

BRASKEM'S CONSOLIDATED PROFIT GROWS 340% AND REACHES R\$ 408 MILLION FOR THE FIRST SEMESTER

The company's EBTIDA for the semester was R\$ 1.8 billion, 37% more than the same period last year

Braskem's new corporate profile, portrayed for the first time this quarter with the full consolidation of results from Copesul, Ipiranga Petroquímica and Ipiranga Química, reflects the new level the company has reached in competitiveness, robustness and value creation capacity for all its shareholders. On consolidated and annual basis, Braskem's pro forma results showcase the dimensions of an international-sized petrochemical company: over the past 12 months, gross income reached R\$ 23 billion, or US\$ 11 billion; net income R\$ 18 billion, or US\$ 8.7 billion; and EBITDA R\$ 3.5 billion, or US\$ 1.7 billion.

This performance is evidence of a virtuous combination of the initial positive and synergic effects from the integration of Copesul, Ipiranga Petroquímica and Ipiranga Química assets with the operational excellence Braskem has already demonstrated in all its economic-financial indicators. "With the acquisition of these assets we gained scale, added experience and competence, added value to the sector's productive chain and prominently positioned Brazilian petrochemical industry in the international scenario," says José Carlos Grubisich, president of Braskem.

Together with increased operational reliability of the assets, the continued strong demand for thermoplastic resins in the domestic and international markets and the sustained growth of the Brazilian economy have been contributing to the increase in capacity occupation in all Braskem plants. Along these lines, the company increased its total sales volume in thermoplastic resins this semester by 7%, firmly establishing a leadership position in all its strategic products. Braskem's total sales of PVC stood out, with a growth of 12%, reflecting the good performance seen in civil construction sectors.

Braskem's exports had an expressive performance in the first semester, providing net revenue of US\$ 1.2 billion, a growth of 33% in comparison to the same period in 2006. Over the past 12 months, company exports totaled US\$ 2.4 billion, establishing Braskem's position as one of the leading exporters in the country. This result reflects the consistent investment Braskem has been making to strengthen its presence in the international market, maintaining a closer relationship with strategic customers through its own distribution operations in Europe, USA and Argentina.

Braskem's consolidated net revenue totaled R\$ 9.4 billion for the first semester, a growth of 17% over last year. This growth became stronger in the second quarter, increasing 23% over the same period in 2006, reaching R\$ 5 billion. Growth in net

income for the semester was even more vigorous in dollars, the currency of reference for the petrochemical industry, growing 26% to US\$ 4.6 billion.

The consolidated EBITDA of R\$ 1.8 billion, or US\$ 869 million, achieved this semester demonstrated that Braskem's operational capacity to generate cash has become even stronger and contributed to a 19% EBITDA margin. Net profits grew 344% over the first semester of 2006, going from R\$ 92 million to R\$ 408 million.

The company aims to guarantee the sustainability of its results and has invested in new technological routes as a means to meet market demands. The most recent and important step in this direction was the announcement of the production of the first polyethylene made from sugarcane ethanol with international certification. Developed at the Braskem Technology and Innovation Center, this polyethylene, with 100% renewable raw materials, will soon be available for tests with the company's strategic customers, especially those that work in the automobile, cosmetic and food industries. Braskem has plans to build an integrated unit for producing the green polymer with a capacity for 100 to 200 thousand tons per year, beginning operations in 2009.

In a demonstration of majority shareholder confidence in petrochemical sector dynamism and Braskem's additional potential for value creation, in June, Odebrecht announced the conversion of R\$ 1.2 billion in Braskem issued debentures into the company's common and preferred shares, which was carried out on July 31. This initiative provides Braskem with greater strategic flexibility and will permit the company to accelerate its growth programs. That same date, BNDES swapped Odebrecht issued debentures for Braskem preferred shares, held by Odebrecht, and increased its share in company capital to 7.4%.

"The perspectives for company growth and internationalization are very positive and consistent and they should lead us towards our vision of positioning Braskem among the 10 most important petrochemical companies in the world," guarantees Grubisich.

Braskem, a world-class Brazilian petrochemical company, is the leader in thermoplastic resins in Latin America and is ranked among the three largest private industrial companies with Brazilian capital. With 14 industrial plants distributed throughout Brazil, the company produces over 6.0 million tons of thermoplastic resin and other petrochemical products annually.

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