1,565)	(4,133)	(4,223)
Business combination	(849,194)	(102,051)	(975,283)	(102,051)
Provision for losses and write-offs of non-current assets	28,039	75,915	51,342	76,776
Interest, monetary and exchange variations, net	615,497	(904,431)	413,194	(1,108,058)
Other	-	283	-	26,894
	2,611,437	1,891,239	2,958,610	1,682,627
Changes in operating working capital				
Available for Sale and Held-to-maturity	(50,460)	8,352	79,764	8,351
Trade accounts receivable	322,674	(879,725)	184,442	(1,044,263)
Inventories	(226,778)	973,640	(382,285)	1,035,140
Taxes recoverable	284,139	81,712	622,167	94,372
Prepaid expenses	(7,605)	43,434	(5,062)	44,295
Related parties	(810,110)	14,001	-	-
Other accounts receivable	(68,664)	(43,540)	1,730	(41,577)
Suppliers	1,112,734	(1,383,122)	683,639	(1,073,838)
Taxes payable	(430,828)	405,581	(601,878)	501,718
Long-term incentives	6,733	(2,744)	6,733	(2,744)
Advances from customers	(21,847)	(16,120)	(38,424)	(19,218)
Other provisions	(10,936)	(18,609)	21,128	(17,669)
Other accounts payable	155,701	75,792	177,901	50,116
Cash generated from operations	2,866,190	1,149,891	3,708,465	1,217,310

(A free translation of the original in Portuguese) Braskem S.A. Financial Statements at December 31, 2010

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Interest paid	(595,796)	(487,762)	(929,481)	(594,676)
Income tax and social contribution	(45,222)	(15,590)	(58,617)	(23,970)
Net cash provided by operating activities	2,225,172	646,539	2,720,367	598,664
Proceeds from the sale of non-current assets	1,781	2,765	1,781	2,949
Additions to investments jointly-controlled and subsidiaries	(4,586,233)	(50,932)	(939,427)	1,464
Additions to property, plant and equipment	(1,307,279)	(767,128)	(1,689,006)	(811,740)
Additions to intangible assets	-	-	(17,042)	-
Held-to-maturity and available for sale	256,113	(17,346)	256,113	(17,346)
Cash provided by (used in) investing activities	(5,635,618)	(832,641)	(2,387,581)	(824,673)
Short-term debt				
New loans	358,650	2,177,460	866,097	2,279,801
Repayment of loans	(4,839,330)	(4,111,651)	(10,013,753)	(3,010,705)
Long-term debt	-	-	-	-
New loans	4,118,701	2,229,247	4,994,464	1,227,188
Related parties	-	-	-	-
New loans	484,847	63,603	-	-
Repayment of loans	(414,277)	(77,410)	-	-
Dividends paid to shareholders	(98)	(885)	(107)	(956)
Non-controlling interests	-	-	-	-
Repurchase of shares	(3)	-	(3)	-
Increase in capital	3,746,892	-	3,764,971	-
Cash provided by (used in) financing activities	3,455,382	280,364	(388,331)	495,328
Exchange variation on cash of foreign subsidiaries	-	-	(3,253)	-
Increase (decrease) in cash and cash equivalents	44,936	94,262	(58,798)	269,319
Represented by				
Cash and cash equivalents at the beginning of the year	2,294,124	2,199,862	2,683,068	2,413,749
Cash and cash equivalents at the end of the year	2,339,060	2,294,124	2,624,270	2,683,068
Increase (decrease) in cash and cash equivalents	44,936	94,262	(58,798)	269,319

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

Braskem S.A. and Subsidiaries**Statement of Cash Flows****Years ended December 31**

Amounts in thousands of Brazilian reais
original in Portuguese)

(A free translation of the

	Parent Company		Consolidated	
	2010	2009	2010	2009
Profit before income tax and social contribution	2,224,189	1,748,954	1,887,438	1,758,416
Reconciling items:				
Depreciation, amortization and depletion	1,036,758	1,028,186	1,606,354	1,038,061
Equity in the results of investees	(439,014)	45,948	(20,302)	(3,188)
Losses (gains) on investments and others	(4,838)	(1,565)	(4,133)	(4,223)
Business combination	(849,194)	(102,051)	(975,283)	(102,051)
Provision for losses and write-offs of non-current assets	28,039	75,915	51,342	76,776
Interest, monetary and exchange variations, net	615,497	(904,431)	413,194	(1,108,058)
Other	-	283	-	26,894
	2,611,437	1,891,239	2,958,610	1,682,627
Changes in operating working capital				
Available for Sale and Held-to-maturity	(50,460)	8,352	79,764	8,351
Trade accounts receivable	322,674	(879,725)	184,442	(1,044,263)
Inventories	(226,778)	973,640	(382,285)	1,035,140
Taxes recoverable	284,139	81,712	622,167	94,372
Prepaid expenses	(7,605)	43,434	(5,062)	44,295
Related parties	(810,110)	14,001	-	-
Other accounts receivable	(68,664)	(43,540)	1,730	(41,577)
Suppliers	1,112,734	(1,383,122)	683,639	(1,073,838)
Taxes payable	(430,828)	405,581	(601,878)	501,718
Long-term incentives	6,733	(2,744)	6,733	(2,744)
Advances from customers	(21,847)	(16,120)	(38,424)	(19,218)
Other provisions	(10,936)	(18,609)	21,128	(17,669)
Other accounts payable	155,701	75,792	177,901	50,116
Cash generated from operations	2,866,190	1,149,891	3,708,465	1,217,310

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Interest paid	(595,796)	(487,762)	(929,481)	(594,676)
Income tax and social contribution	(45,222)	(15,590)	(58,617)	(23,970)
Net cash provided by operating activities	2,225,172	646,539	2,720,367	598,664
Proceeds from the sale of non-current assets	1,781	2,765	1,781	2,949
Additions to investments jointly-controlled and subsidiaries	(4,586,233)	(50,932)	(939,427)	1,464
Additions to property, plant and equipment	(1,307,279)	(767,128)	(1,689,006)	(811,740)
Additions to intangible assets	-	-	(17,042)	-
Held-to-maturity and available for sale	256,113	(17,346)	256,113	(17,346)
Cash provided by (used in) investing activities	(5,635,618)	(832,641)	(2,387,581)	(824,673)
Short-term debt				
New loans	358,650	2,177,460	866,097	2,279,801
Repayment of loans	(4,839,330)	(4,111,651)	(10,013,753)	(3,010,705)
Long-term debt	-	-	-	-
New loans	4,118,701	2,229,247	4,994,464	1,227,188
Related parties	-	-	-	-
New loans	484,847	63,603	-	-
Repayment of loans	(414,277)	(77,410)	-	-
Dividends paid to shareholders	(98)	(885)	(107)	(956)
Non-controlling interests	-	-	-	-
Repurchase of shares	(3)	-	(3)	-
Increase in capital	3,746,892	-	3,764,971	-
Cash provided by (used in) financing activities	3,455,382	280,364	(388,331)	495,328
Exchange variation on cash of foreign subsidiaries	-	-	(3,253)	-
Increase (decrease) in cash and cash equivalents	44,936	94,262	(58,798)	269,319
Represented by				
Cash and cash equivalents at the beginning of the year	2,294,124	2,199,862	2,683,068	2,413,749
Cash and cash equivalents at the end of the year	2,339,060	2,294,124	2,624,270	2,683,068
Increase (decrease) in cash and cash equivalents	44,936	94,262	(58,798)	269,319

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

Braskem S.A. and Subsidiaries**Statement of Value-Added****Years ended December 31**

Amounts in thousands of Brazilian reais
 (Portuguese)

(A free translation of the original in

	Parent Company		Consolidated	
	2010	2009	2010	2009
Revenues	21,031,396	17,769,255	31,217,214	19,549,896
Sale of merchandise, products and services	21,069,290	17,796,341	31,392,470	19,588,832
Other income (expenses), net	(27,296)	22,886	(108,360)	22,634
Allowance for doubtful accounts	(10,598)	(49,972)	(66,896)	(61,570)
Inputs acquired from third parties	(16,458,763)	(13,888,075)	(24,644,991)	(15,401,736)
Cost of products, merchandise and services sold	(15,743,445)	(12,584,549)	(23,687,052)	(14,038,168)
Material, energy, outsourced services and other	(698,173)	(1,274,888)	(976,327)	(1,334,930)
Loss / recovery of assets	(17,145)	(28,638)	18,388	(28,638)
Gross value added	4,572,633	3,881,180	6,572,223	4,148,160
Depreciation, amortization and depletion	(1,036,758)	(1,028,186)	(1,606,354)	(1,038,061)
Net value added produced by the entity	3,535,875	2,852,994	4,965,869	3,110,099
Value added received in transfer	1,629,421	(109,263)	1,363,071	(232,577)
Equity in the results of investees	439,014	(45,948)	20,302	3,188
Financial income	340,732	(156,887)	369,426	(331,309)
Business combination	849,194	102,051	975,283	102,051
Other	481	(8,479)	(1,940)	(6,507)
Total value added to distribute	5,165,296	2,743,731	6,328,940	2,877,522
Personnel	485,305	429,012	786,511	472,374
Direct compensation	380,234	313,228	630,795	347,950
Benefits	73,939	78,305	111,486	85,037
FGTS (Unemployment Compensation Fund)	31,132	37,479	44,230	39,387

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Taxes, fees and contributions	1,486,653	2,367,879	1,781,323	2,499,422
Federal	1,115,770	2,054,866	1,062,174	2,127,067
State	367,890	310,191	704,644	369,615
Municipal	2,993	2,822	14,505	2,740
Remuneration of third-party capital	1,298,029	(451,651)	1,871,621	(492,765)
Financial expenses (including exchange variation)	1,131,747	(673,787)	1,676,227	(718,554)
Rentals	166,282	222,136	195,394	225,789
Remuneration of own capital	1,895,309	398,491	1,889,485	398,491
Earnings reinvested	1,480,025	398,491	1,480,025	398,491
Dividends	415,284	-	415,284	-
Non-controlling interest in earnings reinvested	-	-	(5,824)	-
Total value added distributed	5,165,296	2,743,731	6,328,940	2,877,522

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

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

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Braskem S.A. and Subsidiaries

Notes to the Financial Statements

at December 31, 2010 and 2009

Amounts in thousands of Brazilian reais, except when otherwise indicated

1 Operating Context

(a) Braskem S.A. (Braskem or the Company) is a publicly-traded corporation, with its headquarters in Camaçari Bahia, which, along with its subsidiaries, operates a total of thirty one industrial units, twenty eight in the Brazilian states of Alagoas, Bahia, Rio de Janeiro, Rio Grande do Sul and São Paulo and three in the United States, in Pennsylvania, Texas and West Virginia. These units produce basic petrochemicals, such as ethylene, propylene and benzene, as well as gasoline and LPG (Liquefied Petroleum Gas, also known as kitchen gas). In the segment of thermoplastic resins, the Company produces polyethylene, polypropylene and polyvinyl chloride (PVC). In addition, Braskem s operations include the import and export of chemical products, petrochemicals, fuels, the production and sale of inputs consumed by companies at the Petrochemical Complexes of Camaçari - Bahia and Triunfo Rio Grande do Sul, including: steam, water, compressed air, electricity, the provision of several services to those companies as well as investments in others as a partner or shareholder. Braskem is controlled by Odebrecht S.A. (Odebrecht) with an indirect holding of 50.1% and 38.1% of voting and total stock, respectively at December 31, 2010.

(b) In May 2009, the Company s management announced the suspension of production of caprolactam and the temporary closure the industrial plant in Camaçari. This decision was based on an evaluation of the business, taking into account the market difficulties for caprolactam in Brazil experienced in the last few years, as well as the impact of the recent global economic financial crisis. At that moment the Company booked an impairment of this plant at the same amount, R\$ 29.600, of the total net book value of machinery, equipment and installations for the production of caprolactam, which cannot be used in the event of resumption in production. There were no changes in 2010 related to this matter. Company management is monitoring developments in the market for caprolactam before making any final decision on this matter.

(c) In January 2010, the Company's management decided to suspend production at the industrial unit located in São Paulo, which produced specialty PVC resins. This decision was based on the rising logistics costs associated with obtaining the main raw material for the unit, Monovinyl chloride (MVC), which was transferred from one of Braskem's plants in Camaçari. To maintain the sale of these PVC resins, the Company signed a purchase agreement with Mexichem Colombia S.A. The unit in question has warehouses that continue to be used as distribution centers for specialty PVC and other products manufactured by the Company in other states. On December 31, 2009, the net book value of the machinery, equipment and installations of this plant was R\$ 25,000 and an allowance for impairment was recorded for the same amount, given that the assets would not result in any cash flow from either sale or possible resumption of production.

Braskem S.A. and Subsidiaries

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(d) In September 2010, management of subsidiary Braskem PP Americas, Inc. ("PP Americas") decided to idle a high-impact copolymer production line at the La Porte plant, located in Texas, United States. This decision was based on the line's older technology, high production cost and low production capacity. PP Americas will keep the production of high-impact copolymer on two other lines at the La Porte plant, without affecting the total production of other resins. As of December 31, 2010, this production line had a fair value of zero.

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

(f) Corporate Reorganization

Since its creation on August 16, 2002, Braskem has undergone an extensive corporate restructuring process, which has been disclosed to the market in the form of Relevant Fact notices filed with the Comissão de Valores Mobiliários (CVM). The main events in 2009 and 2010 are summarized below:

(f.1) On April 30, and May 5, 2009, the Extraordinary General Shareholders Meetings held by Braskem and Petroquímica Triunfo S.A. (Triunfo), respectively, approved the merger of Triunfo into the Company. The net asset value merged, at book value, totaled R\$ 117,990. A total of 13,387,157 class A preferred shares were issued by Braskem and delivered to shareholders of Triunfo at an exchange ratio of 0.210428051882238 share of Braskem for each share of Triunfo. (Note 20.a). This acquisition represents a business combination, as per Accounting Pronouncement CPC 15 and IFRS 3 and its effects are presented in Note 5.

(f.2) On January 22, 2010, the Company announced the finalization of the negotiations that resulted in the acquisition of Quattor Participações S.A. (Quattor) (Note 1.f2.iv) by the Company, in accordance with an Investment Agreement signed on that date between Odebrecht, Petroleo Brasileiro S.A. - PETROBRAS (Petrobras), Braskem and Unipar União de Indústrias Petroquímicas S.A. (Unipar). The agreement will enable Petrobras to consolidate its main petrochemical assets in Braskem, which will remain a private-sector publicly-traded company and improve its ability to compete globally.

In addition, the Investment Agreement gives Braskem first-refusal rights for participating as a partner in projects involving the Rio de Janeiro Petrochemical Complex (COMPERJ) and the Suape Petrochemical Complex in Pernambuco.

Braskem S.A. and Subsidiaries

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The Investment Agreement was sent to the Brazilian Antitrust Agency – CADE (CADE) for review and approval. The Economic Monitoring Office of the Ministry of Finance (SEAE) has recommended that this acquisition be approved without restrictions by CADE. The Economic Law Office of the Ministry of Justice (SDE) has also recommended that the transaction be approved without restrictions. These recommendations were registered by the CADE Attorney's Office on January 11, 2011 and approved on February 23, 2011 (Note 37). That transaction was unanimously approved for this agency.

As of September 30, 2010, the steps already taken in terms of the Investment Agreement include the following:

(i) The creation of a holding company, BRK Investimentos Petroquímicos S.A. (BRK), in December 2009, to which Odebrecht and Petrobras later transferred all their common shares in Braskem.

(ii) In April 2010, Odebrecht and Petrobras finalized R\$ 3,500,000 share capital increase in BRK through the issue of new shares paid up in cash.

(iii) On April 14, 2010, the Board of Directors of Braskem ratified the share capital increase in the Company through a private subscription that resulted in the issue of 243,206,530 common shares and 16,697,781 class A preferred shares at a unit value of R\$ 14.40, for a total of R\$ 3,742,622, of which R\$ 2,378,742 was recorded in the capital stock account and R\$ 1,363,880 was recorded in the capital reserve account (Note 26(a)).

(iv) On April 27, 2010, the Company disclosed, in a Relevant Fact notice, the acquisition, together with Unipar, of shares representing 60% of the total and voting capital of Quattor, through a cash payment of R\$ 659,454. On April 30, 2010, Quattor held the following investments:

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Braskem S.A. and Subsidiaries

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(v) On May 10, 2010, the Company announced the acquisition, from Unipar, of all the shares of Unipar Comercial e Distribuidora (Unipar Comercial) as well as shares representing 33.33% of the total capital of Polibutenos S.A. Indústrias Químicas (Polibutenos) for cash payments of R\$ 27,104 and R\$ 22,362, respectively.

On May 31, 2010, the Company acquired from Chevron Oronite do Brasil (Chevron Brasil), shares representing 33.33% of the total capital of Polibutenos for R\$ 22,482. With the acquisitions from Unipar and Chevron Brasil, Braskem now owns, directly and indirectly, 100% of the share capital of Polibutenos.

In accordance with the accounting procedures adopted to prepare these financial statements (see Note 2), the acquisitions of Unipar Comercial and Polibutenos represented business combinations, as per Technical Pronouncement - CPC 15 the effects of which are stated in Note 5.

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(vi) On June 18, 2010, the Extraordinary General Shareholders Meeting held by Braskem approved the acquisition of Quattor shares previously held by Petrobras which represented 40% of the total and voting shares of the subsidiary. The net asset value acquired, at book value on March 31, 2010 was R\$ 199,356, of which R\$ 164,744 was recorded in the Capital account and R\$ 34,612 was recorded in the Capital reserve account. This operation involved the issuance of 18,000,087 common shares at an exchange ratio of 0.18855863182 share of Braskem for each share of Quattor, as established in the economic reports of the companies prepared by an independent specialist (Note 26(a)). As a result of this acquisition, Braskem now holds 100% of voting and total capital of Quattor. This operation, along with that mentioned in item (iv) above, represent business combinations, (as per Technical Pronouncement CPC 15), the effects of which are stated in Note 5.

(vii) On June 24, 2010, Quattor's Extraordinary General Shareholders Meeting approved an increase in the capital stock 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 Braskem. Additionally, on June 29, 2010, the Extraordinary General Shareholders Meeting held by Quattor approved a R\$ 2,578,372 reduction in its share capital, without the cancellation of shares and restitution to Braskem, its sole shareholder, of all the investments in Rio Polímeros S.A. (Riopol) and Quattor Petroquímica.

(viii) On January 7, 2008, BNDES Participações S.A. ("BNDESPAR") acquired 25% of Riopol and was also granted a put option to sell 60% and 40% of the acquired interest to Unipar and Petrobras, respectively. This option was exercisable up to June 2013.

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 acquisition corresponds to 15% of the share capital of Riopol and Braskem holds direct and indirect 90% of its subsidiary share capital.

The amount of this acquisition will be paid in three installments, restated by the TJLP (Note 16), as follows:

- a. First installment, due on June 11, 2015, corresponding to 15% of the total amount;
- b. Second installment, due on June 11, 2016, corresponding to 35% of the total amount and
- c. Third installment, due on June 11, 2017, corresponding to 50% of the total amount.

Braskem S.A. and Subsidiaries

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at December 31, 2010 and 2009

Amounts in thousands of Brazilian reais, except when otherwise indicated

Also, as a result of the put option exercised by BNDESPAR, Petrobras has acquired 10% of Riopol's capital stock.

(ix) On August 30, 2010, the Extraordinary General Shareholders Meeting held by Braskem's approved the merger of Riopol's shares, converting Riopol into a wholly-owned subsidiary of the Company. The book value of the merged net assets on March 31, 2010, the transaction's base date, amounted to R\$ 103,087. Of that amount, R\$ 22,285 was allocated to the capital account, and R\$ 80,802 was allocated to the capital reserve account. In that transaction, 2,434,890 preferred class A shares were issued, based on an exchange ratio of 0.010064743789 share of Braskem for each Riopol share, pursuant to economic appraisal reports of the companies, prepared by an independent expert (Note 26(a)).

Due to this stock merger, subsidiary Quattor Petroquímica, which held 9.02% of Riopol's capital, has received Braskem shares. In these financial statements, such shares are accounted for as "treasury shares" (Note 26(a)).

(x) On September 1, 2010, the Extraordinary General Shareholders meeting held by Quattor's approved the merger of the companies referred below. The net assets of the merged companies were appraised at book value on June 30, 2010 (the transaction's base date).

a. Merger of Quattor Química S.A. ("Quattor Química")

On the merger date, Quattor Química's capital was owned 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 on June 30, 2010, resulting in a capital increase of R\$ 58,231 with the issuance of 7,538,949 common shares delivered to Quattor Petroquímica.

b. Merger of Polibutenos

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

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

Braskem S.A. and Subsidiaries

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On the merger date, Mauá Resinas and Norfolk were wholly-owned subsidiaries of Quattor; accordingly there was no capital increase or issue of shares by the merged company.

(xi) On May 26, 2010, the Company filed a request to register a public offer with CVM, in order to acquire the 7,688 common shares and 1,542,006 preferred shares of Quattor Petroquímica S.A. (Quattor Petroquímica) held by minority shareholders, as a result of the change in control. These shares represented 0.68% of the total capital of Quattor Petroquímica. CVM's Board approved the public offer on October 28, 2010.

The public offer was completed and settled on December 16, 2010. The total number of shares acquired through the public offer was 224,968, and 1,324,726 preferred shares held by minority shareholders still remained. The remaining shares, valued at book value on March 31, 2010, increased the capital stock of Braskem by R\$4,270 and were subscribed and paid-up by Quattor Petroquímica's shareholders. 398,175 class A preferred shares were issued in this operation based on the ratio of 0.300571316385725 share of Braskem for each share of Quattor Petroquímica, according to the economic appraisal report of the companies, prepared by an independent expert (Note 26(a)).

This operation was approved by the Extraordinary General Shareholders' Meetings held by Braskem and subsidiary Quattor Petroquímica on December 27, 2010, following disclosure in a Relevant Fact notice on December 7, 2010.

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

On December 31, 2010, after the acquisition of the minority shareholders' shares of subsidiary Quattor Petroquímica item (xi) above Braskem's interest in the investees is shown below:

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(f.3) On February 1, 2010, Braskem announced that its subsidiary Braskem Americas, Inc. (Braskem Americas) had signed, on that same date, a Share Purchase and Sale Contract with Sunoco Inc., a U.S. oil company, through which it acquired all the total and voting capital of Sunoco Chemicals, Inc. (Sunoco Chemicals) for US\$ 350 million, equivalent to R\$ 620,000. Sunoco Chemicals has an annual installed capacity of 950 million metric tons of polypropylene distributed in three plants located in Pennsylvania, West Virginia and Texas.

The transaction was completed on April 1, 2010, when full payment for the acquired shares was made. On the same date the name of the acquired company was changed to PP Americas.

In accordance with the accounting practices adopted when preparing these financial statements (Note 2) the acquisition represented a business combination as per Technical Pronouncement - CPC 15 and IFRS 3 the effects of which are stated in (Note 5).

(f.4) On June 1, 2010, Braskem approved the spin-off of its subsidiary Variant Distribuidora de Resinas Ltda. (Variant) and the merger of the spin-off part by the new subsidiary Alcacer Distribuidora de Resinas Ltda. (Alcacer). On the same date, negotiations were concluded to sell these two subsidiaries for a total value of R\$ 12,700 (Note 13(b)).

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(f.5) In November 2009, Braskem and Grupo IDESA Sociedad Anónima de Capital Variable (IDESA), a traditional petrochemical company in Mexico, announced that they had submitted the winning bid in a tender offer process in Mexico to implement a petrochemical project based on ethane in the Veracruz region with a supply contract through PEMEX-Gás, of 66,000 barrels/day of this input over a period of 20 years. As a result of winning the bid Braskem and IDESA signed a Memorandum of Understanding and finalized a definitive contract on February 23, 2010, involving:

(i) a commitment by Braskem and IDESA to invest in the construction of an integrated ethane cracker, with production capacity of one million metric tons per year of ethylene; and

(ii) to invest in three polyethylene plants producing approximately 1 million metric tons per year. The investment in the project, which is denominated Etileno XXI, is estimated at some US\$2.5 billion, with conclusion of construction and operational startup of the unit expected in January 2015.

The name of the new investee is Braskem Idesa, Sociedad Anónima Promotora de Inversión (Braskem Idesa). The fully-subscribed share capital of this subsidiary totaled 76,592,000 Mexican pesos (approximately R\$ 11,300) on May 25, 2010, represented by 6,300 shares, of which 65% are owned by Braskem and 35% by Etileno XXI Sociedad Anónima de Capital Variable. Additionally, on September 30, 2010, the shareholders contributed Mex\$ 433,788 thousand (approximately R\$ 58,345) to Braskem Idesa's capital, through the issuance of 35,680 shares. Braskem Idesa's subscribed and paid-up capital is now Mex\$ 510,380,000 (approximately R\$ 69,648), represented by 41,980 shares.

(f.6) On December 17, 2010, the Extraordinary General Meeting held by Braskem approved the merger of Companhia Alagoas Industrial - Cinal (Cinal) into the Company, based on its book equity as of September 30, 2010, amounting to

R\$ 27,834, pursuant to the terms and conditions set forth in the protocol and justification, dated November 29, 2010, without changes in the Company's capital stock, given that the Company is the only shareholder of Cinal.

(g) On December 31, 2010, Braskem's net working capital (parent company) was negative R\$ 1,352,639. As compared with, consolidated net working capital of positive R\$ 316,811 on December 31, 2009. Because consolidated figures are used in the management of working capital, given that the Company uses mechanisms to transfer funds between the companies efficiently, without compromising the fulfillment of the commitments of each of the entities forming our consolidated statements, any analysis of parent company working capital will not reflect the actual liquidity position of the consolidated group. In addition, the Company has a US\$350 million revolving credit line that may be used permanently for 3 years, which allowed us to reduce the amount of cash held by Braskem.

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2 Summary of the Significant Accounting Principles

The significant accounting principles applied in the preparation of these financial statements are described below. These practices have been consistently applied in all periods presented.

2.1 Preparation basis

The financial statements were prepared based on the historical cost convention, adjusted to reflect the "deemed cost" of machinery and equipment at the date of transition to the CPCs and IFRS, and the fair value of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) held for trading.

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the application of its accounting principles. More complex areas that require a higher level of judgment, as well as areas in which assumptions and estimates are significant to the consolidated financial statements, are reported in Note 3.

a) Consolidated financial statements

The consolidated financial statements were prepared and are presented in accordance with accounting principles adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Standards Board (CPCs), and the International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board (IASB).

These are the first financial statements reported by the Company under the CPCs and the IFRS. The main differences between the accounting principles previously adopted in Brazil ("BR GAAP") and the CPCs/IFRS, including reconciliations of equity, profit or loss for the period, and statement of comprehensive income, are described in Note

4.

b) Parent company financial statements

The parent company's separate financial statements were prepared in accordance with accounting practices in Brazil issued by the CPC, and are disclosed together with the consolidated financial statements. As required on the accounting practices adopted in Brazil applied to the separate financial statements differ from the IFRS only in the recognition of investments in subsidiaries and associated companies using the equity accounting method, whereas the IFRS establishes recognition based on cost or fair value.

2.2 Consolidated financial statements

The following accounting policies are applied in the preparation of the consolidated financial statements.

(a) **Subsidiaries**

Subsidiaries are all entities (including special purpose entities) whose financial and operating policies are determined by the Company, and in which the Company holds a majority of the voting rights. The existence and effect of potential voting rights, which are exercisable or convertible, are taken into account when evaluating whether the Company controls another entity. Subsidiaries are fully consolidated as of the date when control is transferred to the Company, and are no longer consolidated as of the date the Company ceases to control the entity.

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The purchase method is used to account for the acquisition of subsidiaries by the Company. The consideration for the acquisition of a subsidiary is the fair value of assets transferred, liabilities assumed and equity instruments issued by the Company. Identifiable assets acquired, and contingencies and liabilities assumed, in a business combination are initially measured at fair value on the acquisition date, regardless of the proportion of any minority interest. The excess of the acquisition cost over the fair value of the Company's interest in net identifiable assets acquired is recorded as goodwill. If the acquisition cost is lower than the fair value of the net assets of the acquire, the difference is directly recognized in the statement of income after all calculations are reviewed and the bargain purchase price is confirmed. When incurred, acquisition costs are recognized in profit or loss for the period. This is an accounting practice on the individual financial statements according CPC 15.

The Company accrues provisions for losses on investments in subsidiaries in connection with any net capital deficiency of these companies. Such provision is recorded as non-current liabilities against gains or losses from "interests in subsidiaries and associated companies".

Operations between the Company's subsidiaries and jointly controlled companies, as well as unrealized balances, and gains and losses from these operations, were eliminated. The accounting principles of subsidiaries were adjusted to ensure consistency with the accounting principles adopted by the Company.

(b) Jointly-controlled subsidiaries

These are entities whose activities are jointly controlled by the Company and one or more partners, under a shareholders' agreement. Joint control is the shared control over an economic activity, established by contract, which only exists when strategic, financial and operating decisions regarding the activity require unanimous consent from the parties sharing control. These investments are consolidated using the proportional method. (Note 2.2(d)).

(c) Parent company financial statements

In the separate financial statements of the parent company, subsidiaries and jointly-controlled subsidiaries are accounted for using the equity accounting method.

Adjustments made to conform with international accounting standards, pursuant to CPC 37 (R1) and IFRS 1, were applied both to the consolidated and separate financial statements, so as to obtain the same profit or loss and equity as those attributable to the parent company's shareholders.

(d) Interests in subsidiaries, jointly-controlled subsidiaries and special purpose entities

The consolidated financial statements were prepared pursuant to the consolidation procedures established by CPC 36 and IAS 27, and include the financial statements for the Company and its subsidiaries, jointly-controlled subsidiaries and special purpose entities in which the Company holds a controlling stock position or controls the activities, directly and indirectly, as follows:

Braskem S.A. and Subsidiaries**Notes to the Financial Statements****at December 31, 2010 and 2009****Amounts in thousands of Brazilian reais, except when otherwise indicated**

			Total interest- %	
	Headquarters (Country)	2010	2009	01/01/2009
Direct and indirect subsidiaries				
Braskem America Inc. (Braskem America)	USA	100.00	100.00	100.00
Braskem Chile Limitada (IPQ Chile)	Chile	100.00	100.00	100.00
Braskem Distribuidora Ltda.(Braskem Distribuidora)	Brazil	100.00	100.00	100.00
Braskem Europe B.V. (Braskem Europa)	Netherlands	100.00	100.00	100.00
Braskem Finance Limited (Braskem Finance)	Cayman Islands	100.00	100.00	100.00
Braskem Idesa, Sociedade Anónima Promotora de Inversión (Braskem Idesa)	Mexico	65.00		
Braskem Incorporated (Braskem Inc)	Cayman Islands	100.00	100.00	100.00
Braskem Importação e Exportação Ltda. (Braskem Importação)	Brazil	100.00	100.00	100.00
Braskem México, S de RL de CV (Braskem México)	(i) Mexico	100.00		
Braskem Participações S.A. (Braskem Participações)	Brazil	100.00	100.00	100.00
Braskem Petroquímica S.A. (IPQ Argentina)	Argentina	100.00	100.00	100.00
	Chile	100.00	100.00	100.00

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Braskem Petroquímica Chile Limitada (Braskem Chile)					
Braskem PP Americas Inc (PP Americas)	(ii)	USA	100.00		
Companhia Alagoas Industrial - CINAL (CINAL)	(iii)	Brazil		100.00	100.00
Copesul International Trading INC. (CITI)	(iv)	British Virgin Islands			100.00
Lantana Trading Co. Inc. (Lantana)		Bahamas	100.00	100.00	100.00
Ideom Tecnologia Ltda. (Ideom)		Brazil	100.00	100.00	100.00
IQ Soluções & Químicas S.A.(Quantiq)		Brazil	100.00	100.00	100.00
Ipiranga Química Armazéns Gerais Ltda. (IQAG)		Brazil	100.00	100.00	100.00
ISATEC Pesquisa, Desenv. e Análises Quím.Ltda. (ISATEC)		Brazil	100.00	100.00	100.00
Natal Trading	(iv)	British Virgin Islands			100.00
Politeno Empreendimentos Ltda. (Politeno Empreendimentos)		Brazil	100.00	100.00	100.00
Variet Distribuidora de Resinas Ltda (Variet)	(v)	Brazill		100.00	
Quattor Participações S.A. (Quattor)	(vi)	Brazil	100.00		
Quattor Petroquímica S.A. (Quattor Petroquímica)	(vi)	Brazil	100.00		
Rio Polímeros S.A. (Riopol)	(vi)	Brazil	100.00		
Norfolk Trading S.A. (Norfolk Trading)	(vi)	Uruguay	100.00		
Commom Industries Ltd. (Commom)	(vi)	British Virgin Islands	100.00		
Unipar Comercial e Distribuidora S.A. (Unipar Comercial)	(vi)	Brazil	100.00		
Jointly-controlled subsidiaries	(vii)				
Refinaria de Petróleo Rio-Grandense S.A. (RPR)		Brazil	33.20	33.20	33.20
Polietilenos de America S.A.(POLIMERICA)		Venezuela	49.99	49.99	
Polipropileno Del Sur S.A.(PROPILSUR)		Venezuela	49.99	49.99	
Specific Purpose Entitites (SPEs)					
Fundo de Investimento Multimercado Crédito Privado Sol (FIQ Sol)	(viii)	Brazil	100.00	100.00	100.00

(i) Incorporated in September 2010.

- (ii) Company acquired in April 2010. (Note 1.f.3)
- (iii) Subsidiary merged into the Company in December 2010. (Note 1.f.6)
- (iv) Subsidiaries merged into Braskem Inc. in December 2009.
- (v) Company created in September 2009 from the spin-off of Quantiq and sold in June 2010. (Note 1.f.4)
- (vi) Companies acquired in April 2010. (Note 1.f.2)
- (vii) Investments consolidated proportionally, in accordance with CPC 18.
- (viii) Fund consolidated in compliance with CPC 36. (R1)

The interest of non-controlling shareholders in the equity and profit or loss of subsidiary Braskem Idesa was separately reported in the consolidated balance sheet and income statement for the year.

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(e)