

Braskem S.A.

Quarterly Information (ITR) at

September 30, 2016

and Independent Auditors' Report Review

Braskem S.A.

Balance sheet at September 30, 2016

All amounts in thousands of reais

Assets	Note	Consolidated		Parent company	
		Sep/2016	Dec/2015 Revised	Sep/2016	Dec/2015 Revised
Current assets					
Cash and cash equivalents	3	8,200,168	7,439,723	5,320,288	4,773,251
Financial investments	4	433,009	1,172	699	1,172
Trade accounts receivable	5	2,189,805	2,735,144	1,756,433	2,526,510
Inventories	6	4,873,736	5,517,206	3,302,685	4,131,128
Taxes recoverable	8	804,454	1,272,004	361,138	762,824
Dividends and interest on capital	7		1,998	6,030	87,655
Prepaid expenses		140,304	166,170	110,181	139,668
Related parties	7		10,507	32,962	118,661
Derivatives operations	14.3	17,053	53,662	17,053	12,616
Other assets		217,813	300,901	137,900	248,488
		16,876,342	17,498,487	11,045,369	12,801,973
Non-current assets					
Financial investments	4		46,193		46,193
Trade accounts receivable	5	18,884	19,822	2,845,629	4,279,433
Advances to suppliers	6	65,300	135,046	65,300	135,046
Taxes recoverable	8	993,936	1,304,056	889,014	1,198,301
Deferred income tax and social contribution	16(c)	1,437,580	3,196,239	32,541	2,149,086
Judicial deposits		269,221	277,093	260,751	268,572
Related parties	7	322,486	144,633	299,720	124,645
Insurance claims		71,345	63,199	71,345	60,778
Derivatives operations	14.3		12,280		
Other assets		287,151	298,057	132,157	125,898
Investments	9(b)	98,209	86,354	5,053,173	4,593,775
Property, plant and equipment	10	29,844,159	33,961,963	15,899,804	16,542,078
Intangible assets	11	2,818,208	2,887,604	2,525,050	2,572,341
		36,226,479	42,432,539	28,074,484	32,096,146
Total assets		53,102,821	59,931,026	39,119,853	44,898,119

The Management notes are an integral part of the financial statements.

Braskem S.A.

Balance sheet at September 30, 2016

All amounts in thousands of reais

Continued

Liabilities and shareholders' equity	Note	Consolidated		Parent company	
		Sep/2016	Dec/2015 Revised	Sep/2016	Dec/2015 Revised
Current liabilities					
Trade payables		7,165,374	11,698,695	8,947,087	9,557,676
Borrowings	12	2,093,926	1,968,540	2,255,147	2,567,124
Project finance	13	856,060	302,266		
Derivatives operations	14.3	20,464	57,760	735	8,351
Payroll and related charges		507,920	605,059	393,348	446,125
Taxes payable	15	1,047,290	982,873	694,865	459,518
Dividends	20(b)	1,002,082	753,668	1,002,082	753,668
Advances from customers	17	184,987	119,680	18,212	44,528
Sundry provisions	18	71,665	93,942	55,736	67,190
Accounts payable to related parties	7			3,008,819	4,297,735
Other payables		447,005	337,959	280,277	207,730
		13,396,773	16,920,442	16,656,308	18,409,645
Non-current liabilities					
Trade payables		174,858	57,148	1,731,131	3,420,281
Borrowings	12	20,930,017	25,370,260	6,694,466	8,207,012
Project finance	13	9,695,197	11,975,167		
Derivatives operations	14.3	972,042	1,184,741	873,249	1,184,741
Taxes payable	15	29,767	26,716	29,638	25,825
Accounts payable to related parties	7			6,869,173	10,905,207
Non-controlling loan in Braskem Idesa		1,597,726	1,538,784		
Deferred income tax and social contribution	16(c)	662,848	731,241		
Post-employment benefits		141,912	154,707	54,166	54,166
Provision for losses on subsidiaries				89,439	137,013
Advances from customers	17	221,332	31,116		12,813
Sundry provisions	18	793,459	653,972	712,805	571,349
Other payables		93,038	217,502	5,759	167,060
		35,312,196	41,941,354	17,059,826	24,685,467
Shareholders' equity					
Capital	20	8,043,222	8,043,222	8,043,222	8,043,222
Capital reserve		232,430	232,430	232,430	232,430
Revenue reserves		1,634,655	2,882,019	1,634,655	2,882,019
Other comprehensive income		(6,323,673)	(9,085,256)	(6,323,673)	(9,085,256)
Treasury shares		(49,819)	(49,819)	(927)	(927)
Retained (loss) earnings		1,818,012	(268,481)	1,818,012	(268,481)
Total attributable to the Company's shareholders		5,354,827	1,754,115	5,403,719	1,803,007
Non-controlling interest in Braskem Idesa		(960,975)	(684,885)		
		4,393,852	1,069,230	5,403,719	1,803,007
Total liabilities and shareholders' equity		53,102,821	59,931,026	39,119,853	44,898,119

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2016

All amounts in thousands of reais

		Consolidated			
	<u>Note</u>	<u>3Q2016</u>	<u>YTD2016</u>	<u>3Q2015</u>	<u>YTD2015</u>
				<u>Revised</u>	<u>Revised</u>
Net sales revenue	2.4 22	12,162,428	36,220,543	13,163,620	34,950,716
Cost of products sold		(8,929,357)	(26,486,061)	(9,960,382)	(27,378,478)
Gross profit		3,233,071	9,734,482	3,203,238	7,572,238
Income (expenses)					
Selling and distribution		(376,292)	(1,051,707)	(293,776)	(816,167)
General and administrative		(393,046)	(1,115,323)	(322,669)	(919,552)
Research and development		(37,219)	(119,847)	(37,718)	(119,875)
Results from equity investments	9(c)	9,800	23,177	(8,038)	1,701
Other income (expenses), net	23	(132,309)	(322,992)	(75,004)	(164,752)
		2,304,005	7,147,790	2,466,033	5,553,593
Financial results	24				
Financial expenses		(1,351,444)	(4,090,549)	(1,146,961)	(3,012,975)
Financial income		208,587	(423,447)	966,877	1,617,534
		(1,142,857)	(4,513,996)	(180,084)	(1,395,441)
Profit before income tax and social contribution		1,161,148	2,633,794	2,285,949	4,158,152
Current and deferred income tax and social contribution	16(a)	(343,126)	(799,973)	(810,484)	(1,434,382)
Profit for the period		818,022	1,833,821	1,475,465	2,723,770
Attributable to:					
Company's shareholders		889,433	2,065,342	1,567,048	2,904,159
Non-controlling interest in Braskem Idesa		(71,411)	(231,521)	(91,583)	(180,389)
Profit for the period		818,022	1,833,821	1,475,465	2,723,770

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2016

All amounts in thousands of reais, except for earnings per share

Continued

	Note	Parent company			
		3Q2016	YTD2016	3Q2015 Revised	YTD2015 Revised
Net sales revenue	2.4				
Cost of products sold	22	8,961,293	26,653,802	9,782,169	25,109,242
		(6,923,100)	(20,735,565)	(7,206,375)	(19,292,455)
Gross profit		2,038,193	5,918,237	2,575,794	5,816,787
Income (expenses)					
Selling and distribution		(250,255)	(702,377)	(212,289)	(590,095)
General and administrative		(202,468)	(605,166)	(217,234)	(640,225)
Research and development		(25,265)	(75,983)	(22,049)	(74,075)
Results from equity investments	9(c)	352,063	1,419,933	140,643	597,700
Other income (expenses), net		(79,954)	(213,441)	(21,962)	(17,192)
		1,832,314	5,741,203	2,242,903	5,092,900
Financial results	24				
Financial expenses		(922,382)	(2,304,508)	(2,023,278)	(4,187,421)
Financial income		236,169	(1,058,438)	2,075,919	3,171,444
		(686,213)	(3,362,946)	52,641	(1,015,977)
Profit before income tax and social contribution		1,146,101	2,378,257	2,295,544	4,076,923
Current and deferred income tax and social contribution	16(a)	(256,668)	(312,915)	(728,496)	(1,172,764)
Profit for the period		889,433	2,065,342	1,567,048	2,904,159

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Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2016

All amounts in thousands of reais, except for earnings per share

Continued

	Note	Consolidated			
		3Q2016	YTD2016	3Q2015 Revised	YTD2015 Revised
Profit for the period	2.4	818,022	1,833,821	1,475,465	2,723,770
Other comprehensive income or loss:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		(13,927)	165,904	(465,466)	(737,095)
Income tax and social contribution		5,660	(62,647)	152,060	243,864
Fair value of cash flow hedge from jointly-controlled - RPR		6,493	(6,272)	8,162	8,162
		(1,774)	96,985	(305,244)	(485,069)
Exchange variation of foreign sales hedge	14.4(a.i)	(226,015)	4,207,644	(5,880,819)	(8,897,247)
Sales Hedge - transfer to profit or loss	14.4(a.i)	267,896	1,035,139		
Income tax and social contribution on exchange variation		(14,239)	(1,782,546)	1,999,478	3,025,064
Exchange variation of foreign sales hedge - Braskem Idesa	14.4(a.ii)	(306,283)	(1,400,255)	(1,277,240)	(1,842,976)
Sales Hedge - transfer to profit or loss - Braskem Idesa	14.4(a.ii)	21,067	35,364		
Income tax on exchange variation - Braskem Idesa		82,010	410,202	383,172	552,893
		(175,564)	2,505,548	(4,775,409)	(7,162,266)
Foreign subsidiaries currency translation adjustment		159,621	135,632	626,692	927,934
Total		(17,717)	2,738,165	(4,453,961)	(6,719,401)
Total comprehensive income (loss) for the period		800,305	4,571,986	(2,978,496)	(3,995,631)
Attributable to:					
Company's shareholders		889,054	4,848,076	(2,624,342)	(3,456,648)
Non-controlling interest in Braskem Idesa		(88,749)	(276,090)	(354,154)	(538,983)
Total comprehensive income (loss) for the period		800,305	4,571,986	(2,978,496)	(3,995,631)

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2016

All amounts in thousands of reais, except for earnings per share

Continued

	Note	Parent company			
		3Q2016	YTD2016	3Q2015 Revised	YTD2015 Revised
Profit for the period	2.4	889,433	2,065,342	1,567,048	2,904,159
Other comprehensive income or loss:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		(37,057)	321,896	(310,511)	(568,387)
Income tax and social contribution		12,599	(109,445)	105,574	193,252
Fair value of cash flow hedge - Braskem Idesa		17,349	(116,993)	(116,217)	(126,531)
Income tax and social contribution		(5,205)	35,098	34,865	37,959
Fair value of cash flow hedge from jointly-controlled - RPR		6,493	(6,272)	8,162	8,162
		(5,821)	124,284	(278,127)	(455,545)
Exchange variation of foreign sales hedge	14.4(a.i)	(226,015)	4,207,644	(5,880,819)	(8,897,247)
Sales Hedge - transfer to profit or loss	14.4(a.i)	267,896	1,035,139		
Income tax and social contribution on exchange variation		(14,239)	(1,782,546)	1,999,478	3,025,064
Exchange variation of foreign sales hedge - Braskem Idesa	14.4(a.ii)	(229,712)	(1,050,191)	(957,930)	(1,382,232)
Sales Hedge - transfer to profit or loss - Braskem Idesa	14.4(a.ii)	15,800	26,523		
Income tax on exchange variation - Braskem Idesa		61,507	307,651	287,379	414,670
		(124,763)	2,744,220	(4,551,892)	(6,839,745)
Foreign subsidiaries currency translation adjustment		130,205	(85,770)	638,629	934,483
Total		(379)	2,782,734	(4,191,390)	(6,360,807)
Total comprehensive income (loss) for the period		889,054	4,848,076	(2,624,342)	(3,456,648)

	Note	Parent company	
		YTD2016 Basic and diluted	YTD2015 Basic and diluted
Profit per share attributable to the shareholders of the Company of continued operations at the end of the period (R\$) (expressed in reais)	21		
Earnings per share - common		2.5960	3.6505
Earnings per share - preferred shares class "A"		2.5960	3.6505
Earnings per share - preferred shares class "B"		0.6069	0.6062

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Braskem S.A.

Statement of changes in shareholder's equity

All amounts in thousands of reais

											Consolidated	
											Attributed to shareholders' interest	
Note	Capital	Capital reserve	Legal reserve	Revenue reserves		Other comprehensive income	Treasury shares	Retained (loss) earnings	Total Braskem shareholders' interest	Non-controlling interest in Braskem Idesa	Total shareholders' equity	
				Retained earnings	Additional dividends proposed							
											Revised	
At December 31, 2014	2.4	<u>8,043,222</u>	<u>232,430</u>	<u>71,542</u>	<u>394,121</u>	<u>270,517</u>	<u>(2,924,057)</u>	<u>(48,892)</u>	<u>(235,622)</u>	<u>5,803,261</u>	<u>(144,533)</u>	<u>5,658,728</u>
Comprehensive income for the period:												
Profit for the period												
Exchange variation of foreign sales hedge, net of taxes												
Fair value of cash flow hedge, net of taxes												
Foreign currency translation adjustment												
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net of taxes												
Realization of deemed cost of jointly-controlled investment, net of taxes												
Contributions to shareholders:												
Losses in controlling interest												
Repurchase of treasury shares												
Additional dividends proposed												
At September 30, 2015		<u>8,043,222</u>	<u>232,430</u>	<u>71,542</u>	<u>394,121</u>	<u>(270,517)</u>	<u>(9,306,146)</u>	<u>(49,819)</u>	<u>2,689,690</u>	<u>2,075,040</u>	<u>(683,516)</u>	<u>1,391,524</u>
At December 31, 2015	2.4	<u>8,043,222</u>	<u>232,430</u>	<u>229,992</u>	<u>2,404,663</u>	<u>247,364</u>	<u>(9,085,256)</u>	<u>(49,819)</u>	<u>(268,481)</u>	<u>1,754,115</u>	<u>(684,885)</u>	<u>1,069,230</u>
Comprehensive income for the period:												
Profit for the period												
Exchange variation of foreign sales hedge, net of taxes												
Fair value of cash flow hedge, net of taxes												
Foreign currency translation adjustment												
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net of taxes												
Realization of deemed cost of jointly-controlled investment, net of taxes												
Contributions to shareholders:												
Additional dividends proposed												
Interim dividends approved by Board of Directors												
At September 30, 2016	20(b)	<u>8,043,222</u>	<u>232,430</u>	<u>229,992</u>	<u>1,404,663</u>	<u>(247,364)</u>	<u>(6,323,673)</u>	<u>(49,819)</u>	<u>1,818,012</u>	<u>5,354,827</u>	<u>(960,975)</u>	<u>4,393,852</u>

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of changes in shareholder's equity

All amounts in thousands of reais

Note	Capital	Capital reserve	Revenue reserves			Other comprehensive income	Treasury shares	Retained (loss) earnings	Total shareholders' equity
			Legal reserve	Retained earnings	Additional dividends proposed				
									Parent company
									Revised
At December 31, 2014 (revised)	2.4	8,043,222	232,430	71,542	394,121	270,517	(2,924,057)	(235,622)	5,852,153
Comprehensive income for the period:									
Profit for the period								2,904,159	2,904,159
Exchange variation of foreign sales hedge, net of taxes						(6,839,745)			(6,839,745)
Fair value of cash flow hedge, net of taxes						(455,545)			(455,545)
Foreign subsidiaries currency translation adjustment						934,483			934,483
						(6,360,807)		2,904,159	(3,456,648)
Equity valuation adjustments:									
Realization of additional property, plant and equipment price-level restatement, net of taxes						(20,429)		20,429	
Realization of deemed cost of jointly-controlled investment, net of taxes						(724)		724	
						(21,153)		21,153	
Contributions to shareholders:									
Losses in controlling interest						(129)			(129)
Repurchase of treasury shares							(927)		(927)
Additional dividends proposed						(270,517)			(270,517)
						(270,517)			(271,573)
At September 30, 2015		8,043,222	232,430	71,542	394,121	(270,517)	(927)	2,689,690	2,123,932
At December 31, 2015	2.4	8,043,222	232,430	229,992	2,404,663	247,364	(9,085,256)	(927)	(268,481)
Comprehensive income for the period:									
Profit for the period								2,065,342	2,065,342
Exchange variation of foreign sales hedge, net of taxes						2,744,220			2,744,220
Fair value of cash flow hedge, net of taxes						124,284			124,284
Foreign currency translation adjustment						(85,770)			(85,770)
						2,782,734		2,065,342	4,848,076
Equity valuation adjustments:									
Realization of additional property, plant and equipment price-level restatement, net of taxes						(20,427)		20,427	
Realization of deemed cost of jointly-controlled investment, net of taxes						(724)		724	
						(21,151)		21,151	
Contributions to shareholders:									
Additional dividends proposed	20(b)					(247,364)			(247,364)
Interim dividends approved by Board of Directors					(1,000,000)				(1,000,000)
					(1,000,000)	(247,364)			(1,247,364)
At September 30, 2016		8,043,222	232,430	229,992	1,404,663	(6,323,673)	(927)	1,818,012	5,403,719

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of cash flows at September 30, 2016

All amounts in thousands of reais

	Note	Consolidated		Parent company	
		Sep/2016	Sep/2015 Revised	Sep/2016	Sep/2015 Revised
Profit before income tax and social contribution	2.4	2,633,794	4,158,152	2,378,257	4,076,923
Adjustments for reconciliation of profit					
Depreciation, amortization and depletion		1,966,757	1,574,343	1,552,065	1,327,692
Results from equity investments	9(c)	(23,177)	(1,701)	(1,419,933)	(597,700)
Interest and monetary and exchange variations, net		2,067,956	2,811,713	1,740,028	2,842,153
Other		16,610	11,190	17,141	7,686
		6,661,940	8,553,697	4,267,558	7,656,754
Changes in operating working capital					
Held-for-trading financial investments		(408,348)	14,207	18,550	23,842
Trade accounts receivable		545,846	(650,156)	2,203,767	(2,774,321)
Inventories		701,999	97,992	788,046	95,739
Taxes recoverable		993,223	543,182	775,975	307,184
Prepaid expenses		25,866	33,919	29,487	50,175
Other receivables		(66,964)	(25,647)	119,784	102,992
Trade payables		(2,999,940)	(2,695,881)	(884,068)	(1,539,287)
Taxes payable		154,230	417,367	150,798	134,460
Advances from customers		255,523	(12,006)	(26,316)	(15,487)
Sundry provisions		117,210	(57,130)	130,002	(52,941)
Other payables		(18,058)	325,696	(113,175)	(387,003)
Cash from operations		5,962,527	6,545,240	7,460,408	3,602,107
Interest paid		(1,093,878)	(675,960)	(359,799)	(295,498)
Income tax and social contribution paid		(847,012)	(89,006)	(65,002)	(32,874)
Net cash generated by operating activities		4,021,637	5,780,274	7,035,607	3,273,735
Proceeds from the sale of fixed assets		431	1,245	114	568
Acquisitions to property, plant and equipment	(i)	(2,002,210)	(2,936,945)	(759,784)	(687,382)
Acquisitions of intangible assets		(20,909)	(12,590)	(20,620)	(12,572)
Premium in the dollar put option	14.3.1(a.i)	(4,856)		(4,856)	
Held-for-maturity financial investments		38,353	(11)	38,353	(11)
Net cash used in investing activities		(1,989,191)	(2,948,301)	(746,793)	(699,397)
Short-term and Long-term debit					
Obtained borrowings		2,821,945	4,505,278	2,787,182	1,934,729
Payment of borrowings		(3,755,480)	(4,947,701)	(3,963,058)	(3,376,103)
Project finance	13				
Obtained borrowings		503,921	1,406,947		
Payment of borrowings		(370,041)	(410,397)		
Related parties					
Obtained loans				260,101	1,105,628
Payment of loans				(3,827,017)	(906,880)
Transactions current active					1,766
Dividends paid		(998,985)	(482,114)	(998,985)	(482,114)
Repurchase of treasury shares			(927)		(927)
Net cash provided by (used in) financing activities		(1,798,640)	71,086	(5,741,777)	(1,723,901)
Exchange variation on cash of foreign subsidiaries		526,639	(549,495)		
Increase in cash and cash equivalents		760,445	2,353,564	547,037	850,437
Represented by					
Cash and cash equivalents at the beginning of the period		7,439,723	3,993,359	4,773,251	2,416,288
Cash and cash equivalents at the end of the period		8,200,168	6,346,923	5,320,288	3,266,725
Increase in cash and cash equivalents		760,445	2,353,564	547,037	850,437

(i) Includes capitalized financial charges paid: Sep/2016 – Consolidated – R\$270,235 and Parent Company – R\$51,153.

The Management notes are an integral part of the financial statements.

Braskem S.A.

Statement of value added at September 30, 2016

All amounts in thousands of reais

	Nota	Consolidated		Parent company	
		Sep2016	Sep2015 Revised	Sep2016	Sep2015 Revised
Revenue	2.4	41,606,240	39,613,725	32,023,733	29,426,934
Sale of goods, products and services		41,836,208	39,771,848	32,219,277	29,434,545
Other income (expenses), net		(165,763)	(120,738)	(135,422)	24,298
Allowance for doubtful accounts		(64,205)	(37,385)	(60,122)	(31,909)
Inputs acquired from third parties		(29,706,754)	(31,212,774)	(24,149,538)	(22,363,480)
Cost of products, goods and services sold		(28,272,128)	(30,217,176)	(23,160,177)	(21,539,091)
Material, energy, outsourced services and others		(1,386,408)	(987,702)	(944,893)	(815,658)
Impairment of assets		(48,218)	(7,896)	(44,468)	(8,731)
Gross value added		11,899,486	8,400,951	7,874,195	7,063,454
Depreciation, amortization and depletion		(1,966,757)	(1,574,343)	(1,552,065)	(1,327,692)
Net value added produced by the entity		9,932,729	6,826,608	6,322,130	5,735,762
Value added received in transfer		(400,124)	1,619,433	361,825	3,769,217
Results from equity investments		23,177	1,701	1,419,933	597,700
Financial income		(423,447)	1,617,534	(1,058,438)	3,171,444
Other		146	198	330	73
Total value added to distribute		9,532,605	8,446,041	6,683,955	9,504,979
Personnel		942,389	862,445	558,736	521,996
Direct compensation		735,252	666,985	412,572	386,418
Benefits		162,305	153,884	102,707	97,721
FGTS (Government Severance Pay Fund)		44,832	41,576	43,457	37,857
Taxes, fees and contributions		2,497,978	1,670,220	1,621,867	1,738,330
Federal		1,160,726	1,465,314	484,541	1,264,444
State		1,315,940	186,824	1,125,696	464,218
Municipal		21,312	18,082	11,630	9,668
Remuneration on third parties' capital		4,258,417	3,189,606	2,437,680	4,340,494
Financial expenses (including exchange variation)		4,077,669	2,999,646	2,295,104	4,182,144
Rentals		180,748	189,960	142,576	158,350
Remuneration on own capital		1,833,821	2,723,770	2,065,672	2,904,159
Profit for the period		2,065,342	2,904,159	2,065,342	2,904,159
Dividends				330	
Non-controlling interests in loss for the period		(231,521)	(180,389)		
Value added distributed		9,532,605	8,446,041	6,683,955	9,504,979

The Management notes are an integral part of the financial statements.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

1. Operations

Braskem S.A. (hereinafter “Parent Company”) is a public corporation headquartered in Camaçari, Bahia (“BA”), which jointly with its subsidiaries (hereinafter “Braskem” or “Company”) is controlled by Odebrecht S.A. (“Odebrecht”), which directly and indirectly holds interests of 50.11% and 38.32% in its voting and total capital, respectively.

(a) Significant operating event which impacted these financial statements

In December 2015, began the start-up process of the petrochemical complex of Braskem Idesa S.A.P.I (“Braskem Idesa”) in Mexico, putting into operation the utilities area, followed by the cracker in March 2016. In April, it produced the first lot of polyethylene (“PE”). The complex houses a gas-based ethylene cracker and three polyethylene plants – two high-density and one low-density - with combined annual production of capacity of 1.05 million tons* of PE.

Braskem holds 75% indirect interest in Braskem Idesa and the remaining 25% pertains to Etileno XXI, S.A. de C.V.

** not reviewed*

(b) Net working capital

On September 30, 2016, net working capital at the Parent Company was negative R\$5,610,939 (negative R\$5,607,672 on December 31, 2015). On the other hand, consolidated net working capital was positive R\$3,479,569 (positive R\$578,045 on December 31, 2015). The consolidated figures are used in the management of working capital, since the Company uses mechanisms to transfer funds between the companies efficiently without jeopardizing the fulfillment of the commitments of each of the entities forming the consolidated statements. For this reasons, any analysis of the Parent Company’s working capital will not reflect the actual liquidity position of the consolidated group.

2. Summary of significant accounting policies

There were no changes in the accounting practices used in the preparation of the Quarterly Information in relation to those presented in the December 31, 2015 financial statements.

2.1. Basis of preparation

This Quarterly Information includes the nine-month period ended September 30, 2016 and should be read together with the financial statements of Braskem as of December 31, 2015, which were prepared and presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All relevant information related exclusively to the interim financial statements is presented herein and corresponds to the information used by the management.

The preparation of the Quarterly Information requires the use of certain critical accounting estimates. It also requires the Management of the Company to exercise its judgment in the process of applying its accounting policies. There were no significant changes in the assumptions and judgments made by the Company’s

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

management in the use of estimates for the preparation of the Quarterly Information in relation to those used in the December 31, 2015 financial statements.

Issue of these financial statements was authorized by the Executive Board on November 4, 2016.

2.1.1 Consolidated and parent company quarterly information

The consolidated Quarterly Information was prepared and is being presented in accordance with the pronouncements CPC 21 and IAS 34 - Interim Financial Reporting, which establish the minimum content for interim financial statements. The parent company information was prepared and is being presented in accordance with CPC pronouncement.

The individual and consolidated Statement of Value Added (“DVA”) is required under Brazilian corporations law and under the accounting practices adopted in Brazil for public companies. IFRS does not require the presentation of this statement.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

2.1.2 Consolidated quarterly information

The consolidated Quarterly Information includes the quarterly information of the Parent Company and companies in which it, directly or indirectly, maintains a controlling equity interest or controls the activities, as presented below:

		Total interest - %		
		Headquarters	Sep/2016	Dec/2015
Direct and Indirect subsidiaries				
Alclor Química de Alagoas Ltda ("Alclor")	(i)	Brazil		100.00
Braskem America Finance Company ("Braskem America Finance")		USA	100.00	100.00
Braskem America, Inc. ("Braskem America")		USA	100.00	100.00
Braskem Argentina S.A. ("Braskem Argentina")		Argentina	100.00	100.00
Braskem International GmbH ("Braskem Austria")	(ii)	Austria	100.00	100.00
Braskem Austria Finance GmbH ("Braskem Austria Finance")	(iii)	Austria		100.00
Braskem Europe GmbH ("Braskem Alemanha")		Germany	100.00	100.00
Braskem Finance Limited ("Braskem Finance")		Cayman Islands	100.00	100.00
Braskem Idesa		Mexico	75.00	75.00
Braskem Idesa Servicios S.A. de CV ("Braskem Idesa Serviços")		Mexico	75.00	75.00
Braskem Incorporated Limited ("Braskem Inc")		Cayman Islands	100.00	100.00
Braskem Mexico Proyectos S.A. de C.V. SOFOM ("Braskem México Sofom")		Mexico	100.00	100.00
Braskem Mexico, S. de RL de CV ("Braskem México")		Mexico	100.00	100.00
Braskem Mexico Servicios S. RL de CV ("Braskem México Serviços")		Mexico	100.00	100.00
Braskem Netherlands B.V. ("Braskem Holanda")		Netherlands	100.00	100.00
Braskem Netherlands Finance B.V. ("Braskem Holanda Finance")		Netherlands	100.00	100.00
Braskem Netherlands Inc. B.V. ("Braskem Holanda Inc")		Netherlands	100.00	100.00
Braskem Petroquímica Chile Ltda. ("Braskem Chile")		Chile	100.00	100.00
Braskem Petroquímica Ltda. ("Braskem Petroquímica")		Brazil	100.00	100.00
Quantiq Distribuidora Ltda. ("Quantiq")		Brazil	100.00	100.00
IQAG Armazéns Gerais Ltda. ("IQAG")		Brazil	100.00	100.00
Lantana Trading Co. Inc. ("Lantana")		Bahamas	100.00	100.00
Specific Purpose Entity ("SPE")				
Fundo de Investimento Multimercado Crédito Privado Sol ("FIM Sol")		Brazil	100.00	100.00
Fundo de Investimento Caixa Júpiter Multimercado Crédito Privado Longo Prazo ("Fundo Júpiter")		Brazil	100.00	100.00

- (i) Merged into the subsidiary Braskem Petroquímica in April 2016.
(ii) In the process of dissolution.
(iii) Dissolved in January 2016.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

2.2. Functional and foreign currencies

The information on functional currency and foreign currency was presented in the 2015 annual financial statements of the Company, in Note 2.2.

Exchange variation effects

The main effects from exchange variation in this Quarterly Information are shown below:

	End of period rate			Average rate for period ended		
	Sep/2016	Dec/2015	Variation	Sep/2016	Sep/2015	Variation
U.S. dollar - Brazilian real	3.2462	3.9048	-16.87%	3.5450	3.1684	11.89%
U.S. dollar - Mexican peso	19.3404	17.3700	11.34%	18.3130	15.5877	17.48%
U.S. dollar - Euro	0.8898	0.9187	-3.15%	0.8958	0.8979	-0.23%

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

	Shareholders' equity		Profit for the period	
	Sep/2016	Dec/2015	Sep/2016	Sep/2015
Parent company	5,403,719	1,803,007	2,065,342	2,904,159
Braskem shares owned by subsidiary	(48,892)	(48,892)		
Non-controlling interest in Braskem Idesa	(960,975)	(684,885)	(231,521)	(180,389)
Consolidated	<u>4,393,852</u>	<u>1,069,230</u>	<u>1,833,821</u>	<u>2,723,770</u>

2.4. Restatement

The 2015 financial statements were restated to reflect taxes from prior periods that were recognized fiscally in 2016, as mentioned in Note 19(b).

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

3. Cash and cash equivalents

The information on cash and cash equivalents was presented in the 2015 annual financial statements of the Company, in Note 5.

		Consolidated	
		Sep/2016	Dec/2015
Cash and banks	(i)	1,970,131	873,966
Cash equivalents:			
Domestic market		5,037,433	2,428,995
Foreign market	(i)	1,192,604	4,136,762
Total		8,200,168	7,439,723

- (i) On September 30, 2016, it includes cash and banks of R\$366,693 (R\$96,830 on December 31, 2015) and cash equivalents of R\$66,896 (R\$37,809 on December 31, 2015) of the subsidiary Braskem Idesa, available for its exclusive use.

4. Financial investments

The information on financial investments was presented in the 2015 annual financial statements of the Company, in Note 6.

		Consolidated	
		Sep/2016	Dec/2015
Held-for-trading			
Time deposit investments	(i)	432,308	
Other		701	1,172
Held-to-maturity			
Quotas of investment funds in credit rights			46,193
Total		433,009	47,365
Current assets		433,009	1,172
Non-current assets			46,193
Total		433,009	47,365

- (i) This investment was given as guarantee to cover Braskem's obligation related to the constitution of a reserve account for the project finance of the subsidiary Braskem Idesa.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands, unless otherwise stated

5. Trade accounts receivable

The information on trade accounts receivable was presented in the 2015 annual financial statements of the Company, in Note 7.

	Consolidated		Parent company	
	Sep/2016	Dec/2015	Sep/2016	Dec/2015
Consumers:				
Domestic market	1,181,631	1,439,133	1,225,039	1,370,971
Foreign market	1,419,237	1,643,807	3,727,155	5,724,982
Allowance for doubtful accounts	(392,179)	(327,974)	(350,132)	(290,010)
Total	<u>2,208,689</u>	<u>2,754,966</u>	<u>4,602,062</u>	<u>6,805,943</u>
Current assets	2,189,805	2,735,144	1,756,433	2,526,510
Non-current assets	18,884	19,822	2,845,629	4,279,433
Total	<u>2,208,689</u>	<u>2,754,966</u>	<u>4,602,062</u>	<u>6,805,943</u>

6. Inventories

The information on inventories was presented in the 2015 annual financial statements of the Company, in Note 8.

	Consolidated		Parent company	
	Sep/2016	Dec/2015	Sep/2016	Dec/2015
Finished goods	3,495,536	3,928,446	2,255,328	2,812,657
Raw materials, production inputs and packaging	960,365	1,008,217	790,372	879,608
Maintenance materials	326,645	289,568	183,927	196,432
Advances to suppliers	128,242	315,234	119,575	304,816
Imports in transit and other	28,248	110,787	18,783	72,661
Total	<u>4,939,036</u>	<u>5,652,252</u>	<u>3,367,985</u>	<u>4,266,174</u>
Current assets	4,873,736	5,517,206	3,302,685	4,131,128
Non-current assets	65,300	135,046	65,300	135,046
Total	<u>4,939,036</u>	<u>5,652,252</u>	<u>3,367,985</u>	<u>4,266,174</u>

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

The main transactions with related companies in the period ended September 30, 2016, except for those with subsidiaries of the Company, were:

- (i) In February 2016, an agreement was extended with Petrobras for the sale of aliphatic solvent, under the same terms and conditions as the agreement signed in July 2015, with duration to March 2017.
- (ii) In March 2016, an agreement was entered into with Usina Conquista do Pontal S.A., with Agro Energia Santa Luzia S.A. and with Odebrecht Agroindustrial Participações S.A. to ensure the continued supply of hydrous ethanol to the Company, with technical flexibilities and differentiated commercial conditions, through an advance duly restated by the market rate and guaranteed by Odebrecht S.A. The Companies that are parties to the agreement are indirectly controlled by Odebrecht S.A. The price of hydrous ethanol is based on the Monthly Rate published by the Luiz de Queiroz College of Agriculture (ESALQ) Hydrous Fuel – São Paulo, in R\$/liter, of the reference month and with a discount. The agreement has an estimated maximum amount of R\$305,000 and is valid through April 30, 2017.
- (iii) In March 2016, an agreement was entered into with Refinaria de Petróleo Rio Grandense S.A. (“RPR”) for the acquisition of gasoil from RPR to be used as feedstock in the diesel oil production process, which is renewed on a monthly basis. The amount accrued in the period is R\$72,488.
- (iv) Since March 2016, Braskem maintains agreements for the sale of gasoline to RPR, which is renewable on a monthly basis. In the nine-month period, the amount accrued is R\$194,043.
- (v) Since June 2016, Braskem maintains agreements for the sale of gasoline to Petrobras Distribuidora, a wholly-owned subsidiary of Petrobras, which is renewable on a monthly basis. In the nine-month period, the amount accrued is R\$257,392.
- (vi) In June 2016, an agreement was renewed with Transpetro, a subsidiary of Petrobras, for the acquisition of naphtha and condensate handling and storage services by Braskem’s Basic Petrochemicals Unit, which is located in the Industrial Complex of Triunfo. The renewal is worth an estimated R\$8 million and is valid through December 2016.
- (vii) In July 2016, a service agreement was executed by Cetrel S.A. (“Cetrel”) to treat wastewater produced by the Braskem industrial units located in the Camaçari Petrochemical Complex. The agreement has an estimated maximum amount of R\$77,000 and is valid through December 31, 2019.
- (viii) In August 2016, an agreement was signed with Santo Antônio Energia S.A., an indirect subsidiary of Odebrecht, to acquire electricity for Braskem industrial units. The agreement has an estimated maximum value of R\$13 billion and is valid for 13 years as of January 1, 2017.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(c) Key management personnel

Income statement transactions	Consolidated	
	Sep/2016	Sep/2015
Remuneration		
Short-term benefits to employees and managers	27,225	37,166
Post-employment benefit	269	187
Total	27,494	37,353

8. Taxes recoverable

The information on taxes recoverable was presented in the 2015 annual financial statements of the Company, in Note 10.

	Consolidated		Parent company	
	Sep/2016	Dec/2015	Sep/2016	Dec/2015
Brazil				
IPI	45,416	23,996	41,823	22,615
Value-added tax on sales and services (ICMS) - normal operations	354,109	403,842	259,710	310,754
ICMS - credits from PP&E	124,122	121,954	118,200	115,354
Social integration program (PIS) and social contribution on revenue (COFINS) - normal operations	11,934	69,431	11,513	69,004
PIS and COFINS - credits from PP&E	250,311	230,030	237,318	217,482
Income tax and social contribution (IR and CSL)	528,062	944,863	365,060	779,277
REINTEGRA program	53,473	274,654	51,822	271,823
Federal supervenience	166,271	173,436	160,645	168,507
Other	10,522	14,281	4,061	6,309
Other countries				
Value-added tax ("VAT")	234,595	277,751		
Income tax	16,842	40,263		
Other	2,733	1,559		
Total	1,798,390	2,576,060	1,250,152	1,961,125
Current assets	804,454	1,272,004	361,138	762,824
Non-current assets	993,936	1,304,056	889,014	1,198,301
Total	1,798,390	2,576,060	1,250,152	1,961,125

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

9. Investments

The information related to investments was presented in the Company's 2015 annual financial statements, in Note 11.

(a) Information on investments

	Interest in		Adjusted net profit (loss)		Adjusted	
	total capital		for the period		equity	
	(%) 9/30/2016		Sep/2016	Sep/2015	Sep/2016	Dec/2015
	Direct	Indirect				
Subsidiaries						
Alclor			(1,248)	(2,407)		35,435
Braskem Alemanha	100.00		1,221,581	208,134	2,803,318	2,040,998
Braskem America	100.00		1,009,731	149,923	2,529,444	1,947,177
Braskem America Finance	100.00		398	667	2,951	3,065
Braskem Argentina	100.00		1,584	3,326	17,730	16,146
Braskem Austria	100.00		(145)	11,261	4,261	5,118
Braskem Austria Finance				(31)		75
Braskem Holanda	100.00		1,129,457	(52,626)	1,285,407	958,377
Braskem Holanda Finance	100.00		(13)	(7)	(22)	(12)
Braskem Holanda Inc	100.00		1,965	(125)	1,745	(158)
Braskem Finance	100.00		47,574	38,458	(89,439)	(137,013)
Braskem Idesa	75.00		(926,086)	(300,783)	(3,843,898)	(1,991,690)
Braskem Idesa Serviços	75.00		2,804	5,636	8,001	8,860
Braskem Inc	100.00		(50,307)	330,343	793,273	843,579
Braskem México	100.00		22,224	103,123	174,485	206,806
Braskem México Sofom	100.00		2,840	(3,739)	7,137	1,566
Braskem México Serviços	100.00		(696)	1,735	2,624	3,424
Braskem Petroquímica	100.00		173,941	249,932	2,214,609	2,018,696
IQAG	100.00		7,786	5,000	13,084	16,934
Lantana	100.00		177	(355)	(870)	(1,047)
Braskem Chile	100.00		2,362	(515)	10,070	7,707
Quantiq	100.00		23,301	(5,254)	263,125	244,345
Jointly-controlled investment						
RPR	33.20		62,701	23,295	176,413	145,551
Odebrecht Comercializadora de Energia S.A. ("OCE")	20.00		(255)	11,491	11,187	11,441
Associate						
Borealis	20.00		10,538	(4,151)	168,629	158,366

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(b) Changes in investments

	Subsidiaries and jointly-controlled investment		Domestic associate	Other	Total
	Domestic subsidiaries	Foreign subsidiaries			
Balance at December 31, 2015	2,418,563	2,139,711	31,673	3,828	4,593,775
Dividends and interest on capital	(22,282)				(22,282)
Equity of investments					
Effect of results	218,010	1,174,323	2,053		1,394,386
Adjustment of profit in inventories	12,325	(11,254)			1,071
Write-off for impairment				(395)	(395)
Goodwill amortization	(23,428)				(23,428)
Equity valuation adjustments	(6,272)	(797,912)			(804,184)
Currency translation adjustments		(85,770)			(85,770)
Balance at September 30, 2016	2,596,916	2,419,098	33,726	3,433	5,053,173

(c) Equity accounting results

	Parent company	
	Sep/2016	Sep/2015
Equity in results of subsidiaries, associate and jointly-controlled	1,395,457	600,846
Amortization of fair value adjustment	(23,428)	(23,563)
Provision for losses on investments	47,574	20,406
Other	330	11
	1,419,933	597,700

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(d) Impacts on consolidation of Braskem Idesa

In compliance with IFRS 12 and CPC 45, the Company is presenting the financial statements of the subsidiary in which it holds non-controlling interest and the effects on the Company's consolidated statements.

Balance sheet	Consolidated Braskem		Braskem Idesa consolidated (i)		Eliminations		Consolidated	
	Ex consolidated Sep/2016	Braskem Idesa Dec/2015	Sep/2016	Dec/2015	Sep/2016	Dec/2015	Sep/2016	Dec/2015 Revised
Assets								
Current								
Cash and cash equivalents	7,766,578	7,305,084	433,590	134,640			8,200,168	7,439,724
Financial investments	433,009	1,172					433,009	1,172
Trade accounts receivable	1,968,678	2,632,142	265,542	120,848	(44,415)	(17,846)	2,189,805	2,735,144
Inventories	4,504,903	5,344,077	368,833	173,129			4,873,736	5,517,206
Taxes recoverable	658,968	1,052,933	145,486	219,071			804,454	1,272,004
Other receivables	311,164	504,034	64,006	29,260		(57)	375,170	533,237
	15,643,300	16,839,442	1,277,457	676,948	(44,415)	(17,903)	16,876,342	17,498,487
Non-current								
Taxes recoverable	993,884	1,303,987	52	69			993,936	1,304,056
Deferred tax	174,963	2,370,823	1,262,617	825,416			1,437,580	3,196,239
Related parties	5,288,401	4,556,671			(ii) (4,965,915)	(4,412,038)	322,486	144,633
Other receivables	809,630	906,033	480	32,011			810,110	938,044
Property, plant and equipment	18,633,506	19,545,128	11,910,997	15,134,641	(iii) (700,344)	(717,806)	29,844,159	33,961,963
Intangible	2,667,359	2,806,734	150,849	80,870			2,818,208	2,887,604
	28,567,743	31,489,376	13,324,995	16,073,007	(5,666,259)	(5,129,844)	36,226,479	42,432,539
Total assets	44,211,043	48,328,818	14,602,452	16,749,955	(5,710,674)	(5,147,747)	53,102,821	59,931,026
Liabilities and shareholders' equity								
Current								
Trade payables	6,897,563	11,287,141	312,226	429,400	(44,415)	(17,846)	7,165,374	11,698,695
Borrowings	2,093,926	1,968,540					2,093,926	1,968,540
Project finance			856,060	302,266			856,060	302,266
Payroll and related charges	493,137	582,921	14,783	22,138			507,920	605,059
Taxes payable	1,004,078	947,908	43,212	34,965			1,047,290	982,873
Other payables	1,571,135	1,313,201	155,068	49,808			1,726,203	1,363,009
	12,059,839	16,099,711	1,381,349	838,577	(44,415)	(17,846)	13,396,773	16,920,442
Non-current								
Loan agreements	20,930,017	25,370,260					20,930,017	25,370,260
Project finance			9,695,197	11,975,167			9,695,197	11,975,167
Accounts payable to related parties			5,004,699	4,372,482	(ii) (5,004,699)	(4,372,482)		
Non-controlling loan in Braskem Idesa			(v) 1,597,726	1,538,784			1,597,726	1,538,784
Provision for losses on subsidiaries	2,882,923	2,054,654			(iv) (2,882,923)	(2,054,654)		
Other payables	2,983,437	3,050,078	105,819	7,065			3,089,256	3,057,143
	26,796,377	30,474,992	16,403,441	17,893,498	(7,887,622)	(6,427,136)	35,312,196	41,941,354
Shareholders' equity								
Attributable to the Company's shareholders	5,354,827	1,754,115	(3,182,338)	(1,982,120)	3,182,338	1,982,120	5,354,827	1,754,115
Non-controlling interest in Braskem Idesa					(960,975)	(684,885)	(960,975)	(684,885)
	5,354,827	1,754,115	(3,182,338)	(1,982,120)	2,221,363	1,297,235	4,393,852	1,069,230
Total liabilities and shareholders' equity	44,211,043	48,328,818	14,602,452	16,749,955	(5,710,674)	(5,147,747)	53,102,821	59,931,026

- (i) Consolidation of Braskem Idesa with its direct subsidiary Braskem Idesa Serviços.
(ii) Loan from the parent company as part of the contribution from shareholders to the Braskem Idesa project.
(iii) Adjustment corresponding to the capitalization of the financial charges of the aforementioned loan.
(iv) Provision recorded in the subsidiary Braskem Holanda for the negative shareholders' equity of Braskem Idesa.
(v) Loan owed to the non-controlling shareholder as part of the contribution from shareholders to the project.

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

	Consolidated Braskem				Eliminations		Consolidated	
	Ex consolidated	Braskem Idesa	Braskem Idesa consolidated		Sep/2016	Sep/2015	Sep/2016	Sep/2015
	Sep/2016	Sep/2015	Sep/2016	Sep/2015				
Net sales revenue	35,511,413	34,708,852	816,486	325,752	(107,356)	(83,888)	36,220,543	34,950,716
Cost of products sold	(26,021,833)	(27,102,834)	(559,555)	(334,949)	95,327	59,305	(26,486,061)	(27,378,478)
	9,489,580	7,606,018	256,931	(9,197)	(12,029)	(24,583)	9,734,482	7,572,238
Income (expenses)								
Selling and distribution	(968,255)	(790,860)	(83,452)	(25,307)			(1,051,707)	(816,167)
General and administrative	(1,062,858)	(914,476)	(83,538)	(29,659)	31,073	24,583	(1,115,323)	(919,552)
Research and development	(119,847)	(119,875)					(119,847)	(119,875)
Results from equity investments	(671,387)	(530,217)		963	694,564	530,955	23,177	1,701
Other income (expenses), net	(220,356)	(161,389)	(102,636)	(3,363)			(322,992)	(164,752)
	6,446,877	5,089,201	(12,695)	(66,563)	713,608	530,955	7,147,790	5,553,593
Financial results								
Financial expenses	(3,032,330)	(2,712,950)	(1,187,292)	(320,743)	129,073	20,718	(4,090,549)	(3,012,975)
Financial income	(271,791)	1,976,458	42,911	82,565	(194,567)	(441,489)	(423,447)	1,617,534
	(3,304,121)	(736,492)	(1,144,381)	(238,178)	(65,494)	(420,771)	(4,513,996)	(1,395,441)
Profit (loss) before income tax and social contribution	3,142,756	4,352,709	(1,157,076)	(304,741)	648,114	110,184	2,633,794	4,158,152
IR and CSL - current and deferred	(1,077,414)	(1,448,550)	277,441	14,168			(799,973)	(1,434,382)
	(1,077,414)	(1,448,550)	277,441	14,168			(799,973)	(1,434,382)
Profit (loss) for the period	2,065,342	2,904,159	(879,635)	(290,573)	648,114	110,184	1,833,821	2,723,770

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

Statement of cash flows	Consolidated Braskem				Eliminations		Consolidated	
	Ex consolidated	Braskem Idesa	Braskem Idesa consolidated					
	Sep/2016	Sep/2015	Sep/2016	Sep/2015	Sep/2016	Sep/2015	Sep/2016	Sep/2015 Revised
Profit (loss) before income tax and social contribution	3,142,756	4,352,709	(1,157,076)	(304,741)	648,114	110,184	2,633,794	4,158,152
Adjustments for reconciliation of profit or loss								
Depreciation, amortization and depletion	1,803,581	1,573,845	182,220	498	(19,044)		1,966,757	1,574,343
Results from equity investments	671,387	529,254			(694,564)	(530,955)	(23,177)	(1,701)
Interest and monetary and exchange variations, net	907,890	1,968,076	1,245,069	843,637	(85,003)		2,067,956	2,811,713
Other	16,375	11,190	235				16,610	11,190
	6,541,989	8,435,074	270,448	539,394	(150,497)	(420,771)	6,661,940	8,553,697
Changes in operating working capital								
Held-for-trading financial investments	(408,348)	14,207					(408,348)	14,207
Trade accounts receivable	663,971	(608,424)	(144,694)	(59,578)	26,569	17,846	545,846	(650,156)
Inventories	810,789	35,014	(108,790)	62,978			701,999	97,992
Taxes recoverable	921,535	250,922	71,688	292,260			993,223	543,182
Other receivables	(25,606)	48,261	(15,492)	(39,989)			(41,098)	8,272
Trade payables	(2,856,197)	(2,414,635)	(117,174)	(263,400)	(26,569)	(17,846)	(2,999,940)	(2,695,881)
Taxes payable	(153,173)	391,025	307,403	26,342			154,230	417,367
Other payables	120,189	(448,976)	234,486	705,536			354,675	256,560
Cash from operations	5,615,149	5,702,468	497,875	1,263,543	(150,497)	(420,771)	5,962,527	6,545,240
Interest paid	(698,452)	(313,647)	(395,426)	(362,313)			(1,093,878)	(675,960)
Income tax and social contribution paid	(847,012)	(89,006)					(847,012)	(89,006)
Net cash generated by operating activities	4,069,685	5,299,815	102,449	901,230	(150,497)	(420,771)	4,021,637	5,780,274
Proceeds from the sale of fixed assets	431	1,245					431	1,245
Acquisitions to property, plant and equipment	(993,667)	(835,869)	(1,159,040)	(2,521,847)	150,497	420,771	(2,002,210)	(2,936,945)
Acquisitions of intangible assets	(20,909)	(12,590)					(20,909)	(12,590)
Held-for-maturity financial investments	33,497	(11)					33,497	(11)
Net cash used in investing activities	(980,648)	(847,225)	(1,159,040)	(2,521,847)	150,497	420,771	(1,989,191)	(2,948,301)
Short-term and long-term debt								
Obtained borrowings	2,821,945	4,505,278					2,821,945	4,505,278
Payments of borrowings	(3,755,480)	(4,947,701)					(3,755,480)	(4,947,701)
Project finance								
Obtained funds			503,921	1,406,947			503,921	1,406,947
Payments			(370,041)	(410,397)			(370,041)	(410,397)
Related parties								
Obtained loans (payment of loans)	(1,184,419)	(460,808)	1,184,419	460,808				
Dividends paid	(998,985)	(482,114)					(998,985)	(482,114)
Repurchase of treasury shares		(927)						(927)
Net cash generated (used) in financing activities	(3,116,939)	(1,386,272)	1,318,299	1,457,358			(1,798,640)	71,086
Exchange variation on cash of foreign subsidiaries	489,396	(491,046)	37,243	(58,449)			526,639	(549,495)
Increase (decrease) in cash and cash equivalents	461,494	2,575,272	298,951	(221,708)			760,445	2,353,564
Represented by								
Cash and cash equivalents at the beginning for the	7,305,084	3,659,495	134,639	333,864			7,439,723	3,993,359
Cash and cash equivalents at the end for the period	7,766,578	6,234,767	433,590	112,156			8,200,168	6,346,923
Increase (decrease) in cash and cash equivalents	461,494	2,575,272	298,951	(221,708)			760,445	2,353,564

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

10. Property, plant and equipment

The information on property, plant and equipment was presented in the Company's 2015 annual financial statements, in Note 12.

	Sep/2016			Consolidated Dec/2015		
	Cost	Accumulated depreciation/ depletion	Net	Cost	Accumulated depreciation/ depletion	Net
	Land	446,365		446,365	479,621	
Buildings and improvements	5,140,784	(1,038,974)	4,101,810	5,435,600	(904,324)	4,531,276
Machinery, equipment and installations	36,343,234	(15,862,719)	20,480,515	37,401,007	(14,513,744)	22,887,263
Projects and stoppage in progress	(i) 4,250,913		4,250,913	5,506,044		5,506,044
Other	1,223,903	(659,347)	564,556	1,212,365	(654,606)	557,759
Total	47,405,199	(17,561,040)	29,844,159	50,034,637	(16,072,674)	33,961,963

(i) On September 30, 2016, the main amounts included in this account refer to the expenses with the subsidiary Braskem Idesa project (R\$1,299,742), the strategic and operation expenses of Braskem America (R\$316,946), such as the construction of the new plant UTEC and expenses with planned shutdown maintenance in Brazil which is in preparation or in progress (R\$629,786). The balance corresponds mainly to diverse projects aimed at maintenance of plants' production capacity.

Capitalized charges in the nine-month period ended September 30, 2016 were R\$333,278 (R\$598,457 on September 30, 2015).

There were no significant events or circumstances in the period ended September 30, 2016 that indicate the need for impairment testing on the property, plant and equipment.

11. Intangible assets

The information on intangible assets was presented in the 2015 annual financial statements of the Company, in Note 13.

	Sep/2016			Consolidated Dec/2015		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	Goodwill based on future profitability	3,187,722	(1,128,804)	2,058,918	3,187,722	(1,128,804)
Trademarks and patents	344,969	(105,820)	239,149	298,438	(100,782)	197,656
Software and use rights	593,866	(413,117)	180,749	536,786	(336,029)	200,757
Contracts with customers and suppliers	696,255	(356,863)	339,392	795,782	(365,509)	430,273
Total	4,822,812	(2,004,604)	2,818,208	4,818,728	(1,931,124)	2,887,604

There were no significant events or circumstances in the period ended September 30, 2016 that indicated the need for updating the impairment testing of intangible assets with indefinite useful life made in the end of 2015, or that indicated the need to perform an impairment testing of intangible assets with definite useful life.

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Notes to the financial statements at September 30, 2016

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12. Borrowings

The information on borrowings was presented in the 2015 annual financial statements of the Company, in Note 14.

	Annual financial charges	Consolidated	
		Sep/2016	Dec/2015
Foreign currency			
Bonds	Note 12 (a)	14,172,755	17,004,617
Advances on exchange contracts	US dollar exchange variation + 3.35%	98,754	255,809
Export prepayment	Note 12 (b)	588,865	549,036
BNDES	Note 12 (c)	234,357	409,076
Export credit notes	Note 12 (d)	1,172,666	1,405,227
Working capital	US dollar exchange variation + 1.75% above Libor	1,639,486	1,907,145
Transactions costs		(216,665)	(248,838)
		17,690,218	21,282,072
Current liabilities		891,547	763,071
Non-current liabilities		16,798,671	20,519,001
Total		17,690,218	21,282,072
Local currency			
Export credit notes	Note 12 (d)	2,125,906	2,350,965
BNDES	Note 12 (c)	2,596,013	3,001,776
BNB/ FINAME/ FINEP/ FUNDES	6.46%	550,152	642,739
BNB/ FINAME/ FINEP/ FUNDES	TJLP + 1.90%	1,933	2,177
Fundo de Desenvolvimento do Nordeste (FDNE)	6.50%	50,247	51,939
Other	CDI + 0.04%	22,447	23,714
Transactions costs		(12,973)	(16,582)
		5,333,725	6,056,728
Current liabilities		1,202,379	1,205,469
Non-current liabilities		4,131,346	4,851,259
Total		5,333,725	6,056,728
Foreign currency and local currency			
Current liabilities		2,093,926	1,968,540
Non-current liabilities		20,930,017	25,370,260
Total		23,023,943	27,338,800
		Parent company	
		Sep/2016	Dec/2015
Foreign currency			
Current liabilities		1,052,768	1,361,655
Non-current liabilities		2,563,119	3,355,752
		3,615,887	4,717,407
Local currency			
Current liabilities		1,202,379	1,205,469
Non-current liabilities		4,131,347	4,851,260
		5,333,726	6,056,729
Foreign currency and local currency			
Current liabilities		2,255,147	2,567,124
Non-current liabilities		6,694,466	8,207,012
Total		8,949,613	10,774,136

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(a) Bonds

Issue date	Issue amount	Maturity	Interest (% per year)	Consolidated	
	US\$			Sep/2016	Dec/2015
September - 2006	275,000	January - 2017	8.00	183,952	225,637
June - 2008	500,000	June - 2018	7.25	439,840	539,327
May - 2010	400,000	May - 2020	7.00	159,073	188,088
May - 2010	350,000	May - 2020	7.00	1,167,762	1,380,764
October - 2010	450,000	no maturity date	7.38	1,486,526	1,757,160
April - 2011	750,000	April - 2021	5.75	2,490,484	2,953,803
July - 2011	500,000	July - 2041	7.13	1,644,944	2,013,453
February - 2012	250,000	April - 2021	5.75	832,938	987,894
February - 2012	250,000	no maturity date	7.38	825,848	976,200
May - 2012	500,000	May - 2022	5.38	1,658,966	1,969,307
July - 2012	250,000	July - 2041	7.13	822,472	1,006,727
February - 2014	(i) 500,000	February - 2024	6.45	1,639,967	2,004,171
May - 2014	(ii) 250,000	February - 2024	6.45	819,983	1,002,086
Total	5,225,000			14,172,755	17,004,617

(i) Effective interest rate including transaction costs is 7.78% p.a.;

(ii) Effective interest rate including transaction costs is 7.31% p.a.

(b) Export prepayments

Issue date	Initial amount of the transaction	Maturity	Charges (% per year)	Consolidated	
	US\$			Sep/2016	Dec/2015
January - 2013	200,000	November - 2022	US dollar exchange variation + semiannual Libor + 1.10%	426,004	549,036
May - 2016	50,000	May - 2017	US dollar exchange variation + semiannual Libor + 3.35%	162,861	
Total	250,000			588,865	549,036

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(c) BNDES borrowings

Projects	Issue date	Maturity	Charges (% per year)	Consolidated	
				Sep/2016	Dec/2015
Foreign currency					
Other	2006	October - 2016	US dollar exchange variation + 6.94	266	3,204
Braskem Qpar expansion	2007/2008	April - 2016	US dollar exchange variation + 6.89		2,426
Green PE	2009	July - 2017	US dollar exchange variation + 6.72	12,841	29,352
Limit of credit II	2009	January - 2017	US dollar exchange variation + 6.72	12,111	47,353
New plant PVC Alagoas	2010	January - 2020	US dollar exchange variation + 6.72	87,397	128,806
Limit of credit III	2011	October - 2018	US dollar exchange variation + 6.56 to 6.59	87,419	149,495
Butadiene	2011	January - 2021	US dollar exchange variation + 6.59	34,323	48,440
				234,357	409,076
Local currency					
Other	2006	September - 2016	TJLP + 2.80		13,501
Braskem Qpar expansion	2007/2008	February - 2016	TJLP + 2.15 to 3.30		5,372
Green PE	2008/2009	June - 2017	TJLP + 0.00 to 4.78	60,226	119,201
Limit of credit II	2009	January - 2017	TJLP + 2.58 to 3.58	26,430	85,004
Limit of credit II	2009	January - 2021	4.00 to 4.50	81,156	96,698
New plant PVC Alagoas	2010	December - 2019	TJLP + 0.00 to 3.58	193,320	235,641
New plant PVC Alagoas	2010	December - 2019	5.50	21,716	26,732
Limit of credit III	2011	December - 2021	TJLP + 0.00 to 3.58	933,338	1,154,552
Limit of credit III	2011	December - 2021	SELIC + 2.32 to 2.78	266,280	284,263
Limit of credit III	2011	December - 2021	3.50 to 7.00	201,584	230,198
Butadiene	2011	December - 2020	TJLP + 0.00 to 3.45	82,808	96,407
Finem	2014	March - 2021	TJLP + 0.00 to 2.78	201,587	215,372
Finem	2014	March - 2021	SELIC + 2.78	163,743	160,603
Finem	2014	March - 2021	6.00	5,996	6,664
Limit of credit IV	2015	January - 2022	TJLP + 0.00 a 2.62	177,486	140,024
Limit of credit IV	2015	January - 2022	SELIC + 2.32	180,343	131,544
				2,596,013	3,001,776
Total				2,830,370	3,410,852

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Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(d) Export credit notes (“NCE”)

Issue date	Initial amount of the transaction	Maturity	Charges (% per year)	Consolidated	
				Sep2016	Dec2015
Foreign currency					
	US\$				
November - 2006	167,014	May - 2018	Us dollar exchange variation + 8.10	261,350	308,069
April - 2007	101,605	March - 2018	Us dollar exchange variation + 7.87	168,520	198,782
May - 2007	146,010	May - 2019	Us dollar exchange variation + 7.85	249,942	294,840
January - 2008	266,430	February - 2020	Us dollar exchange variation + 7.30	492,854	603,536
	681,059			1,172,666	1,405,227
Local currency					
April - 2010		October - 2021	105% of CDI	38,009	36,653
June - 2010		October - 2021	105% of CDI	152,035	146,611
February - 2011		October - 2021	105% of CDI	152,035	146,611
April - 2011		April - 2019	112,5% of CDI	(i) 464,579	464,039
June - 2011		October - 2021	105% of CDI	60,814	58,644
August - 2011		August - 2019	112,5% of CDI	(i) 405,465	405,478
June - 2012		October - 2021	105% of CDI	76,018	73,305
September - 2012		October - 2021	105% of CDI	228,053	219,917
October - 2012		October - 2021	105% of CDI	64,615	62,310
February - 2013		September - 2017	8.00	101,139	101,118
February - 2013		February - 2016	8.00		101,248
February - 2013		September - 2017	8.00	50,451	50,440
February - 2013		February - 2016	8.00		101,118
March - 2013		March - 2016	8.00		50,253
June - 2014		June - 2017	7.50	50,000	50,010
June - 2014		June - 2017	8.00	17,500	17,504
June - 2014		June - 2017	8.00	10,000	10,002
September - 2014		August - 2020	108% of CDI	101,197	104,642
November - 2014		November - 2017	8.00	(ii) 153,996	151,062
				2,125,906	2,350,965
Total				3,298,572	3,756,192

(i) The Company enters into swap transactions to offset the variation in the Interbank Certificate of Deposit (CDI) rate (Note 14.3.1 (b.i)).

(ii) The Company enters into swap transactions for this contract (from fixed rate to 67.10% to 68.15% of CDI) (Note 14.3.1 (b.ii)).

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Notes to the financial statements at September 30, 2016

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(e) Payment schedule

The maturity profile of amounts maturing in the long-term is as follows:

	Consolidated	
	Sep/2016	Dec/2015
2017	552,128	1,737,331
2018	2,360,146	2,633,143
2019	3,069,749	3,320,800
2020	2,422,550	2,757,234
2021	3,646,019	4,257,177
2022	1,730,281	2,071,030
2023	7,784	7,540
2024	2,451,019	2,944,726
2025 and thereafter	4,690,341	5,641,279
Total	20,930,017	25,370,260

(f) Guarantees

Braskem gave collateral for part of its borrowings as follows:

Loans	Maturity	Total Sep/2016	Total guaranteed	Guarantees
BNB	December - 2022	138,889	138,889	Mortgage of plants, pledge of machinery and equipment
BNB	August - 2024	224,975	224,975	Bank surety
BNDES	December - 2022	2,830,370	2,830,370	Mortgage of plants, land and property, pledge of machinery and equipment
FUNDES	June - 2020	119,804	119,804	Mortgage of plants, land and property, pledge of machinery and equipment
FINEP	July - 2024	66,484	66,484	Bank surety
FINAME	February - 2022	1,933	1,933	Pledge of equipment
Total		3,382,455	3,382,455	

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Notes to the financial statements at September 30, 2016

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13. Project finance

The information regarding the borrowings of Braskem Idesa was presented in the 2015 annual financial statements in Note 15.

<u>Identification</u>	<u>US\$</u>	<u>Maturity</u>	<u>Charges (% per year)</u>	<u>Consolidated</u>	
				<u>Sep/2016</u>	<u>Dec/2015</u>
Project finance I	700,000	February - 2027	Us dollar exchange variation + quarterly Libor + 3.25	2,285,388	2,720,874
Project finance II	189,996	February - 2027	Us dollar exchange variation + 6.17	675,024	740,902
Project finance III	600,000	February - 2029	Us dollar exchange variation + 4.33	1,936,708	2,334,133
Project finance IV	680,004	February - 2029	Us dollar exchange variation + quarterly Libor + 3.88	2,137,505	2,645,645
Project finance V	400,000	February - 2029	Us dollar exchange variation + quarterly Libor + 4.65	1,293,145	1,557,360
Project finance VI	89,994	February - 2029	Us dollar exchange variation + quarterly Libor + 2.73	290,232	349,464
Project finance VII	533,095	February - 2029	Us dollar exchange variation + quarterly Libor + 4.64	1,723,146	2,075,524
Transactions costs				(115,345)	(173,240)
Total	3,193,089			10,225,803	12,250,662
VAT borrowings		November - 2029	2.00% above TIIE (*)	(i) 23,498	26,771
Borrowings for working capital		August - 2017	Us dollar exchange variation + quarterly Libor + 4.85	(ii) 301,955	
				325,453	26,771
				10,551,256	12,277,433
Current liabilities				856,060	302,266
Non-current liabilities				9,695,196	11,975,167
Total				10,551,256	12,277,433

(*) TIIE – “Tasa de Interés Interbancaria de Equilibrio” – basic interest rate in Mexico, similar to the CDI overnight rate in Brazil.

(i) Financing in Mexican peso and paid exclusively with IVA refund.

(ii) Financing obtained in September 2016.

The long-term financing maturity, by year, is as follows:

	<u>Consolidated</u>	
	<u>Sep/2016</u>	<u>Dec/2015</u>
2017	172,110	687,211
2018	710,852	840,247
2019	738,095	872,994
2020	865,796	1,025,621
2021	989,002	1,172,569
2022	823,950	977,593
2023	1,090,719	1,294,219
2024	1,179,947	1,400,843
2025	1,179,394	1,398,554
2026	1,038,349	1,210,426
2027 and thereafter	906,982	1,094,890
Total	9,695,196	11,975,167

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14. Financial instruments

The information related to financial instruments was presented in the 2015 financial statements of the Company, in Note 16.

14.1. Fair value hierarchy

Level 1 – fair value obtained through prices quoted (without adjustments) in active markets for identical assets or liabilities, such as the stock exchange;

Level 2 – fair value obtained from financial models using directly observable market data, such as discounted cash flow, when the instrument is a forward purchase/sale or a swap contract, or such as the Black-Scholes model, when the instrument has the characteristics of an option.

To measure the credit risk of the parties involved in derivative instruments, Braskem uses CVA (Credit Valuation Adjustment) or DVA (Debt Valuation Adjustment) models, applied flow by flow on the mark-to-market value of each instrument. The Company adopts the ratings of the other parties for positive flows and its own rating for negative flows, both available in the market and disclosed by renowned rating agencies, as a necessary assumption to define the probability of default.

14.2. Non-derivative financial instruments – consolidated

	Note	Classification by category	Fair value hierarchy	Book value		Fair value	
				Sep/2016	Dec/2015	Sep/2016	Dec/2015
Cash and cash equivalents	3						
Cash and banks				1,970,131	873,966	1,970,131	873,966
Financial investments in Brazil		Held-for-trading	Level 2		605,770		605,770
Financial investments in Brazil		Loans and receivables		5,037,433	1,823,225	5,037,433	1,823,225
Financial investments abroad		Held-for-trading	Level 2	1,192,604	4,136,762	1,192,604	4,136,762
				8,200,168	7,439,723	8,200,168	7,439,723
Financial investments	4						
Time deposit investments		Held-for-trading	Level 2	432,308		432,308	
Other		Held-for-trading	Level 2	701	1,172	701	1,172
Quotas of receivables investment fund		Held-to-maturity			46,193		46,193
				433,009	47,365	433,009	47,365
Trade accounts receivable	5			2,208,689	2,754,966	2,208,689	2,754,966
Related parties credits	7	Loans and receivables		322,486	155,140	322,486	155,140
Trade payables				7,340,232	11,755,843	7,340,232	11,755,843
Borrowings	12						
Foreign currency - Bonds			Level 1	14,172,755	17,004,617	14,899,781	14,434,854
Foreign currency - other borrowings				3,734,128	4,526,293	3,734,128	4,526,293
Local currency				5,346,698	6,073,310	5,346,698	6,073,310
				23,253,581	27,604,220	23,980,607	25,034,457
Project finance	13			10,666,601	12,450,673	10,666,601	12,450,673
Non-controlling loan in Braskem Idesa				1,597,726	1,538,784	1,597,726	1,538,784
Other payables (BNDESPAR)				172,665	273,294	172,665	273,294

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14.3. Derivative financial instruments designated and not designated for hedge accounting

14.3.1 Changes

Identification	Note	Fair value hierarchy	Operation characteristics		Accumulated OCI (equity)	Net	Change in fair value	Financial settlement	Net
			Principal exposure	Derivatives		(Asset)/ Liability Dec/2015			(Asset)/ Liability Sep/2016
Non-hedge accounting transactions									
Exchange swap		Level 2	Argentine peso	Dollar		(38,990)	4,154	34,836	
Interest rate swaps		Level 2	Fixed rate	CDI		8,351	(2,293)	(5,323)	735
Dollar put option	14.3.1 (a.i)	Level 2	Real	Dollar			(222)	(4,856)	(5,078)
						<u>(30,639)</u>	<u>1,639</u>	<u>24,657</u>	<u>(4,343)</u>
Hedge accounting transactions									
Exchange swap	14.3.1 (b.i)	Level 2	CDI	Dollar+Interests	550,727	1,172,125	(323,322)	12,471	861,274
Interest rate swaps	14.3.1 (b.ii)	Level 2	Libor	Fixed price	450,580	35,073	125,759	(42,310)	118,522
					<u>1,001,307</u>	<u>1,207,198</u>	<u>(197,563)</u>	<u>(29,839)</u>	<u>979,796</u>
Derivatives operations									
Current assets						(53,662)			(17,053)
Non-current assets						(12,280)			
Current liabilities						57,760			20,464
Non-current liabilities						1,184,741			972,042
						<u>1,176,559</u>			<u>975,453</u>

(a) Operations not designated for hedge accounting

(a.i) US dollar put option

On September, 2016, Braskem contracted derivative financial instruments to limit the equivalent amount in US dollar of its cash disbursements denominated in Brazilian reais. This hedge is in line with Company's risk management strategy.

Identification	Nominal value	Hedge (exchange rate R\$ / US\$)	Maturity	Fair value, net Sep/2016
US dollar put option	451,667	3.0000 to 3.1000	jan to sep - 2017	(5,078)
Total	<u>451,667</u>			<u>(5,078)</u>
Derivatives operations				
Current assets				(5,078)
Total				<u>(5,078)</u>

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(b) Operations designated for hedge accounting

(b.i) Swaps related to export credit notes (NCE)

<u>Identification</u>	<u>Nominal value</u>	<u>Hedge Financial charges per year</u>	<u>Maturity</u>	<u>Fair value, net</u>	
				<u>Sep/2016</u>	<u>Dec/2015</u>
Swap NCE I	200,000	Exchange variation + 6.15%	August - 2019	224,846	301,325
Swap NCE II	100,000	Exchange variation + 6.15%	August - 2019	109,373	147,021
Swap NCE III	100,000	Exchange variation + 6.15%	August - 2019	107,258	144,496
Swap NCE IV	100,000	Exchange variation + 5.50%	April - 2019	90,160	124,071
Swap NCE V	100,000	Exchange variation + 5.50%	April - 2019	90,072	123,966
Swap NCE VI	150,000	Exchange variation + 7.90%	April - 2019	145,755	203,675
Swap NCE VII	100,000	Exchange variation + 4.93%	April - 2019	93,810	127,571
Total	850,000			861,274	1,172,125
Derivatives operations					
Current assets				(11,975)	(12,616)
Non-Current liabilities				873,249	1,184,741
Total				861,274	1,172,125

(b.ii) Hedge operation by Braskem Idesa related to project finance

Interest rate swap linked to Libor

<u>Identification</u>	<u>Nominal value US\$</u>	<u>Hedge interest rate per year</u>	<u>Maturity</u>	<u>Fair value, net</u>	
				<u>Sep/2016</u>	<u>Dec/2015</u>
Swap Libor I to VI	1,312,892	1.9825%	May - 2025	118,522	7,997
Total	1,312,892			118,522	7,997
Derivatives operations					
Non-current assets					(12,280)
Current liabilities				19,729	47,353
Non-current liabilities				98,793	
Total				118,522	35,073

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14.4. Non-derivative liabilities designated for export hedge accounting

(a.i) Future exports in U.S. dollars

On September 30, 2016, exports that were designated and not yet realized are shown below:

	Total nominal value US\$
2016	210,909
2017	829,685
2018	787,894
2019	733,980
2020	724,000
2021	716,000
2022	719,000
2023	718,372
2024	688,854
	6,128,694

The following table shows the financial instruments movement in the period designated for this hedge:

	Dec/2015	Exports in the period	Hedge discontinued	Sep/2016
Designated balance	6,757,231	(628,538)	(620,321)	5,508,373

On September 30, 2016, the maturities of financial liabilities designated, within the scope of the consolidated balance sheet, were as follows:

	Total nominal value US\$
2016	403,076
2017	718,736
2018	1,145,149
2019	444,236
2020	570,782
2021	1,017,703
2022	519,837
2024	688,854
	5,508,373

Considering the strong cash generation in recent quarters, the Management of the Company believed it was appropriate to advance the payment of dollar-denominated obligations, among which liabilities designated for this hedge. As a result of the decision, the amount of US\$620,321 was discontinued prospectively. Exchange variation on the discontinued amount, of R\$761,733, which is recorded under Shareholders' Equity as "Other

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comprehensive income” will be taken to net financial income (expenses) as of October 2016, as the hedged exports are realized.

	Total nominal value US\$	Conversion rate at Inception R\$/US\$	Closing rate R\$/US\$	Gross nominal value
Hedge discontinued fourth quarter 2016	210,909	2.0017	3.2476	262,772
Hedge discontinued first quarter 2017	201,277	2.0017	3.2400	249,241
Hedge discontinued second quarter 2017	208,135	2.0017	3.2015	249,720
				761,733

The following table provides the balances of exchange variation recognized in the Company’s net financial income (expenses) due to the realization of exports designated for that hedge for the nine-month period ended September 30, 2016:

	Total nominal value US\$	Conversion rate at Inception R\$/US\$	Closing rate R\$/US\$	Gross nominal value
First quarter	206,951	2.0017	4.0399	421,808
Second quarter	210,752	2.0017	3.6408	345,444
Third quarter	210,835	2.0017	3.2723	267,887
				1,035,139

The changes in foreign exchange variation and Income Tax and Social Contribution under “Other comprehensive income” are as follows:

	Exchange variation	IR and CSL	Net effect
At December 31, 2015	(12,859,687)	4,372,294	(8,487,393)
Exchange variation recorded in the period on OCI / IR and CSL	4,207,644	(1,430,599)	2,777,045
Exchange variation transferred to profit or loss / IR and CSL	1,035,139	(351,947)	683,192
At September 30, 2016	(7,616,904)	2,589,748	(5,027,156)

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(a.ii) Liabilities related to the Project Finance of future sales in U.S. dollar

On September 30, 2016, the designated sales and not yet realized are shown below:

	Total nominal value US\$
2016	26,331
2017	183,253
2018	221,790
2019	229,270
2020	266,690
2021	303,392
2022	253,204
2023	333,093
2024	359,559
2025	357,903
2026	309,240
2027	152,103
2028	124,654
2029	31,164
	3,151,646

The following table shows the financial instruments designated changes to this hedge in the period:

	Dec/2015	Sales in the period	Hedge discontinued	US\$ Sep/2016
Designated balance	3,193,089	(41,443)	(12,187)	3,139,459

On September 30, 2016, the maturities of financial liabilities designated were distributed as follows:

	Total nominal value US\$
2016	26,286
2017	182,927
2018	221,390
2019	228,850
2020	266,187
2021	302,816
2022	252,723
2023	332,458
2024	358,873
2025	357,221
2026	308,650
2027	150,419
2028	124,347
2029	26,312
	3,139,459

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In May 2016, Braskem Idesa prepaid US\$12.230 of the Project Finance debt that was designated as this hedge instrument. As a result of the decision, this amount was discontinued prospectively.

The following table provides the balance of exchange variation of the discontinued amount net of realization already occurred, on September 30, 2016, which is recorded in Braskem Idesa's shareholders' equity under "Other comprehensive income" and will be transferred to financial income (expenses) according to the schedule of future hedged sales:

	Total nominal value US\$	Conversion rate at Inception MXN/US\$	Closing rate MXN/US\$	Total nominal value MXN	Gross nominal value
Hedge discontinued	12,187	13.4541	17.9915	55,297	9,609
				<u>55,297</u>	<u>9,609</u>

The following table provides the balances of exchange variation recognized in Braskem Idesa's financial income (expenses) due to the realization of sales designated for this hedge over the course of the nine-month period ended September 30, 2016:

	Total nominal value US\$	at Inception MXN/US\$	Closing rate MXN/US\$	Total nominal value MXN	Gross nominal value
Second quarter	16,359	13.6636	18.1409	73,244	14,297
Third quarter	25,084	13.6650	18.4981	121,235	21,067
				<u>194,479</u>	<u>35,364</u>

The changes in foreign exchange variation and Income Tax and Social Contribution under "Other comprehensive income" are as follows:

	Exchange variation	IR	Net effect
At December 31, 2015	(2,246,820)	674,046	(1,572,774)
Exchange variation recorded in the period on OCI / IR	(1,400,255)	420,830	(979,425)
Exchange variation transferred to profit or loss / IR	35,364	(10,628)	24,736
At September 30, 2016	(3,611,711)	1,084,248	(2,527,463)

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14.5. Credit quality of financial assets

(a) Trade accounts receivable

On September 30, 2016, the credit ratings for the domestic market were as follows:

	(%)	
	Sep/2016	Dec/2015
1 Minimum risk	9.14	7.67
2 Low risk	41.97	42.84
3 Moderate risk	32.89	33.07
4 High risk	12.84	13.74
5 Very high risk	(i) 3.16	2.69

(i) Most clients in this group are inactive and the respective accounts are in the process of collection actions in the courts. Clients in this group that are still active buy from Braskem and pay in advance.

Default indicators

	Last 12 months	
	Domestic Market	Export Market
September 30, 2016	0.23%	0.10%
December 31, 2015	0.39%	0.70%
September 30, 2015	0.30%	0.86%

(b) Other financial assets

In order to determine the credit ratings of counterparties in financial assets classified as cash and cash equivalents, held-for-trading, held-to-maturity and loans and receivables, Braskem uses credit rating from the following agencies: Standard & Poor's, Moody's and Fitch Ratings within the limits established in its financial policy approved by the Board of Directors.

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	<u>Sep/2016</u>	<u>Dec/2015</u>
Financial assets with risk assessment		
AAA	5,143,728	5,982,393
AA+	181,823	
AA	5,202	27,753
AA-	622,496	163,188
A+	2,092,104	1,076,803
A	130,234	69,576
A-	318,373	120,219
BBB+	135,016	
	<u>8,628,976</u>	<u>7,439,932</u>
Financial assets without risk assessment	(i)	
Quotas of investment funds in credit rights		46,193
Other financial assets with no risk assessment	4,201	963
	<u>4,201</u>	<u>47,156</u>
Total	<u>8,633,177</u>	<u>7,487,088</u>

(i) Investments approved by the Management of the Company, as permitted by the financial policy.

14.6. Sensitivity analysis

Financial instruments, including derivatives, may be subject to changes in their fair value as a result of the variation in commodity prices, foreign exchange rates, interest rates, shares and share indexes, price indexes and other variables. The sensitivity of the derivative and non-derivative financial instruments to these variables are presented below:

(a) Selection of risks

On September 30, 2016, the main risks that can affect the value of Braskem's financial instruments are:

- Brazilian real/U.S. dollar exchange rate;
- Brazilian real/Mexican peso exchange rate;
- Libor floating interest rate;
- Selic interest rate;
- CDI interest rate; and
- TJLP interest rate.

For the purposes of the risk sensitivity analysis, Braskem presents the exposures to currencies as if they were independent, that is, not reflecting in the exposure to a foreign exchange rate the risks of the variation in other foreign exchange rates that could be directly influenced by it.

(b) Value at risk

The value at risk of the derivatives held by Braskem which is defined as the loss that could result in one month as from September 30, 2016, with a probability of 5%, and under normal market conditions, was estimated by

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the Company at US\$33,289 for the NCE exchange rate swap (Note 14.3.1(b.i)) and at US\$12,523 for the swap of Libor related to Braskem Idesa's project (Note 14.3.1 (b.ii.i)).

(c) Selection of scenarios

(c.1) Probable scenario

The *Market Readout* published by the Central Bank of Brazil was used to create the probable scenario for the U.S. dollar/Brazilian real exchange rate, Selic basic interest rate and the CDI interest rate, using the reference date of September 30, 2016. According to the Market Readout, at the end of 2016, the U.S. dollar will appreciate by 1.04% against the Brazilian real, compared to the closing PTAX rate at September 30, 2016, while the Selic rate will be 13.75% p.a. The Selic rate is used as a reference for analyses of sensitivity to the CDI.

The probable scenario for the TJLP is an increase of 0.50% from the current rate of 7.5%, in line with the size of the government's most recent decisions to increase or decrease the rate. The Market Readout does not publish forecasts for the Libor interest rate. Therefore, to determine the probable scenario, Braskem considered a 5% increase on current market levels.

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(c.2) Possible and extreme adverse scenarios

The sensitivity values in the table below are the changes in the value of the financial instruments in each scenario:

Instrument / Sensitivity	Gain (loss)		
	Probable	Possible adverse (25%)	Extreme adverse (50%)
Brazilian real/U.S. dollar exchange rate			
Bonds	(145,446)	(3,492,219)	(6,984,439)
BNDES	(2,440)	(58,589)	(117,178)
Working capital/ structured operations	(29,281)	(703,038)	(1,406,076)
Export prepayments	(5,998)	(144,019)	(288,039)
Project finance	(109,617)	(2,631,939)	(5,263,879)
Advance on exchange contracts - ACC	(1,028)	(24,689)	(49,377)
Swaps	(18,180)	(436,512)	(854,844)
Dollar put option	(813)	(5,036)	(5,080)
Financial investments abroad	37,720	905,681	1,811,362
Brazilian real/Mexican Peso exchange rate			
Working capital/ structured operations	11	(5,875)	(11,749)
Selic interest rate			
BNDES	12,277	(93,412)	(197,881)
Libor floating interest rate			
Working capital/ structured operations	(2,021)	(10,104)	(20,208)
Export prepayments	(1,608)	(8,040)	(16,079)
Swaps	2,457	12,208	24,234
CDI interest rate			
NCE	12,606	(93,342)	(193,024)
NCA	20,906	(160,914)	(344,398)
Swaps and NCE	113	(113)	(226)
Financial investments in local currency	(5,310)	37,350	73,877
Instrument / Sensitivity	Probable 8.0%	Possible adverse 8.5%	Extreme adverse 9.0%
TJLP interest rate			
BNDES	(42,234)	(85,332)	(129,307)
Other government agents	(50)	(100)	(152)

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15. Taxes payable

The information related to taxes payable was presented in the Company's 2015 annual financial statements, in Note 17.

	Consolidated		Parent company	
	Sep/2016	Dec/2015 Revised	Sep/2016	Dec/2015 Revised
Parent Company and subsidiaries in Brazil				
IPI	75,991	61,784	71,269	48,579
IR and CSL	467,814	414,176	315,936	269,538
ICMS	212,174	149,811	198,926	110,669
Other	165,946	88,198	138,372	56,557
Other countries				
IR	43,591	238,645		
Value-added tax	111,541	56,975		
Total	1,077,057	1,009,589	724,503	485,343
Current liabilities	1,047,290	982,873	694,865	459,518
Non-current liabilities	29,767	26,716	29,638	25,825
Total	1,077,057	1,009,589	724,503	485,343

16. Income tax ("IR") and social contribution ("CSL")

The information related to income tax and social contribution was presented in the Company's 2015 annual financial statements, in Note 19.

(a) Reconciliation of the effects of income tax and social contribution on profit or loss

	Consolidated		Parent company	
	Sep/2016	Sep/2015 Revised	Sep/2016	Sep/2015 Revised
Income before IR and CSL	2,633,794	4,158,152	2,378,257	4,076,923
IR and CSL at the rate of 34%	(895,491)	(1,413,772)	(808,607)	(1,386,154)
Permanent adjustments to the IR and CSL calculation basis				
IR and CSL on equity in results of investees	7,880	578	482,777	211,226
IR and CSL on prior years	15,073	(5,645)	10,286	(5,645)
Tax benefits (Sudene and PAT)	5,302		5,302	
Other permanent adjustments	67,263	(15,543)	(2,673)	7,809
Effect of IR and CSL on results of operations	(799,973)	(1,434,382)	(312,915)	(1,172,764)
Breakdown of IR and CSL:				
Current IR and CSL	(773,062)	(313,667)	(88,360)	(56,634)
Deferred IR and CSL	(26,911)	(1,120,715)	(224,555)	(1,116,130)
Total	(799,973)	(1,434,382)	(312,915)	(1,172,764)

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(b) Breakdown of deferred income tax and social contribution

Assets	Consolidated		Parent company	
	Sep/2016	Dec/2015 Revised	Sep/2016	Dec/2015 Revised
Tax losses (IR) and negative base (CSL)	2,270,702	2,114,530	205,346	258,017
Goodwill amortized	4,972	6,017	4,972	6,017
Exchange variations	928,906	2,925,895	921,018	2,917,699
Temporary adjustments	116,543	50,628	781,956	823,786
Business combination	190,778	189,403	89,769	89,769
Deferred charges - write-off		20,848		20,848
	3,511,901	5,307,321	2,003,061	4,116,136
Liabilities				
Amortization of goodwill based on future profitability	760,458	735,019	671,631	646,193
Tax depreciation	854,495	815,243	781,200	746,432
Temporary differences	438,349	521,031	11,246	11,703
Business combination	203,980	217,182	75,317	79,154
Additional indexation PP&E	100,208	110,731	100,208	110,731
Amortization of fair value adjustments on the assets from the acquisition of Braskem Qpar	270,207	289,528	270,207	289,528
Other	109,472	153,589	60,711	83,309
	2,737,169	2,842,323	1,970,520	1,967,050
Net	774,732	2,464,998	32,541	2,149,086
Presentation in the Balance Sheet:				
Assets	1,437,580	3,196,239	32,541	2,149,086
(-) Liabilities	662,848	731,241		

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(c) Net balance of deferred income and social contribution tax assets and liabilities (consolidated)

	Sep/2016			
	Headquarters	IR and CSL		
	(Country)	Asset	Liability	Balance
Assets				
Braskem	Brazil	2,003,061	(1,970,520)	32,541
Braskem Argentina	Argentina	9,646		9,646
Braskem Alemanha	Germany	23,671		23,671
Braskem Idesa	Mexico	1,311,372	(48,755)	1,262,617
Braskem México Serviços	Mexico	1,546		1,546
Braskem Chile	Chile	123		123
Quantiq	Brazil	8,071	(1,643)	6,428
Braskem Petroquímica - business combination effects	Brazil	101,008		101,008
		3,458,498	(2,020,918)	1,437,580
Liabilities				
Braskem America	USA		(427,103)	(427,103)
Braskem Petroquímica	Brazil	53,403	(160,486)	(107,083)
Braskem Petroquímica - business combination effects	Brazil		(128,662)	(128,662)
		53,403	(716,251)	(662,848)
Total		3,511,901	(2,737,169)	774,732

	Dec/2015			
	Headquarters	IR and CSL		
	(Country)	Asset	Liability	Balance Revised
Assets				
Braskem	Brazil	4,116,136	(1,967,050)	2,149,086
Braskem Argentina	Argentina	8,235		8,235
Braskem Alemanha	Germany	104,785		104,785
Braskem Idesa	Mexico	890,723	(65,306)	825,417
Braskem México Serviços	Brasil	2,894		2,894
Quantiq	Brasil	7,811	(1,623)	6,188
Braskem Petroquímica - business combination effects	Brazil	99,634		99,634
		5,230,218	(2,033,979)	3,196,239
Liabilities				
Braskem America	USA		(509,328)	(509,328)
Braskem Petroquímica	Brazil	76,978	(160,812)	(83,834)
Braskem Petroquímica - business combination effects	Brazil		(138,029)	(138,029)
Braskem Chile	Chile	125	(175)	(50)
		77,103	(808,344)	(731,241)
Total		5,307,321	(2,842,323)	2,464,998

(d) Realization of deferred income tax and social contribution

In the nine-month period ended September 30, 2016, there were no material events or circumstances that indicate any compromise of the realization of these deferred taxes.

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17. Advances from customers

On September 16, 2016, the subsidiary Braskem Holanda received advances amounting to R\$324,620 (US\$100,000) linked to an agreement for the supply of basic petrochemical products, which provides for deliveries from January 2017 to December 2018.

18. Sundry provisions

The information on sundry provisions was presented in the 2015 annual financial statements of the Company, in Note 20.

	Consolidated		Parent company	
	Sep/2016	Dec/2015	Sep/2016	Dec/2015
Provision for customers rebates	52,353	46,929	38,846	22,606
Provision for recovery of environmental damages	89,288	127,227	78,244	112,887
Judicial and administrative provisions	668,482	554,479	611,019	501,292
Other	55,001	19,279	40,432	1,754
Total	865,124	747,914	768,541	638,539
Current liabilities	71,665	93,942	55,736	67,190
Non-current liabilities	793,459	653,972	712,805	571,349
Total	865,124	747,914	768,541	638,539

The composition of provisions for judicial and administrative suits is as follows:

	Consolidated		Parent company	
	Sep/2016	Dec/2015	Sep/2016	Dec/2015
Labor claims	214,421	158,711	203,883	148,884
Tax claims				
Normal operations				
IR and CSL	11,657	8,029	11,472	8,029
PIS and COFINS	(i) 53,087	4,495	52,909	4,495
ICMS	38,485	22,601	38,485	22,601
Other tax claims	23,741	38,337	21,699	38,317
	126,970	73,462	124,565	73,442
Business Combination				
IR and CSL	44,268	40,223		
PIS and COFINS	49,448	44,771	49,448	44,771
ICMS - interstate purchases	215,983	195,320	215,983	195,320
ICMS - other	15,864	14,364	15,864	14,364
	325,563	294,678	281,295	254,455
Societary claims and other	1,528	27,628	1,276	24,511
	668,482	554,479	611,019	501,292

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(i) PIS and COFINS

The Federal Revenue Service inspected the Company and its subsidiary Braskem Petroquímica between 2006 and 2011 and disallowed a part of the non-cumulative PIS and COFINS credits appropriated, due to: (i) differences between the amounts reported in the Statement of Calculation of Social Contributions (“DACON”) and those in the electronic files of tax invoices; (ii) amounts not recorded in the interim balance sheets, acquisitions not taxed for contributions, recording of a credit on a portion of IPI, failure to submit tax documents; and (iii) nonpayment of amounts stated as due in DACONs/Statements of Federal Tax Debits and Credits (“DCTF”).

The related contingencies were initially diagnosed with chances of possible success. However, this estimate was altered due to the weaknesses identified, validated both internally by the Company and by external lawyers and confirmed by external audit, so there is no justification for the differences mentioned by the federal tax authorities.

For this reason, the Company recorded a provision of R\$47,914, considering that a favorable outcome is now deemed remote after exhaustion of analyses for defense.

19. Contingencies

The description of the main contingent liabilities of the Company was presented in the 2015 annual financial statements, in Note 23.

(a) Reports of irregularities

Braskem and its subsidiaries are subject to a number of anti-corruption laws in the countries where they operate, including Federal Law 12,846/2013, or the Brazilian Anticorruption Law, which came into force on January 28, 2014, and the U.S. Foreign Corrupt Practices Act (FCPA).

In March 2015, in connection with the so-called Operation Car Wash, certain allegations made by defendants in judicial proceedings were made public, according to which Braskem was allegedly involved in illegal payments related to feedstock supply agreements entered into with Petrobras.

In light of said facts, the Company immediately approved the engagement of law firms with extensive and proven experience in similar cases in the United States and Brazil (“Expert Firms”) to conduct an independent internal investigation into the allegations cited above (“Investigation”), under the supervision of the U.S. Department of Justice (DoJ) and of the U.S. Securities and Exchange Commission (SEC).

Since then, the Company has been fully cooperating with the authorities, including in relation to the formal requests made by the SEC (subpoena) in February and July 2016, and by Brazil’s Office of the Federal Controller General (CGU), also in July of this year.

As the process advanced, the Company became aware of new reports of irregularities, which are being investigated by the Expert Firms, in cooperation with the applicable authorities. In parallel, the Company decided to open negotiations with the DoJ, SEC and authorities in Brazil, through which it hopes to reach an agreement to resolve such allegations and reports of irregularities.

During the Investigation, the Expert Firms identified payments for services to third parties without

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corresponding evidence of the service being rendered.

With the exception of the amount cited in Note 19(b), the Company cannot measure at this time the extent of the financial and non-financial impacts potentially arising from the confirmation of the allegations and reports of irregularities, any parallel investigations or the execution of an agreement with the competent authorities, or the resources that would be required to remedy such occurrences. The Company also cannot predict or measure the impacts from any measures that the competent authorities in Brazil and abroad may take, which could include the payment of fines and damages to third parties, the filing of lawsuits against the Company or the appointment of an independent monitor to supervise the Company's compliance with the agreement.

Confirmation of the aforementioned allegations and reports of irregularities, any parallel investigations or any agreements entered into with competent authorities in Brazil or abroad may have a material adverse effect on the business, reputation, financial situation and operational result of the Company, as well as on the liquidity and price of its securities. Furthermore, the negative publicity stemming from all these facts could have a material adverse impact on the Company's businesses, including reducing the demand for its products and other effects that currently cannot be estimated or measured.

Also in connection with Operation Car Wash, the Company cannot predict the impacts on the Company of the investigations or any decision or action by authorities involving the majority shareholders of Braskem, namely Odebrecht S.A. and Petróleo Brasileiro S.A. – Petrobras, or any of their subsidiaries.

If any fines and/or other sanctions are imposed by the competent authorities and others involved, at this time, neither Management nor its legal counsel and Expert Firms have sufficient information to reliably estimate the potential losses to be recorded and, therefore, based on current accounting practices, no provision was recorded in this Quarterly Information in addition to the amounts of the fiscal contingency mentioned in Note 19(b).

Based on the current stage of the investigation, on information available and on the statements made by the attorneys, no other items were identified that could require material adjustments to the financial statements, unless as a result of any agreement with the competent authorities.

The Management of the Company will continue to adopt the necessary measures to clarify the facts, in cooperation with Brazilian and foreign authorities, and will maintain the market informed of any developments regarding this matter.

(b) Tax adjustments

Although the payments identified in Note 19(a) are still under investigation, the Company recognized errors in the determination of taxes from prior periods and recorded a fiscal contingency of R\$284,641, of which R\$166,568 corresponded to taxes not paid in the last 5 years, R\$87,805 corresponded to fines and adjustments for inflation (variation in the SELIC rate) and R\$30,268 corresponded to a reduction in deferred Income and Social Contribution taxes on tax losses and social contribution tax loss carryforwards.

This contingency is presented as follows: (i) R\$235,622 corresponding to taxes payable and deferred taxes, interest on arrears and restatement at the SELIC rate from October 2011 to December 2014, in the opening balance of the line "Retained earnings" of the Statement of Changes in Shareholders' Equity for the period from January 1, 2015 to September 30, 2015; (ii) R\$6,129 and R\$16,603 corresponding to the restatement at the SELIC rate of taxes payable in the three- and nine-month periods to September 2015, respectively, under the line "Financial expenses" of the Statement of operations; (iii) R\$4,352 and R\$16,160 corresponding to the

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restatement at the SELIC rate of taxes payable in the three- and nine-month periods to September 2016, respectively, under the line “Financial expenses” of the Statement of operations. The Balance sheet as of December 31, 2015 includes: (i) reduction of deferred Income and Social Contribution taxes on tax losses and social contribution tax loss carryforwards, in the amount of R\$10,253; and (ii) restatement of taxes payable at the SELIC rate, through said date, in the amount of R\$22,606. The statements of Cash Flows and Value Added reflect all of these impacts.

These tax adjustments should not be used as the basis for determining the amount of any agreement with authorities, which would be based on specific criteria.

(c) Class actions

A class action has been filed in the U.S. courts by the Boilermaker-Blacksmith National Pension Trust, as Lead Plaintiff, alleging the Company has made misrepresentations and/or failed to disclose through certain SEC filings the existence of unlawful payments. The Company has engaged an expert U.S. law firm to represent it and filed motion to dismiss on July 6, 2016 which, after response from the plaintiffs, is currently waiting for the judge’s decision.

The Company cannot foresee the outcome of this process. The Company may be cited as defendant in other legal actions. Furthermore, the Company may be required, observing the legal and regulatory limits, to indemnify directors, officers and employees that are defendants in actions of this nature. Said action has required significant time and dedication of the Management of the Company. The Company may also incur financial obligations that may have a material adverse impact on its business, reputation, financial condition and the results of its operations, as well as liquidity and price of its securities.

(d) Labor

(c.1) The labor action disclosed in Note 23 (a.i) of the 2015 financial statements ended after the payment made under a settlement between the parties.

(c.2) In the class action suits filed by the Trade Union of Petrochemical and Chemical Workers of Triunfo, Rio Grande do Sul, (“SINDIPOLO”) in the third quarter of 2010, claiming the payment of overtime related to breaks during work shifts (“Breaks”)and the inclusion of overtime in the calculation of the weekly remunerated rest (“WRR”), in the restated amount of R\$377,560, the following developments occurred in the period: (i) Breaks: the Superior Labor Court (“TST”) upheld the appeal by Braskem to eliminate breaks during work shifts, with the Trade Union filing an appeal at the TST, which rejected the appeal and handed down a final and unappealable decision in favor of Braskem. The amount of this suit is R\$332,640; and (ii) WRR: judgment for plaintiff in the suit involving the inclusion of overtime in the calculation of the weekly remunerated rest, which was upheld by the Regional Appellate Labor Court (“TRT”), for which Braskem appealed to the TST, which ordered the case to be sent back to the TRT for a new trial. However, as the TRT did not judge on the merits, Braskem appealed once again to the TST. After examining the appeal, the TST handed down a new decision granting the claim. Braskem will enter into motion for clarification and special appeal at the Supreme Court (“STF”). Before the last recent decision of TST, Braskem reclassified a part of the suit to remote and recorded a provision of R\$24,133, based on the presentation of a provisional implementation by the SINDIPOLO in September 2016. The amount of this suit is R\$44,920.

No judicial deposit or other form of security was made for these suits.

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20. Shareholders' Equity

The information related to the Company's shareholders' equity was presented in its 2015 annual financial statements, in Note 24.

(a) Capital

	Amount of shares							
	Common shares	%	Preferred shares class A	%	Preferred shares class B	%	Total	%
OSP e Odebrecht	226,334,623	50.11%	79,182,498	22.95%			305,517,121	38.32%
Petrobras	212,426,952	47.03%	75,761,739	21.96%			288,188,691	36.15%
ADR	(i)		38,460,424	11.15%			38,460,424	4.82%
Other	12,907,077	2.86%	150,371,203	43.58%	578,330	100.00%	163,856,610	20.55%
Total	<u>451,668,652</u>	<u>100.00%</u>	<u>343,775,864</u>	<u>99.64%</u>	<u>578,330</u>	<u>100.00%</u>	<u>796,022,846</u>	<u>99.85%</u>
Shares owned by subsidiary								
Braskem Petroquímica	(ii)		1,234,758	0.36%			1,234,758	0.15%
Total	<u>451,668,652</u>	<u>100.00%</u>	<u>345,010,622</u>	<u>100.00%</u>	<u>578,330</u>	<u>100.00%</u>	<u>797,257,604</u>	<u>100.00%</u>

(i) American Depositary Receipts traded on the New York Stock Exchange (USA);

(ii) These share are considered "treasury shares" in the consolidated shareholders' equity, amounting to R\$48,892.

(b) Dividends

On April 6, 2016, the Annual Shareholders Meeting approved dividends in the amount of R\$1,000,000, which started to be paid on April 15, 2016, of which R\$567,620 was paid to the holders of common shares and R\$432,020 and R\$360 was paid to the holders of class "A" and class "B" preferred shares, respectively. This payment fully settles the dividend for the class "B" preferred shares, which was calculated in accordance with the Bylaws.

On September 27, 2016, the Board of Directors' Meeting approved the payment of interim dividends for fiscal year 2015, in the amount of R\$1,000,000, which will be paid as of October 11, 2016. The Company paid R\$567,819 to common shareholders and R\$432,181 to class A preferred shareholders.

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(c) Other comprehensive income - shareholders' equity

	Consolidated									
	Additional indexation of PP&E (i)	Deemed cost of PP&E (i)	Defined benefit plan actuarial Gain (loss) (ii)	Foreign sales hedge (iii)	Cash flow hedge (iii)	Foreign currency translation adjustment (iv)	Loss on interest in subsidiary (v)	Total Braskem shareholders' interest	Non-controlling interest in Braskem Idesa	Total
On December 31, 2014	244,831	18,275	(11,647)	(3,263,732)	(289,667)	387,287	(9,404)	(2,924,057)	(115,385)	(3,039,442)
Additional indexation										
Realization by depreciation or write-off assets	(26,344)							(26,344)		(26,344)
Income tax and social contribution	5,915							5,915		5,915
Deemed cost of jointly-controlled investment										
Realization by depreciation or write-off assets		(1,096)						(1,096)		(1,096)
Income tax and social contribution		372						372		372
Foreign sales hedge										
Exchange rate				(10,279,479)				(10,279,479)	(460,744)	(10,740,223)
Income tax and social contribution				3,439,734				3,439,734	138,223	3,577,957
Fair value of Cash flow hedge										
Change in fair value					(633,706)			(633,706)	(15,904)	(649,610)
Transfer to profit or loss					(61,212)			(61,212)	(26,273)	(87,485)
Income tax and social contribution					231,211			231,211	12,653	243,864
Losses in controlling interests							(129)	(129)		(129)
Fair value of cash flow hedge from jointly-controlled					8,162			8,162		8,162
Foreign currency translation adjustment						934,483		934,483	(6,549)	927,934
On September 30, 2015	224,402	17,551	(11,647)	(10,103,477)	(745,212)	1,321,770	(9,533)	(9,306,146)	(473,979)	(9,780,125)
On December 31, 2015	217,595	17,309	(12,496)	(9,666,973)	(728,296)	1,097,009	(9,404)	(9,085,256)	(476,708)	(9,561,964)
Additional indexation										
Realization by depreciation or write-off assets	(30,951)							(30,951)		(30,951)
Income tax and social contribution	10,524							10,524		10,524
Deemed cost of jointly-controlled investment										
Realization by depreciation or write-off assets		(1,096)						(1,096)		(1,096)
Income tax and social contribution		372						372		372
Foreign sales hedge										
Exchange rate				3,157,453				3,157,453	(350,064)	2,807,389
Transfer to profit or loss				1,061,661				1,061,661	8,842	1,070,503
Income tax and social contribution				(1,474,894)				(1,474,894)	102,550	(1,372,344)
Fair value of Cash flow hedge										
Change in fair value					220,323			220,323	(30,175)	190,148
Transfer to result					(15,421)			(15,421)	(8,823)	(24,244)
Income tax and social contribution					(74,346)			(74,346)	11,699	(62,647)
Fair value of cash flow hedge from jointly-controlled					(6,272)			(6,272)		(6,272)
Foreign currency translation adjustment						(85,770)		(85,770)	221,402	135,632
On September 30, 2016	197,168	16,585	(12,496)	(6,922,753)	(604,012)	1,011,239	(9,404)	(6,323,673)	(521,277)	(6,844,950)
(i) Realization as the asset is depreciated or written-off.										
(ii) Realization upon extinction of the plan.										
(iii) Realization upon maturity, prepayment or loss of efficacy for hedge accounting.										
(iv) Realization upon write-off of subsidiary abroad.										
(v) Realization upon divestment or transfer of control of subsidiary.										

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21. Earnings per share

The information related to the earnings per share of the Company was presented in its 2015 annual financial statements, in Note 25.

The table below shows the reconciliation of profit or loss for the period adjusted for the amounts used to calculate basic and diluted earnings per share.

	Sep/2016	Basic and diluted
		Sep/2015 Revised
Profit for the period attributed to Company's shareholders	2,065,342	2,904,159
Distribution of dividends attributable to priority:		
Preferred shares class "A"	208,416	208,409
Preferred shares class "B"	351	360
	<u>208,767</u>	<u>208,769</u>
Distribution of 6% of unit value of common shares	273,827	273,824
Distribution of plus income, by class		
Common shares	898,715	1,374,990
Preferred shares class "A"	684,033	1,046,576
	<u>1,582,748</u>	<u>2,421,566</u>
Reconciliation of income available for distribution, by class (numerator):		
Common shares	1,172,542	1,648,814
Preferred shares class "A"	892,449	1,254,985
Preferred shares class "B"	351	360
	<u>2,065,342</u>	<u>2,904,159</u>
Weighted average number of shares, by class (denominator):		
Common shares	451,668,652	451,668,652
Preferred shares class "A"	343,775,864	343,788,633 (i)
Preferred shares class "B"	578,330	593,818
	<u>796,022,846</u>	<u>796,051,103</u>
Profit per share (in R\$)		
Common shares	2.5960	3.6505
Preferred shares class "A"	2.5960	3.6505
Preferred shares class "B"	0.6069	0.6062

- (i) Calculation of weighted average of outstanding shares at the beginning of the period, adjusted by the number of shares repurchased during the period ended September 30, 2015, multiplied by a weighted time factor:

	Preferred shares class "A"	
	Outstanding shares	Weighted average
Balance at December 31, 2014	343,848,120	343,848,120
Repurchase of treasury shares	(80,000)	(59,487)
Balance at September 30, 2015	<u>343,768,120</u>	<u>343,788,633</u>

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22. Net sales revenues

The information on net sales revenue was presented in the 2015 annual financial statements of the Company, in Note 26.

	Consolidated		Parent company	
	Sep/2016	Sep/2015	Sep/2016	Sep/2015
Sales and services revenue				
Domestic market	24,923,937	23,238,104	25,303,281	22,401,365
Foreign market	17,189,881	16,777,831	7,116,945	7,255,276
	<u>42,113,818</u>	<u>40,015,935</u>	<u>32,420,226</u>	<u>29,656,641</u>
Sales and services deductions				
Taxes				
Domestic market	(5,595,203)	(4,796,527)	(5,565,475)	(4,325,303)
Foreign market	(20,462)	(24,605)		
Sales returns				
Domestic market	(181,041)	(155,804)	(184,748)	(141,454)
Foreign market	(96,569)	(88,283)	(16,201)	(80,642)
	<u>(5,893,275)</u>	<u>(5,065,219)</u>	<u>(5,766,424)</u>	<u>(4,547,399)</u>
Net sales and services revenue	<u>36,220,543</u>	<u>34,950,716</u>	<u>26,653,802</u>	<u>25,109,242</u>

23. Other net income (expenses)

	Note	Consolidated	
		Sep/2016	Sep/2015
Expenses idle and hibernated plants	(i)	(160,555)	(72,715)
Results with property, plant and equipment, and investments		(31,777)	(11,877)
Cost of inventory adjustments and losses in the movement of raw materials		(48,218)	(17,891)
Provision judicial and administrative, processes		(61,622)	(24,427)
Other		(20,820)	(37,842)
		<u>(322,992)</u>	<u>(164,752)</u>

- (i) Includes R\$99,893 in the nine-month period ended September 30, 2016 corresponding to the idle time in the start-up process of the subsidiary Braskem Idesa (Nota 1(a)).

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24. Financial results

The information on financial results was presented in the 2015 annual financial statements of the Company, in Note 29.

	Consolidated		Parent company	
	Sep/2016	Sep/2015 Revised	Sep/2016	Sep/2015 Revised
Financial incomes				
Interest income	371,204	312,700	326,637	202,696
Monetary variations	170,288	100,343	160,082	80,489
Exchange rate variations	(996,053)	1,162,524	(1,573,414)	2,860,250
Other	31,114	41,967	28,257	28,009
	(423,447)	1,617,534	(1,058,438)	3,171,444
Financial expenses				
Interest expenses	(1,495,052)	(1,269,656)	(1,173,561)	(1,376,563)
Monetary variations	(313,784)	(274,616)	(313,799)	(274,723)
Exchange rate variations	(1,513,169)	(752,326)	(208,750)	(2,013,197)
Inflation adjustments on fiscal debts	(89,062)	(37,633)	(82,391)	(33,185)
Discounts granted	(86,089)	(109,835)	(73,267)	(64,077)
Loans transaction costs - amortization	(42,947)	(48,841)	(3,927)	(3,838)
Adjustment to present value - appropriation	(403,327)	(384,680)	(372,669)	(355,017)
Other	(147,119)	(135,388)	(76,144)	(66,821)
	(4,090,549)	(3,012,975)	(2,304,508)	(4,187,421)
Total	(4,513,996)	(1,395,441)	(3,362,946)	(1,015,977)
	Sep/2016	Sep/2015	Sep/2016	Sep/2015
Interest income				
Held for sale	131,764	73,564	121,138	28,830
Loans and receivables	201,068	147,246	187,961	132,841
Held-to-maturity	9,410	25,889	9,410	25,889
	342,242	246,699	318,509	187,560
Other assets not classifiable	28,962	66,001	8,128	15,136
Total	371,204	312,700	326,637	202,696

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25. Expenses by nature

The information on expenses by nature was presented in the 2015 annual financial statements of the Company, in Note 30.

	<u>Consolidated</u>		<u>Parent company</u>	
	<u>Sep/2016</u>	<u>Sep/2015</u>	<u>Sep/2016</u>	<u>Sep/2015</u>
Classification by nature:				
Raw materials other inputs	(21,410,550)	(22,938,848)	(16,799,902)	(15,810,681)
Personnel expenses	(1,932,308)	(1,752,372)	(1,399,971)	(1,234,196)
Outsourced services	(1,556,727)	(1,164,547)	(1,066,220)	(875,084)
Depreciation, amortization and depletion	(1,966,757)	(1,574,343)	(1,552,065)	(1,327,692)
Freights	(1,492,892)	(1,335,933)	(1,071,261)	(950,334)
Other income (expenses), net	(736,696)	(632,781)	(443,113)	(416,055)
Total	<u>(29,095,930)</u>	<u>(29,398,824)</u>	<u>(22,332,532)</u>	<u>(20,614,042)</u>
Classification by function:				
Cost of products sold	(26,486,061)	(27,378,478)	(20,735,565)	(19,292,455)
Selling and distribution	(1,051,707)	(816,167)	(702,377)	(590,095)
General and administrative	(1,115,323)	(919,552)	(605,166)	(640,225)
Research and development	(119,847)	(119,875)	(75,983)	(74,075)
Other income (expenses), net	(322,992)	(164,752)	(213,441)	(17,192)
Total	<u>(29,095,930)</u>	<u>(29,398,824)</u>	<u>(22,332,532)</u>	<u>(20,614,042)</u>

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

26. Segment information

The information by segment was presented in the 2015 annual financial statements, in Note 31.

	Sep/2016						
	Net sales and services revenue	Cost of products sold	Gross profit	Operating expenses			Braskem Consolidated
				Selling, general and distribution expenses	Results from equity investments	Other income (expenses), net	
Reporting segments							
Basic petrochemicals	18,514,922	(14,951,491)	3,563,431	(512,362)		(105,732)	2,945,337
Polyolefins	15,577,095	(12,310,143)	3,266,952	(955,373)		(55,488)	2,256,091
Vinyls	2,222,487	(2,101,808)	120,679	(173,096)		(1,372)	(53,789)
Chemical distribution	640,820	(513,245)	127,575	(102,169)		19	25,425
USA and Europe	6,898,923	(4,551,259)	2,347,664	(400,769)		4,292	1,951,187
Mexico (i)	872,660	(589,191)	283,469	(173,248)		(98,435)	11,786
Total	44,726,907	(35,017,137)	9,709,770	(2,317,017)		(256,716)	7,136,037
Other segments	9,784	(12,001)	(2,217)	(1,876)		(21,318)	(25,411)
Corporate unit				(54,073)	23,177	(44,958)	(75,854)
Braskem consolidated before eliminations and reclassifications	44,736,691	(35,029,138)	9,707,553	(2,372,966)	23,177	(322,992)	7,034,772
Eliminations and reclassifications	(8,516,148)	8,543,077	26,929	86,089			113,018
Total	36,220,543	(26,486,061)	9,734,482	(2,286,877)	23,177	(322,992)	7,147,790
	Sep/2015						
	Net sales and services revenue	Cost of products sold	Gross profit	Operating expenses			Braskem Consolidated
				Selling, general and distribution expenses	Results from equity investments	Other income (expenses), net	
Reporting segments							
Basic petrochemicals	17,972,314	(14,806,597)	3,165,717	(456,781)		(19,260)	2,689,676
Polyolefins	15,200,722	(11,801,749)	3,398,973	(876,621)		(68,205)	2,454,147
Vinyls	2,055,969	(1,847,439)	208,530	(160,865)		15,076	62,741
USA and Europe	5,876,449	(5,117,181)	759,268	(307,155)		1,859	453,972
Chemical distribution	638,611	(499,976)	138,635	(91,433)		(3,000)	44,202
Total	41,744,065	(34,072,942)	7,671,123	(1,892,855)		(73,530)	5,704,738
Other segments (ii)	442,469	(446,861)	(4,392)	(64,677)		(60,848)	(129,917)
Corporate unit				(7,897)	1,701	(30,374)	73,265
Braskem consolidated before eliminations and reclassifications	42,186,534	(34,519,803)	7,666,731	(1,965,429)	1,701	(164,752)	5,648,086
Eliminations and reclassifications	(7,235,818)	7,141,325	(94,493)	109,835			(94,493)
Total	34,950,716	(27,378,478)	7,572,238	(1,855,594)	1,701	(164,752)	5,553,593

- (i) With the operational startup of Braskem Idesa, the Company began to reported the “Mexico” segment, which includes activities related to PE production and sale of that subsidiary (Note 1(a)).
- (ii) This segment includes the results of the subsidiary Braskem Idesa, which, in 2015, was in the pre-operational phase (non-reporting segment).