BRASKEM SA
Form 6-K/A
August 09, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

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

For the month of August, 2004

(Commission File No. 1-14862)

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

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

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

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

Form 20-F ___X___ Form 40-F ______

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

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

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

Yes ______ No ___X___

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

(A free translation of the original in Portuguese)

Braskem S.A.

Report of Independent Accountants
on Limited Review of
the Quarterly Information
June 30, 2004

(A free translation of the original in Portuguese)

Report of Independent Accountants on Limited Review

To the Board of Directors and Shareholders
Braskem S.A.

1 We have carried out limited reviews of the Quarterly Information (ITR) of Braskem S.A. for the quarters and periods ended June 30 and March 31, 2004 and June 30, 2003. This information is the responsibility of the Company s management. The limited reviews of the quarterly information at June 30 and March 31, 2004 and June 30, 2003 of Politeno Indústria e Comércio S.A. (jointly-controlled entity) and of Petroflex Indústria e Comércio S.A. (associated company), which are recorded under the equity method, were conducted by other independent accountants. Our reviews, insofar as they relate to the amounts of these investments at June 30 and March 31, 2004, in the amounts of R$ 206,730 thousand and R$ 192,121 thousand, respectively, and the profits generated by them for the quarters ended June 30, 2004 and 2003, in the amounts of R$ 27,024 thousand and R$ 9,815 thousand, respectively, are based solely on the reports of the other independent accountants.

2 Our reviews were carried out in conformity with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the Company s financial position and operations.

3 Based on our limited reviews and on the reports on limited reviews of the quarterly information issued by other independent accountants, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that such information be stated in conformity with the accounting practices adopted in Brazil applicable to the preparation of quarterly information, consistent with the Brazilian Securities Commission (CVM) regulations.

4 As described in Note 16(c) to the quarterly information, a rescissory action was filed against the Company and certain subsidiaries, seeking to overturn a final court judgment which exempted them from paying the social contribution on net income, enacted by Law 7689/88. The outcome of this matter cannot presently be determined. In addition, as described in Note 19, the Company and its subsidiaries are parties to other judicial and administrative processes of a tax, civil and labor nature, including the lawsuit regarding the validity of Clause 4 of the Collective Labor Agreement of SINDIQUÍMICA. Management does not expect significant losses from these disputes in excess of the amounts already provided. The quarterly information of the Company does not include a provision for losses from eventual unfavorable outcomes to the social contribution rescissory action and the Clause 4 lawsuit.

5 The Company belongs to a group of companies comprising the Braskem group and carries out financial and commercial transactions, in significant amounts, with its subsidiaries and other group companies, under the conditions described in Note 8 to the quarterly information.

6 As described in Note 1(d) to the quarterly information, at June 30, 2004, the Company has an excess of current liabilities over current assets in the amount of R$ 1,699,387 thousand (in the consolidated, the net working capital is positive in the amount of R$ 407,519 thousand). The plans and actions of management and the shareholders, in order to give the Company a proper capital structure, are described in Note 1(d).

7 As described in Note 1(b) to the quarterly information, the Company is involved in a broad business and corporate restructuring process, as part of the overall restructuring of the Brazilian petrochemical industry, intended to give the industry a more adequate capital structure, greater profitability, competitiveness and economies of scale. The Company is being, and could continue to be, affected by economic and/or corporate changes resulting from this process, the outcome of which will determine how the operations of the Company will be developed, including the management of total liabilities and current and long-term assets. Furthermore, as a result of this process and the matters described in Note 2, the comparability between the quarterly information of Braskem S.A. as of June 30, 2004 and the quarterly information as of June 30, 2003 has been impacted.

8 As described in Notes 10, 11 and 12 to the quarterly information, the Company recognized goodwill on the acquisition of investments based on the surplus of market over recorded values of property, plant and equipment and the expected future profitability of the investees. These goodwill balances are being amortized in accordance with the period of return defined in the independent valuation reports and the financial projections prepared by management. The maintenance of these goodwill balances, and the current amortization criteria in the financial statements of future years, will depend upon the realization of the projections of cash flows and income and expenses used by the valuers in determining the surplus, and the future profitability of the investees.

9 Our reviews were conducted for the purpose of issuing a report on the limited reviews of quarterly information, referred to in the first paragraph, taken as a whole. The statement of cash flows is presented in the quarterly information for purposes of additional analysis and is not a required part of the quarterly information. This information has been subjected to the review procedures described in paragraph 2 and we are not aware of any material modifications that should be made to this statement in order that such information be fairly presented in all material respects in relation to the quarterly information taken as a whole.

Salvador, July 28, 2004

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" BA

Marco Aurélio de Castro e Melo
Contador CRC 1SP153070/O-3 "S" BA

Braskem S.A.

Parent Company Balance Sheet (A free translation of the original in Portuguese)
In thousands of reais

Assets	**6/30/2004**	**3/31/2004**
	(Unaudited)	**(Unaudited)**
Current assets		
Cash and banks	1,288,521	1,226,853
Trade accounts receivable	1,138,212	1,091,346
Marketable securities	7,209	2,888
Inventories	1,085,364	954,181
Taxes recoverable	652,431	578,485
Prepaid expenses	25,036	42,368
Dividends and interest on own capital	1,087	22,492
Advances to suppliers	39,496	46,774
Other	79,246	75,842
	4,316,602	4,041,229
Long-term receivables		
Trade accounts receivable	38,628	
Related companies	1,121,864	1,019,895
Taxes recoverable	140,774	296,896
Judicial deposits	159,639	157,294
Deferred income tax	165,620	165,620
Inventories	54,700	112,620
Marketable securities	58,236	63,755
Other	2,220	2,274
	1,741,681	1,818,354
Permanent assets		
Investments		
Associated companies	45,918	41,833
Subsidiaries and jointly-controlled entities	3,472,872	3,478,628
Other investments	8,364	8,364
Property, plant and equipment	4,657,590	4,686,966
Deferred charges	2,331,349	2,313,514
	10,516,093	10,529,305
Total assets	16,574,376	16,388,888

Braskem S.A.

Parent Company Balance Sheet
In thousands of reais **(continued)**

Liabilities and shareholders equity	**6/30/2004**	**3/31/2004**
	(Unaudited)	**(Unaudited)**
Current liabilities		
Loans and financing	2,594,362	2,451,832
Debentures	584,095	462,897
Suppliers	1,505,867	1,452,119
Taxes, charges and social contributions payable	108,489	158,221
Dividends payable	747	749
Related parties	1,095,808	899,801
Advances from customers	52,317	51,342
Salaries and social charges	41,919	43,057
Other	32,385	23,326
	6,015,989	5,543,344
Long-term liabilities		
Loans and financing	4,080,955	3,866,185
Debentures	1,808,301	1,880,365
Provisions for capital deficiency of investments	744,105	704,325
Related parties	460,376	692,028
Suppliers	69,788	62,512
Taxes and contributions payable	1,064,179	1,015,671
Deferred taxes and contributions	9,410	9,558
Other accounts payable	115,179	107,992
	8,352,293	8,338,636
Deferred income	32,547	33,695
Shareholders equity		
Paid-up capital	2,192,018	2,192,018
Capital reserves	734,605	735,877
Accumulated deficit	(753,076)	(454,682)
	2,173,547	2,473,213
Total liabilities and shareholders equity	16,574,376	16,388,888

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

Braskem S.A.

Parent Company Statement of Operations
In thousands of reais

	4/1/04 to 6/30/04	1/1/04 to 6/30/04	4/1/03 to 6/30/03	1/1/03 to 6/30/03
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Gross sales				
Domestic market	2,805,518	5,148,973	1,911,269	3,962,960
Foreign market	479,385	833,521	349,052	674,667
Deductions from gross sales	(763,105)	(1,377,063)	(438,680)	(931,162)
Net sales revenue	2,521,798	4,605,431	1,821,641	3,706,465
Cost of sales and/or services rendered	(1,907,910)	(3,448,125)	(1,492,318)	(3,061,170)
Gross profit	613,888	1,157,306	329,323	645,295
Operating (expenses) income				
Selling	(62,349)	(97,128)	(32,361)	(42,312)
General and administrative	(60,131)	(133,415)	(50,620)	(93,538)
Financial				
Financial income	134,422	224,041	(61,172)	(39,378)
Financial expenses	(828,012)	(1,281,940)	220,578	75,167
Depreciation and amortization	(88,016)	(163,925)	(45,002)	(94,284)
Other operating income	17,317	27,157	17,908	27,924
Other operating expenses	(673)	(1,931)	(373)	(25,067)
Equity in the results of subsidiary and associated companies				
Result of equity accounting	36,159	102,547	(3,508)	45,666
Amortization of (goodwill) negative goodwill, net	(38,185)	(108,619)	(36,924)	(97,516)
Exchange variation	(22,137)	(24,481)	100,252	137,833
Provision for capital deficiency of subsidiaries	2,792	19,457	(12,350)	(1,895)
Other	1,849	1,403		37,794
Operating income (loss)	(293,076)	(279,528)	425,751	575,689

Braskem S.A.

Parent Company Statement of Operations
In thousands of reais **(continued)**

	4/1/04 to 6/30/04	1/1/04 to 6/30/04	4/1/03 to 6/30/03	1/1/03 to 6/30/03
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-operating income (loss), net	(3,222)	(1,124)	(15,956)	(16,729)
Income (loss) before tax	(296,298)	(280,652)	409,795	558,960
Provision for income tax and social contribution	(2,245)	(9,439)	(52,296)	(71,879)
Deferred Income Tax	148	295	(20,782)	(20,782)
Net income (loss) for the period	(298,395)	(289,796)	336,717	466,299

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

Braskem S.A.

Notes to the Quarterly Information
at June 30, 2004 (Unaudited)
All amounts in thousands of reais unless otherwise indicated

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1 Operations

(a) Braskem S.A. ("Braskem" or "Company") is the leading Brazilian petrochemical company in thermoplastic resins in Latin America. Its objectives are the manufacturing, selling, importing and exporting of chemical and petrochemical products and fuels, as well as the production and supply of utilities such as steam, water, compressed air and electric power to the companies in the Camaçari Petrochemical Complex in Bahia, Brazil (Northeast Petrochemical Complex), and the rendering of services to those companies. The Company also invests in other companies, either as partner or shareholder.

(b) Braskem business and corporate restructuring process

As from its formation, on August 16, 2002, the Company has been involved in a broad business and corporate restructuring process.

The most important events are as follows:

(i) Acquisition of Trikem S.A. (Trikem) and Polialden Petroquímica S.A. (Polialden) common shares held by Mitsubishi Chemical Corporation ("Mitsubishi") and by Nissho Iwai Corporation ("Nissho Iwai")

In July 2003, the Company increased its direct and indirect participation in the voting capital of Trikem and Polialden to 87.9% and 100%, respectively, in transactions with the minority stockholders, Mitsubishi and Nissho Iwai. Mitsubishi sold its participations in Trikem and Polialden for R$ 28,008 and R$ 21,637, respectively, which include a portion to be paid of R$ 5,464, subject to the final decision of a lawsuit filed by Polialden minority shareholders. Additionally, in the case of a favorable outcome to Polialden, the amount payable will be increased by R$ 16,173.

Nissho Iwai exchanged its participations in Trikem and Polialden for a participation in Braskem, through the contribution of the net equity of NI Participações Ltda., a subsidiary of Nissho Iwai, the sole assets of which were the participations in Trikem and Polialden. The valuation report on the book value of the merged company was prepared by independent experts on May 31, 2003, the base date of the merger, and submitted to the approval of the Shareholders Meeting. As a result of this operation, the Company's capital was increased by R$ 39,655, with the issue of 54,314,531 common shares, to R$ 1,887,422 (Note 18(a)).

(ii) Purchase of minority interest and merger of Trikem

On December 4, 2003, the Company concluded the Public Offer (OPA), intended to exchange Trikem s shares for Class "A" preferred shares or common shares of the Company, with the acceptance of 99% of minority shareholders. The exchange ratio was 20 Class A preferred shares of the Company for 69.47 common shares of Trikem. Accordingly, the Company assigned 438,270,001 Class A preferred shares, in the amount of R$ 7,144, in exchange for 1,522,330,867 common shares of Trikem, in the amount of R$ 15,943, resulting in a discount of R$ 8,799.

The Extraordinary General Meeting, held on January 12, 2004, approved the partial spin-off of Odebrech Química S.A. (Odequi), with the contribution and merger of the spun-off portion to Braskem. The spun-off portion comprised 13,841,438,730 common shares and 11,123,910,124 preferred shares of Trikem, corresponding to 64.43% and 41.02% of its voting and total capital, respectively. The amount of the spun-off portion of Odequi was R$ 1,082,648, according to the appraisal report issued by independent experts, based on the balance sheet of Odequi at October 31, 2003. Due to this partial spin-off, 11,066,514 Odequi s common shares, held by the Company, were cancelled.

On January 15, 2004, the shareholders approved the merger of Trikem into the Company, based on Trikem s book value at October 31, 2003, amounting to R$ 656,040. The ratio to exchange Trikem shares for Braskem shares was based on the shareholders equity at market value, pursuant to the appraisal reports prepared by a specialized company, as of October 31, 2003.

To ensure the tag-along rights of Trikem s preferred shareholders, it was decided that the ratio for the exchange of Trikem shares for Braskem preferred shares would be the same used in Trikem s OPA, completed on December 4, 2003, which was intended for Trikem s common shareholders.

The assessments of shareholders equity at market value of Braskem and Trikem, and the share exchange relationships, were as follows:

	BRASKEM	TRIKEM
Number of shares (in thousands) (*)	68,432,133	60,868,763
Shareholders equity at market value (in R$)	5,733,160,995.68	1,439,109,292.58
Amount per thousand shares based on shareholders equity at market value (in R$)	83.78	23.64
Exchange ratio of shareholders equity at market value	1	3.54
Exchange ratio of Trikem s preferred and common shares for Braskem s Class A preferred shares in the current merger	1	3.47
Standard batch of shares	1,000	1,000

(*) Excluding treasury stock.

After the merger of Trikem, the Company s capital was increased by R$ 304,596, through the issue of 8,136,165,484 Class A preferred shares, totaling R$ 2,192,018, comprising 25,730,061,841 common shares, 51,230,857.903 Class A preferred shares and 229,154,800 Class B preferred shares (Note 18(a)).

(iii) Merger of COPENE MONÔMEROS ESPECIAIS S. A. ("MONÔMEROS")

Through the Agreement for Purchase and Sale of Shares, dated February 3, 2004, the Company purchased the total shares of MONÔMEROS held by minority shareholders, becoming the owner of 100% of the shares of this subsidiary. The acquisition price totaled R$ 14,786, corresponding to the book value of the shares acquired as at December 31, 2003.

On March 31, 2004, the Extraordinary General Meeting approved the merger of MONÔMEROS at its equity value, in the amount of R$ 115,832, based on the book value appraisal report dated December 31, 2003. The net asset variations of MONÔMEROS, in the first quarter of 2004, were recorded in the results of Braskem under equity in the results.

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

(c) Corporate governance and Administrative Council for Economic Defense (CADE)

On February 13, 2003, Braskem enrolled in Level 1 of Differentiated Corporate Governance of the São Paulo Stock Exchange (BOVESPA), which mainly commits the Company to improvements in providing information to the market and in the dispersion of shareholdings (25% of free-float). Upon enrollment in Level 1, Braskem assumed the commitment of enrolling in Level 2 of BOVESPA by the end of 2004.

In accordance with legislation, the concentration resulting from the change in control of Braskem was notified on a timely basis to the anti-trust authorities. In July 2002, the Secretariat for Economic Monitoring of the Finance Ministry (SEAE) issued a favorable opinion on the operation. On May 2, 2003, the favorable opinion of the Secretariat for Economic Rights (SDE) was published without any restriction. The operation was submitted for the review and analysis of the CADE, whose legal office also recommended, in November 2003, the approval of the operation without any restriction. In February 2004, the operation was analyzed by the Federal Public Prosecution Office, which also recommended the approval of the operation without any restriction. The process is awaiting the judgement by the full CADE Council.

(d) Net working capital

The Company s net working capital is managed on a consolidated basis, which is positive in the amount of R$ 407,519 at June 30, 2004. In the parent company, the balance is negative in R$ 1,699,387. It must be considered that the working capital includes the amount of R$ 1,211,546, relating to advances on foreign exchange contracts, prepayment of exports and advances from foreign customers, which will be settled against the Company s future exports, and R$ 1,095,808 payable to the subsidiary Odequi.

In order to maintain the positive growth of the net working capital, Braskem also counts on its cash operating generation capacity and funds raised based on the regular export flows in order to finance its operating activities.

2 Presentation of the Financial Statements

The Company s financial statements were prepared in conformity with the accounting practices adopted in Brazil and also in compliance with the standards and procedures determined by the CVM.

The comparison of the information for the quarter ended June 30, 2004 with the information for June 30, 2003 must take into account the corporate restructuring mentioned in Note 1(b), especially the mergers of Trikem and MONÔMEROS, which occurred on January 15 and March 31, 2004, respectively.

For a better comparison between the statements of operations for the first six months of 2004 and 2003, the results recorded in 2003, related to the companies merged in the first quarter of 2004, are as follows.

Statement of operations of the merged companies (quarter and six-month period ended June 30, 2003)

	Trikem		MONÔMEROS	
	2nd quarter	1st six-month period	2nd quarter	1st six-month period
Statement of operations				
Gross sales				
Domestic market	316,290	760,578	16,323	32,158
Foreign market	48,713	132,539	10,900	15,725
Sales taxes, freights and returns	(76,253)	(199,321)	(4,146)	(8,209)
Cost of sales	(216,275)	(487,448)	(18,378)	(30,816)
Gross profit	72,475	206,348	4,699	8,858
Operating income (expenses)				
Selling, general and administrative	(15,164)	(30,725)	(1,231)	(2,158)
Depreciation and amortization	(2,157)	(3,925)		
Financial, net	136,159	186,455	18	(234)
Result from subsidiary and associated companies	(36,468)	(50,435)		
Other	4,393	8,002	(2)	(1)
	86,763	109,372	(1,215)	(2,393)
Operating profit	159,238	315,720	3,484	6,465
Non-operating income (expenses), net	(757)	(1,065)	(1)	(1)
Income before income tax and social contribution	158,481	314,655	3,483	6,464
Income tax and social contribution	(2,528)	(27,686)	(1,213)	(2,221)
Net income for the period	155,953	286,969	2,270	4,243

3 Significant Accounting Practices

(a) Use of estimates

In the preparation of the financial statements, it is necessary to use estimates to record certain assets, liabilities and transactions. The financial statements of the Company include, therefore, various estimates regarding the selection of the useful lives of property, plant and equipment, as well as provisions for contingencies, income tax and other similar charges.

(b) Determination of results of operations

Sales revenue is recognized when the risk and ownership of products are transferred to the Company s customers. Normally, this transfer occurs when the product is delivered to the customer or carrier.

Results of operations are determined on the accrual basis of accounting. The provisions for income tax and Value Added Tax on Sales and Services (ICMS) expenses are recorded gross of the tax incentive portions, with the amounts related to tax exemption and reduction recorded in capital reserves.

In accordance with the requirements of CVM Deliberation 273 and Instruction 371, the deferred income tax is stated at probable realizable value, expected to occur as described in Note 16 (b).

The Company has recognized in results for the period the market value of derivative contracts relating to liabilities indexed to foreign currency or to international interest rates. At June 30, 2004, the market value of the existing contracts was positive by R$ 7,097 (Note 4), (R$ 34,459, negative, at June 30, 2003).

(c) Current assets and long-term receivables

Cash and cash equivalents comprise, mainly, demand deposits and investments with a ready market or falling due within 90 days. At June 30, 2004, of the total balance, R$ 1,075,720 was applied in financial investments (R$ 1,002,205, at March 31, 2004).

Marketable securities are stated at cost or market value, whichever is lower, plus income accrued up to the balance sheet date. The derivative instruments are stated at the estimated fair value, based on market quotations for similar instruments in relation to future foreign exchange and interest rates.

The allowance for doubtful accounts is constituted in an amount considered sufficient to cover estimated losses on the realization of the receivables, taking into account the Company's loss experience, and includes amounts in litigation.

Inventories are stated at average purchase or production cost, which is lower than replacement cost or realizable value. Imports in transit are stated at the accumulated cost of each import. The inventories of consumption materials are classified in current assets or long-term receivables, based on the Company s estimates concerning the consumption date.

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

(d) Permanent assets

These assets are stated at cost plus restatements for inflation through December 31, 1995, and consider the following:

- Investments in subsidiaries and associated companies are accounted for on the equity method, plus unamortized goodwill/discount. Goodwill is calculated as the difference between the amount paid and the book value of net assets acquired. Goodwill is based on the surplus of market over recorded values of assets and the expected future profitability of the investees and is amortized over ten years, in the case of future profitability. Goodwill relating to the surplus of assets is amortized based on the useful lives of the corresponding assets. Goodwill from merged companies is transferred to property, plant and equipment and deferred charges, when based on the surplus of assets and expected future profitability of the investees, respectively. Other investments are carried at the cost of acquisition.

- Property, plant and equipment are shown at acquisition or construction cost and, as from 1997, include capitalized interest incurred during the expansion of the production capacity of the plants.

- Depreciation of property, plant and equipment is recorded on the straight-line method at the rates mentioned in Note 11.

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

- Programmed production stoppages for maintenance occur between intervals of one to six years. Costs that increase the useful lives of assets or result in increased production efficiency are recorded in deferred charges and amortized to production cost up to the beginning of the next corresponding stoppage.

(e) Current and long-term liabilities

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

The provision for the capital deficiency of subsidiaries is recorded based on the net capital deficiency (excess of liabilities over assets) of these companies, and is recorded in long-term liabilities with a corresponding entry against the equity results in subsidiary and associated companies in the statement of operations.

Defined benefit pension plans are recorded in accordance with the calculations made by independent actuaries, based on the assumptions provided by the Company.

Provisions are recorded based on (i) current legislation (irrespective of the expectation of legislation being considered unconstitutional); (ii) the necessity to eliminate contingent gains on the offset of tax credits arising from lawsuits and (iii) estimates of indemnity payments considered as probable.

(f) Deferred income

The discounts of merged companies, based on expected future results, is recorded in deferred income.

(g) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries and jointly-controlled entities, in which it has direct or indirect share control, as shown below:

			Interest in total capital - %		
		Head office (country)	**Jun/04**	**Mar/04**	**Jun/03**
Parent company					
MONÔMEROS	**(i)**	Brazil			87.24
Copene Participações S.A. (Copene Participações)		Brazil	100.00	100.00	100.00
CPN Distribuidora de Combustíveis Ltda. ("CPN Distribuidora")		Brazil	100.00	100.00	100.00
CPN Incorporated Ltd. ("CPN Inc.")		Cayman Islands	100.00	100.00	100.00
CPP - Companhia Petroquímica Paulista ("CPP")		Brazil	90.71	90.71	90.71
Investimentos Petroquímicos Ltda. ("IPL")		Brazil	100.00	100.00	100.00
Lantana Trading Company Inc. ("Lantana")		Bahamas	100.00	100.00	100.00
Odequi	**(ii)**	Brazil	97.45	97.45	98.63
Odequi Investments Ltd. ("OIL")		Bahamas	100.00	100.00	100.00
Odequi Overseas Inc. ("OVERSEAS")		Cayman Islands	100.00	100.00	100.00
OPP Finance Ltd. ("OPP Finance")	**(iii)**	Cayman Islands		100.00	100.00
OQPA Importação e Exportação Ltda. ("OQPA")		Brazil	100.00	100.00	100.00
Polialden	**(iv)**	Brazil	56.27	56.27	42.64
Proppet Overseas Ltd. ("Proppet Overseas")	**(iii)**	Bahamas			100.00
Tegal Terminal de Gases Ltda. ("Tegal")	**(v)**	Brazil	90.79	90.79	84.36
Trikem	**(vi)**	Brazil			1.77
Companhia Alagoas Industrial - CINAL ("CINAL")	**(vii)**	Brazil	63.03	63.03	
CPC Cayman Ltd. ("CPC Cayman")	**(vii)**	Cayman Islands	100.00	100.00	
Odebrecht Mineração e Metalurgia Ltda. (OMML)	**(vii) -viii)**	Brazil		100.00	
TRK Brasil Trust S.A. (TRK)	**(vii) -viii)**	Brazil		100.00	
Jointly-controlled entities	**(ix)**				
CETREL S.A. Empresa de Proteção Ambiental (CETREL)	**(x)**	Brazil	40.56	40.56	21.08
CODEVERDE Companhia de Desenvolvimento Rio Verde ("CODEVERDE")		Brazil	35.49	35.44	35.42
Copesul Companhia Petroquímica do Sul (Copesul)	**(xi)**	Brazil	23.67	23.67	23.67
Politeno Industria e Comércio S.A. (Politeno)		Brazil	33.88	33.88	33.49

The indirect interests included in the consolidation correspond to:

		Head office (country)	Interest in total capital - % Jun/04	Mar/04	Jun/03
Direct subsidiaries of Odequi					
PE Investimentos S.A. (OPE Investimentos)	**(xii)**	Brazil	89.41	89.41	89.41
Trikem		Brazil	41.51		
Direct subsidiaries of Trikem					
CINAL		Brazil			47.06
CPC Cayman		Cayman Islands			100.00
OMML		Brazil			100.00
TRK		Brazil			100.00
Direct subsidiary of Poliaden					
Poliaden America Inc. ("Poliaden America")		USA	100.00	100.00	100.00
Direct subsidiary of Copesul					
COPESUL International Trading Inc.		Bahamas	100.00	100.00	100.00

(i) Company merged on March 31, 2004 (Note 1(b(iii)).
(ii) On a consolidated basis, the total participation in the capital of ODEQUI, including the participation held by the subsidiary OVERSEAS, is 100%.
(iii) OPP Finance was liquidated in the second quarter of 2004 and Proppet Overseas was liquidated in the first quarter of 2004.
(iv) As described in Note 1(b)(i), in the second quarter of 2003, the Company increased its interest in Polialden.
(v) Upon the merger of Trikem, the participation in the capital of Tegal became 90.79%.
(vi) Company merged on January 15, 2004 (Note 1(b)(ii)).
(vii) Direct subsidiaries, as from the merger of Trikem.
(viii) Investments merged into Odequi.
(ix) Investments proportionally consolidated, as prescribed in CVM Instruction 247/96.
(x) Upon the merger of Trikem, the Company s direct interest in CETREL became 40.56%. On a consolidated basis, the total participation in the capital of CETREL, including the participation held by Polialden, is 41.01%.
(xi) On a consolidated basis, the total participation in the capital of COPESUL, including the participation held by the subsidiary OPE Investimentos, is 29.46%.
(xii) On a consolidated basis, the total participation in the capital of OPE Investimentos, including the participation held by the subsidiary OVERSEAS, is 100%.

In the consolidated financial statements the intercompany investments and the equity in the results, as well as the intercompany assets, liabilities, income, expenses and unrealized gains arising from transactions between consolidated companies were eliminated. Minority interests in the equity and in the results of subsidiaries has been segregated in the consolidated balance sheet and statement of operations, respectively.

Minority interest corresponds to the respective participations in CINAL, CPP, Polialden, Tegal, MONÔMEROS and Trikem (MONÔMEROS and Trikem solely for the result of June 2003).

For a better presentation of the consolidated financial statements, the cross-holding between the subsidiary Copene Participações and the Company, which arose from the corporate restructuring, was reclassified to treasury stock. The subsidiary Copene Participações holds 145,082,980 common shares and 72,541,480 Class A preferred shares, representing 0.32% of the Company s total capital.

The reconciliation between the parent company and consolidated shareholders equity and net result is as follows:

	Shareholders equity Jun/04	Mar/04	Net income (loss) for the period Jun/04	Jun/03
Parent company	2,173,547	2,473,213	(289,796)	466,299
Cross-holding classified as treasury stock	(13,110)	(13,110)		
Exclusion of profit in subsidiary s inventories	(4,219)		(4,219)	
Exclusion of the gain on sale of investments among related companies	(30,574)	(31,605)	2,061	2,061
Consolidated	2,125,644	2,428,498	(291,954)	468,360

4 Marketable Securities

	Jun/04	Mar/04
Debentures	112	112
Derivatives (Note 3 (b))	7,097	2,776
Shares of associated company held for sale	21,022	