

Braskem S.A.
Condensed Quarterly Information (ITR) at
June 30, 2019
and Independent Auditors' Review Report

KPMG Auditores Independentes
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Report on review of interim financial information

To Shareholders, Members of the Board and Management
Braskem S.A.
Camaçari - Bahia

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Braskem S.A. (the “Company”) included in the Quarterly Financial Information for the quarter ended June 30, 2019, which comprises the balance sheet as of June 30, 2019, the statements of profit or loss and comprehensive income for the three and six-month period then ended, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information.

Management is responsible for the preparation and presentation of this individual interim financial information in accordance with CPC 21(R1) Technical Pronouncement - Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21(R1) and international standard IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board* - IASB, as well as for the presentation of this quarterly information in accordance with the standards issued by CVM - Brazilian Securities and Exchange Commission, applicable to the preparation of interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international review standards applicable to interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of interim financial information and presented in accordance with the standards issued by CVM - Brazilian Securities and Exchange Commission.

Conclusion on the consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of interim financial information and presented in accordance with the standards issued by CVM - Brazilian Securities and Exchange Commission.

Other matters***Statements of value added***

The individual and consolidated interim financial information related to the Statements of added value (DVA) for the six-month period ended June 30, 2019, prepared under the responsibility of the Company's management, presented herein as supplementary information for IAS 34 purposes, have been subject to review procedures jointly performed with the review of the Company's interim financial information - ITR. In order to form our conclusion, we assessed whether those statements are reconciled with the interim financial information and accounting records, as applicable, and whether their format and contents are in accordance with criteria determined in the Technical Pronouncement CPC 09 - Statements of added value. Based on our review, nothing has come to our attention that causes us to believe that the statements of added value referred to above were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Restatement of individual and consolidated interim financial information for the period ended on June 30, 2019

On August 7, 2019, we issued a unmodified review report on individual and consolidated interim financial information for the six-month period ended on June 30, 2019, which has been restated to reflect the matters described on the explanatory note 2.4 - Restatement of interim financial statements for the period ended June 30, 2019. Consequently, our conclusion replaces the previous conclusion issued.

São Paulo, October 22, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Anselmo Neves Macedo
Accountant CRC 1SP160482/O-6

Braskem S.A.

Balance sheet at June 30, 2019

All amounts in thousands of reais

Assets	Note	Consolidated		Parent company	
		Jun/2019 Restated	Dec/2018	Jun/2019 Restated	Dec/2018
Current assets					
Cash and cash equivalents	3	5,788,353	5,547,637	2,302,519	2,016,724
Financial investments	4	679,386	2,357,613	609,484	2,297,566
Trade accounts receivable	5	2,588,031	3,075,218	2,462,187	1,766,418
Inventories	6	8,267,672	8,486,577	5,993,704	6,042,679
Taxes recoverable	8	1,351,954	423,188	1,158,267	240,905
Income tax and social contribution		430,370	773,952	342,369	306,082
Dividends and interest on capital	7		890		890
Prepaid expenses		199,547	239,500	146,675	168,271
Related parties	7(b)			33,242	38,044
Derivatives	18.2.1	25,895	27,714	19,310	6,715
Other receivables		677,420	451,578	311,948	161,337
		20,008,628	21,383,867	13,379,705	13,045,631
Non-current assets					
Financial investments	4	10,502	9,998		
Trade accounts receivable	5	11,884	17,785	11,884	244,080
Advances to suppliers	6	23,860	31,394	23,860	31,394
Taxes recoverable	8	2,330,790	1,369,188	2,330,559	1,368,033
Income tax and social contribution		233,902	241,788	233,902	241,788
Deferred income tax and social contribution	20(b)	1,066,893	1,104,158		
Judicial deposits	22.2(b)	3,951,643	169,536	3,940,674	158,612
Related parties	7(b)			1,020	19,481
Insurance claims		52,043	63,054	52,043	63,054
Derivatives	18.2.1	16,536	46,664	16,504	
Other receivables		208,965	189,724	157,420	143,864
Investments	9	64,661	65,954	9,949,376	8,762,057
Property, plant and equipment	10	30,874,662	31,759,890	15,031,625	15,950,334
Intangible assets	11	2,727,869	2,740,982	2,502,118	2,509,778
Right of use of assets	12	2,219,666		1,460,876	
		43,793,876	37,810,115	35,711,861	29,492,475
Total assets		63,802,504	59,193,982	49,091,566	42,538,106

The notes are an integral part of the financial statements.

Braskem S.A.

Balance sheet at June 30, 2019

All amounts in thousands of reais

Continued

Liabilities and shareholders' equity	Note	Consolidated		Parent company	
		Jun/2019	Dec/2018	Jun/2019	Dec/2018
	2.4	Restated		Restated	
Current liabilities					
Trade payables	13	9,114,881	8,341,252	8,238,070	8,259,259
Borrowings	14	2,728,265	737,436	705,909	128,132
Braskem Idesa borrowings	15	9,923,051	10,504,592		
Debenture	16	34,105	27,732		
Derivatives	18.2.1	40,067	70,305	38,281	70,198
Payroll and related charges		509,542	645,396	390,875	485,800
Taxes payable	19	431,068	432,005	391,954	392,573
Income tax and social contribution		4,825	419,320	15,901	31,429
Dividends		671,309	672,395	671,239	672,294
Advances from customers		252,020	153,264	204,420	133,002
Leniency agreement	22.3	350,649	288,123	350,649	230,356
Sundry provisions	21	118,743	191,536	80,358	137,424
Accounts payable to related parties	7(b)			649,118	613,085
Other payables		601,308	623,007	173,361	154,885
Financing from customers	23	250,000		250,000	
Lease	17	293,060	9,767	226,546	625
		25,322,893	23,116,130	12,386,681	11,309,062
Non-current liabilities					
Trade payables	13	5,183	273,264	5,183	273,264
Borrowings	14	22,670,540	24,160,720	2,348,903	2,148,993
Debenture	16	251,954	266,777		
Derivatives	18.2.1	126,697	161,694	103,395	161,694
Taxes payable	19	105,918	85,904	105,804	85,136
Accounts payable to related parties	7(b)			21,282,038	19,200,324
Loan from non-controlling shareholders of Braskem Idesa		2,214,388	2,183,830		
Deferred income tax and social contribution	20(b)	705,855	324,908	430,530	56,395
Post-employment benefits		207,317	206,373	90,679	90,679
Financing from customers	23	249,999		249,999	
Provision for losses on subsidiaries				59,369	99,918
Contingencies	22.1	977,676	965,317	967,829	954,538
Leniency agreement	22.3	1,339,787	1,154,879	1,339,787	1,154,879
Sundry provisions	21	234,768	233,006	208,796	207,907
Other payables		113,709	59,145	63,123	6,007
Lease	17	1,713,699	90,790	1,021,498	1,665
		30,917,490	30,166,607	28,276,933	24,441,399
Shareholders' equity	24				
Capital		8,043,222	8,043,222	8,043,222	8,043,222
Capital reserve		232,430	232,430	232,430	232,430
Revenue reserves		4,673,220	4,673,220	4,673,220	4,673,220
Additional paid in capital		(488,388)	(488,388)	(488,388)	(488,388)
Other comprehensive income		(5,009,831)	(5,623,020)	(5,009,831)	(5,623,020)
Treasury shares		(49,681)	(49,819)	(49,681)	(49,819)
Accumulated profits		1,026,980		1,026,980	
Total attributable to the Company's shareholders		8,427,952	6,787,645	8,427,952	6,787,645
Non-controlling interest in subsidiaries		(865,831)	(876,400)		
		7,562,121	5,911,245	8,427,952	6,787,645
Total liabilities and shareholders' equity		63,802,504	59,193,982	49,091,566	42,538,106

The notes are an integral part of the financial statements.

Braskem S.A.

Statement of income for the periods of three months and six months ended at June 30, 2019

All amounts in thousands of reais, except earnings or loss per share

	Note	2Q2019	YTD2019	2Q2018	Consolidated YTD2018
		Restated	Restated		
Net revenue	26	13,337,303	26,315,256	13,786,228	26,815,028
Cost of products sold	29	(11,674,982)	(22,891,325)	(10,503,537)	(20,830,669)
		1,662,321	3,423,931	3,282,691	5,984,359
Income (expenses)					
Selling and distribution	29	(436,479)	(867,557)	(386,518)	(760,515)
(Loss) reversals for impairment of trade accounts receivable	29	15,873	(638)	87,724	94,203
General and administrative	29	(500,177)	(878,969)	(381,579)	(690,409)
Research and development	29	(52,385)	(101,361)	(46,750)	(85,676)
Results from equity investments	9(c)	2,923	(455)	(1,513)	(1,471)
Other income	27	225,428	2,089,821	134,354	225,747
Other expenses	27	(74,578)	(706,776)	(251,860)	(415,652)
		842,926	2,957,996	2,436,549	4,350,586
Financial results	28				
Financial expenses		(896,209)	(1,795,546)	(757,130)	(1,428,075)
Financial income		226,167	451,938	151,822	255,787
Exchange rate variations, net		(248,834)	(498,048)	(1,536,379)	(1,456,394)
		(918,876)	(1,841,656)	(2,141,687)	(2,628,682)
Profit (loss) before income tax and social contribution		(75,950)	1,116,340	294,862	1,721,904
Current and deferred income tax and social contribution	20(a)	133,359	(141,759)	197,784	(78,236)
Profit for the period		57,409	974,581	492,646	1,643,668
Attributable to:					
Company's shareholders		83,885	1,012,137	547,253	1,600,844
Non-controlling interest in subsidiaries		(26,476)	(37,556)	(54,607)	42,824
Profit for the period		57,409	974,581	492,646	1,643,668

The notes are an integral part of the financial statements.

Braskem S.A.

Statement of comprehensive income for the periods of three months and six months ended at June 30, 2019

All amounts in thousands of reais, except earnings or loss per share

	Note	2Q2019	YTD2019	2Q2018	Consolidated YTD2018
	2.4	Restated	Restated		
Profit for the period		57,409	974,581	492,646	1,643,668
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		26,413	68,926	(291,904)	(231,905)
Income tax and social contribution - cash flow hedge		(10,458)	(25,632)	99,859	82,247
Fair value of cash flow hedge from jointly-controlled		(2,647)	(2,370)	1,861	2,547
		13,308	40,924	(190,184)	(147,111)
Exchange variation of foreign sales hedge		374,539	230,314	(2,952,710)	(3,040,403)
Sales Hedge - transfer to profit or loss	18.3(a.i)	349,122	610,587	265,759	513,112
Income tax and social contribution on exchange variation	18.3(a.i)	(246,045)	(285,906)	913,563	859,279
Exchange variation of foreign sales hedge - Braskem Idesa		111,706	271,651	(807,076)	(112,966)
Sales Hedge - transfer to profit or loss - Braskem Idesa	18.3(a.ii)	63,995	124,806	59,371	106,305
Income tax on exchange variation - Braskem Idesa	18.3(a.ii)	(52,710)	(118,937)	224,311	1,998
		600,607	832,515	(2,296,782)	(1,672,675)
Foreign subsidiaries currency translation adjustment		(207,174)	(199,750)	1,004,884	834,289
Total		406,741	673,689	(1,482,082)	(985,497)
Items that will not be reclassified to profit or loss					
Long term incentive plan, net of taxes		3,461	5,622		1,590
Total comprehensive income for the period		467,611	1,653,892	(989,436)	659,761
Attributable to:					
Company's shareholders		460,459	1,640,796	(740,543)	731,932
Non-controlling interest in subsidiaries		7,152	13,096	(248,893)	(72,171)
Total comprehensive income for the period		467,611	1,653,892	(989,436)	659,761

The notes are an integral part of the financial statements.

Braskem S.A.

Statement of comprehensive income for the periods of three months and six months ended at June 30, 2019

All amounts in thousands of reais, except earnings or loss per share

	Note			Parent company	
		2Q2019	YTD2019	2Q2018	YTD2018
	2.4	Restated	Restated		
Profit for the period		83,885	1,012,137	547,253	1,600,844
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		63,352	123,847	(307,180)	(316,880)
Income tax and social contribution - cash flow hedge		(21,540)	(42,108)	104,441	107,739
Fair value of cash flow hedge - Braskem Idesa		(27,704)	(41,191)	11,457	63,731
Income tax and social contribution cash flow hedge - Braskem Idesa		8,311	12,357	(3,437)	(19,119)
Fair value of cash flow hedge from jointly-controlled		(2,647)	(2,370)	1,860	2,546
		<u>19,772</u>	<u>50,535</u>	<u>(192,859)</u>	<u>(161,983)</u>
Exchange variation of foreign sales hedge		374,539	230,314	(2,952,710)	(3,040,403)
Sales Hedge - transfer to profit or loss	18.3(a.i)	349,122	610,587	265,759	513,112
Income tax and social contribution on exchange variation	18.3(a.i)	(246,045)	(285,906)	913,563	859,279
Exchange variation of foreign sales hedge - Braskem Idesa		83,779	203,738	(605,307)	(84,724)
Sales Hedge - transfer to profit or loss - Braskem Idesa	18.3(a.ii)	47,997	93,605	44,529	79,729
Income tax on exchange variation - Braskem Idesa	18.3(a.ii)	(39,533)	(89,203)	168,234	1,499
		<u>569,859</u>	<u>763,135</u>	<u>(2,165,932)</u>	<u>(1,671,508)</u>
Foreign subsidiaries currency translation adjustment		(216,475)	(190,549)	1,070,995	962,989
Total		<u>373,156</u>	<u>623,121</u>	<u>(1,287,796)</u>	<u>(870,502)</u>
Items that will not be reclassified to profit or loss					
Long term incentive plan, net of taxes		3,418	5,538		1,590
Total comprehensive income for the period		<u>460,459</u>	<u>1,640,796</u>	<u>(740,543)</u>	<u>731,932</u>

The 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

	Parent company and Consolidated											
	Parent company									Consolidated		
	Attributed to shareholders' interest											
	Revenue reserves					Total Braskem shareholders' interest			Non-controlling interest in subsidiaries	Total shareholders' equity		
Capital	Capital reserve	Legal reserve	Tax incentive	Retention of profits	Additional dividends proposed	Additional paid in capital	Other comprehensive income	Treasury shares	Retained earnings			
At December 31, 2017	8,043,222	232,430	434,142	71,745	1,940,011	1,500,000	(488,388)	(5,165,492)	(49,819)	6,517,851	(827,501)	5,690,350
Comprehensive income for the period:												
Profit for the period									1,600,844	1,600,844	42,824	1,643,668
Exchange variation of foreign sales hedge, net of taxes							(1,671,509)			(1,671,509)	(1,166)	(1,672,675)
Fair value of cash flow hedge, net of taxes							(161,982)			(161,982)	14,871	(147,111)
Foreign subsidiaries currency translation adjustment							962,989			962,989	(128,700)	834,289
							(870,502)		1,600,844	730,342	(72,171)	658,171
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net of taxes							(13,358)		13,358			
Realization of deemed cost of jointly-controlled investment, net of taxes							(481)		481			
Fair value adjustments of trade accounts receivable							111			111		111
Long term incentive plan, net of taxes							1,590			1,590		1,590
Fair value adjustments of trade accounts receivable							(690)			(690)		(690)
							(12,828)		13,839	1,011		1,011
Contributions and distributions to shareholders:												
Prescribed dividend									460	460		460
Additional dividends of subsidiaries						(1,500,000)			(74)	(1,500,074)	(1,396)	(1,501,470)
						(1,500,000)			386	(1,499,614)	(1,396)	(1,501,010)
At June 30, 2018	8,043,222	232,430	434,142	71,745	1,940,011	(488,388)	(6,048,822)	(49,819)	1,615,069	5,749,590	(901,068)	4,848,522
At December 31, 2018	8,043,222	232,430	577,476	153,478	1,940,011	2,002,255	(488,388)	(5,623,020)	(49,819)	6,787,645	(876,400)	5,911,245
Comprehensive income for the period:												
Profit for the period - restated									1,012,137	1,012,137	(37,556)	974,581
Exchange variation of foreign sales hedge, net of taxes							763,135			763,135	69,380	832,515
Fair value of cash flow hedge, net of taxes							50,535			50,535	(9,611)	40,924
Foreign currency translation adjustment							(190,549)			(190,549)	(9,201)	(199,750)
							623,121		1,012,137	1,635,258	13,012	1,648,270
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net of taxes							(13,358)		13,358			
Realization of deemed cost of jointly-controlled investment, net of taxes							(481)		481			
Actuarial loss with post-employment benefits, net of taxes							(41)			(41)		(41)
Long term incentive plan, net of taxes							5,538			5,538	84	5,622
Fair value adjustments of trade accounts receivable							28			28		28
Exchange variation in hyperinflationary economy, net of taxes							(1,618)			(1,618)		(1,618)
							(9,932)		13,839	3,907	84	3,991
Contributions to shareholders:												
Incentive long term plan payments with treasury shares								138		138		138
Prescribed dividend									1,004	1,004		1,004
Additional dividends of subsidiary											(2,498)	(2,498)
Loss on interest in subsidiary											(29)	(29)
								138	1,004	1,142	(2,527)	(1,385)
At June 30, 2019 (restated)	8,043,222	232,430	577,476	153,478	1,940,011	2,002,255	(488,388)	(5,009,831)	(49,681)	1,026,980	(865,831)	7,562,121

The notes are an integral part of the financial statements.

Braskem S.A.

Statement of cash flows at June 30, 2019

All amounts in thousands of reais

	Note	Consolidated		Parent company	
		Jun/2019	Jun/2018	Jun/2019	Jun/2018
Profit before income tax and social contribution		1,116,340	1,721,904	1,056,088	1,469,238
Adjustments for reconciliation of profit					
Depreciation, amortization and depletion		1,731,028	1,460,858	1,123,187	969,526
Results from equity investments	9(c)	455	1,471	(1,229,181)	(1,454,337)
Interest foreign exchange gain/losses		1,438,486	4,131,828	1,448,315	1,277,504
Reversal of provisions		(346,214)		(344,915)	
Provisions - Leniency agreement	22.3	409,877		409,877	
PIS and COFINS credits - exclusion of ICMS from the calculation basis	8(a) and 27	(1,850,965)		(1,850,965)	
(Loss) reversals for impairment of trade accounts receivable		638	(94,203)	(1,494)	(94,455)
Provision for losses and write-offs of long-lived assets		4,303	50,478	814	45,593
		2,503,948	7,272,336	611,726	2,213,069
Changes in operating working capital					
Judicial deposits	22.2(b)	(3,680,460)		(3,680,460)	
Trade accounts receivable		518,453	67,586	(477,035)	(276,441)
Inventories		157,404	(1,212,872)	80,345	(1,270,813)
Taxes recoverable		699,171	965,873	166,547	448,384
Prepaid expenses		47,022	(6,598)	21,596	8,985
Other receivables		(297,455)	(138,010)	(197,141)	(33,522)
Trade payables		965,302	1,270,625	101,107	3,889,533
Taxes payable		(532,389)	(818,305)	4,713	(206,900)
Advances from customers		97,488	(151,983)	71,418	(128,909)
Leniency agreement	22.3	(341,605)	(330,006)	(283,571)	(267,985)
Sundry provisions		(110,206)	(126,835)	(96,648)	(105,700)
Other payables		(5,401)	443,073	(4,291)	(76,733)
Cash generated (used) from operations		21,272	7,234,884	(3,681,694)	4,192,968
Financial investments (includes <i>Letras financeiras do tesouro - LFT's and Letras Financeiras - LF's</i>)		1,766,689	332,006	1,774,665	(111,985)
Cash generated (used) from operations and handling of financial investments		1,787,961	7,566,890	(1,907,029)	4,080,983
Interest paid		(1,030,576)	(878,134)	(94,289)	(134,418)
Income tax and social contribution paid		(211,210)	(560,742)	(35,898)	(241,404)
Net cash generated (used) from operating activities		546,175	6,128,014	(2,037,216)	3,705,161
Proceeds from the sale of fixed and intangible assets		278,451	1,184	277,968	1,100
Proceeds from the sale of investments			81,000		81,000
Funds received in the investments' capital reduction			2,254		2,254
Dividends received		2,111		2,111	
Additions to investments in subsidiaries				(72)	
Acquisitions to property, plant and equipment and intangible assets		(1,160,208)	(1,145,358)	(619,425)	(689,161)
Premium in the dollar put option			(2,167)		(2,167)
Net cash used in investing activities		(879,646)	(1,063,087)	(339,418)	(606,974)
Short-term and Long-term debt					
Acquired		8,817,013	2,303,053	861,833	1,975,132
Payments		(8,060,112)	(3,837,361)	(56,387)	(2,057,681)
Braskem Idesa borrowings					
Payments		(435,840)	(371,199)		
Related parties					
Acquired				2,891,419	334
Payments				(1,415,168)	(295,401)
Lease		(197,843)		(119,215)	
Dividends paid		(2,475)	(1,499,776)	(52)	(1,498,322)
Financing from customers	23	499,999		499,999	
Net cash generated (used) in financing activities		620,742	(3,405,283)	2,662,429	(1,875,938)
Exchange variation on cash of foreign subsidiaries		(46,555)	(284,864)		
Increase in cash and cash equivalents		240,716	1,374,780	285,795	1,222,249
Represented by					
Cash and cash equivalents at the beginning of the period		5,547,637	3,775,093	2,016,724	1,953,056
Cash and cash equivalents at the end of the period		5,788,353	5,149,873	2,302,519	3,175,305
Increase in cash and cash equivalents		240,716	1,374,780	285,795	1,222,249

The notes are an integral part of the financial statements.

Braskem S.A.

Statement of value added at June 30, 2019

All amounts in thousands of reais

	Note	Consolidated		Parent company	
		Jun/2019	Jun/2018	Jun/2019	Jun/2018
	2.4	Restated		Restated	
Revenue		32,842,258	31,865,576	25,454,714	23,705,887
Sale of goods, products and services		31,261,999	31,719,982	24,063,695	23,632,357
Other income (expenses), net		1,577,667	52,310	1,386,206	(20,925)
Reversal for doubtful accounts		2,592	93,284	4,813	94,455
Inputs acquired from third parties		(25,196,674)	(23,206,360)	(20,217,268)	(18,251,591)
Cost of products, goods and services sold		(23,953,745)	(22,066,250)	(19,380,718)	(17,423,142)
Material, energy, outsourced services and others		(1,246,849)	(1,109,729)	(850,868)	(815,031)
Gain (impairment) of assets		3,920	(30,381)	14,318	(13,418)
Gross value added		7,645,584	8,659,216	5,237,446	5,454,296
Depreciation, amortization and depletion		(1,731,028)	(1,460,858)	(1,123,187)	(969,526)
Net value added produced by the Company		5,914,556	7,198,358	4,114,259	4,484,770
Value added received in transfer		638,518	254,354	1,609,890	1,640,299
Results from equity investments		(455)	(1,471)	1,229,181	1,454,337
Financial income		638,934	255,787	380,670	185,924
Other		39	38	39	38
Total value added to distribute		6,553,074	7,452,712	5,724,149	6,125,069
Personnel		883,434	752,250	580,050	532,421
Direct compensation		703,058	602,135	446,285	414,871
Benefits		145,441	118,318	99,358	84,798
FGTS (Government Severance Pay Fund)		34,935	31,797	34,407	32,752
Taxes, fees and contributions		2,077,891	2,043,956	1,954,697	1,813,093
Federal		838,499	789,885	731,647	575,764
State		1,210,015	1,225,597	1,210,015	1,225,597
Municipal		29,377	28,474	13,035	11,732
Remuneration on third parties' capital		2,617,168	3,012,838	2,177,265	2,178,711
Financial expenses		2,467,419	2,878,229	2,052,805	2,069,633
Rentals		149,749	134,609	124,460	109,078
Remuneration on own capital		974,581	1,643,668	1,012,137	1,600,844
Profit for the period		1,012,137	1,600,844	1,012,137	1,600,844
Non-controlling interest in subsidiaries		(37,556)	42,824		
Value added distributed		6,553,074	7,452,712	5,724,149	6,125,069

The notes are an integral part of the financial statements.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

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) As per the Material Fact notice dated June 15, 2018, Braskem was informed by Odebrecht S.A. of the start of negotiations with LyondellBasell, a publicly held corporation based in Rotterdam, for a potential transaction involving the transfer to LyondellBasell of all shares held by Odebrecht S.A. in the capital stock of Braskem. Said negotiations were ended on June 4, 2019, without the change of shareholding control, as per the Material Fact notice disclosed on the same date.
- (b) As a result of the public-interest civil action mentioned in Note 22.2 (b), on May 9, 2019, Braskem disclosed the Material Fact that has started suspending salt extraction and, consequently, the operations of the chlor-alkali and dichloroethane plants located in the district of Pontal da Barra in Maceió, Alagoas.

2. Accounting policies

Except for the changes stemming from the adoption of the new standards (Note 2.3), the accounting policies of the prior year were applied consistently in the preparation of this quarterly information.

2.1 Basis of preparation and presentation of quarterly information

This Quarterly Information includes the period ended June 30, 2019 and should be read together with the financial statements of Braskem as of December 31, 2018, prepared and presented (i) in the consolidated, in accordance with the pronouncement CPC 21 (R1), issued by the Brazilian Accounting Pronouncements Committee (CPC), and, in accordance with the pronouncement IAS 34 – Interim Financial Information, issued by the International Accounting Standards Board (IASB); and (ii) in the Parent Company, in accordance with pronouncement CPC 21 (R1) and in compliance with Federal Law 6,404/76, as amended.

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 management in the use of estimates for the preparation of the Quarterly Information in relation to those used in the December 31, 2018 financial statements.

The issue of these financial statements was authorized by the Executive Board on October 22, 2019.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

2.1.1 Consolidated and individual quarterly information

All relevant information pertaining exclusively to these interim financial statements is presented herein and corresponds to the information used by the Management of the Company.

(a) Consolidation

The consolidated quarterly information comprises the financial statements of the Parent Company and the following entities:

	Headquarters	Total and voting interest - %	
		Jun/2019	Dec/2018
Direct and Indirect subsidiaries			
BM Insurance Company Limited ("BM Insurance")	Bermuda	100.00	100.00
Braskem America Finance Company ("Braskem America Finance")	EUA	100.00	100.00
Braskem America, Inc. ("Braskem America")	EUA	100.00	100.00
Braskem Argentina S.A. ("Braskem Argentina")	Argentina	100.00	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 S.A.P.I. ("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
Cetrel S.A. ("Cetrel")	Brazil	63.68	63.66
Distribuidora de Água Camaçari S.A. ("DAC")	Brazil	63.68	63.66
Lantana Trading Co. Inc. ("Lantana")	Bahamas	100.00	100.00
Special Purpose Entity ("SPE")			
Fundo de Investimento Caixa Júpiter Multimercado Crédito Privado Longo Prazo ("FIM Júpiter")	Brazil	100.00	100.00
Fundo de Investimento Santander Netuno Multimercado Crédito Privado Longo Prazo ("FIM Netuno")	Brazil	100.00	100.00

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

2.2 Foreign and functional currency

(a) Functional and presentation currency

The functional and presentation currency of the Parent Company is the real.

(b) Functional currency other than the Brazilian real

Certain subsidiaries have a different functional currency from that of the Parent Company, as follows:

	<u>Functional currency</u>
Subsidiaries	
Braskem Alemanha	Euro
BM Insurance, Braskem America, Braskem America Finance, Braskem Holanda, Braskem Holanda Finance, Braskem Holanda Inc. and Braskem México Sofom	U.S.dollar
Braskem Idesa , Braskem Idesa Serviços, Braskem México and Braskem México Serviços	Mexican peso
Braskem Argentina	Argentinean peso
Braskem Chile	Chilenean peso

(c) Exchange variation effects

The effects from exchange variation on transactions of the Company result mainly from the variation in the rates of the following currencies:

	<u>End of period rate</u>			<u>Average rate</u>		
	<u>Jun/2019</u>	<u>Dec/2018</u>	<u>Variation</u>	<u>Jun/2019</u>	<u>Jun/2018</u>	<u>Variation</u>
U.S. dollar - Brazilian real	3.8322	3.8748	-1.10%	3.8459	3.4274	12.21%
Euro - Brazilian real	4.3587	4.4390	-1.81%	4.3440	4.1430	4.85%
Mexican peso - Brazilian real	0.1995	0.1972	1.17%	0.2007	0.1796	11.80%
U.S. dollar - Mexican peso	19.2170	19.6655	-2.28%	19.1666	19.0851	0.43%
U.S. dollar - Euro	0.8792	0.8729	0.72%	0.8895	0.8262	7.66%

2.3 Changes in accounting policies

(a) IFRS 16 / CPC 06 (R2) – Leases

For the transition, the Company used the modified retrospective approach, i.e., it applied the requirements of the lease standard to all existing agreements on the initial adoption date, i.e. January 1, 2019. Therefore, the information and balances were not restated for comparison purposes.

As from the date of first-time adoption (January 1, 2019), leases have been recognized as right-of-use asset and a corresponding liability on the date the leased asset becomes available to the Company. Each payment is allocated between the lease liability and financial cost. The financial cost of the lease liability is registered in profit or loss during the performance of the agreement, using a constant interest rate on the remaining balance of liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier period between the useful life of the right-of-use asset or the enforceable term of the agreement. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

By determining the enforceable term of the lease, the management considers all facts and circumstances that create an economic incentive to exercising the extension option or not exercising the option of early termination.

Upon adopting IFRS 16 / CPC 06 (R2), the Company recognized the lease liabilities for agreements previously classified as "operational leases," in accordance with IAS 17 / CPC 06 (R1). Until the financial statements of 2018, the payments of these leases, net of any incentives received from the lessor, were recognized in the profit or loss of the agreement period.

For leases previously classified as "financial leases," the Company recognized lease assets and liabilities considering the amount immediately prior to the date of first-time adoption.

On the date of first-time adoption, assets and liabilities deriving from lease agreements were measured at their present value, considering the payments remaining for each agreement, using the incremental borrowing rate on January 1, 2019. The weighted average incremental rate applied on the date of first-time adoption was 6.25% p.a. The lease liabilities consider the net present value of the following lease payments:

- Fixed payments, net of any incentive received;
- Variable payments based on rates or indexes;
- Expected amounts payable by the lessee for the guaranteed residual amount;
- Exercise price under the purchase option; if it is reasonably certain that the lessee will exercise such option; and
- Payments of fines for termination of the lease agreement if the contractual terms reflect lessee's exercise option.

	<u>Consolidated</u>
<u>Commitments of operating leases as of December 31, 2018</u>	<u>2,276,401</u>
<u>Lease liability recognized on January 1, 2019</u>	
Lease commitments discounted at the incremental rate on the date of initial application	1,899,677
(Plus) Financial leases as of December 31, 2018	100,557
(Minus): short-term leases recognized	(89,476)
Total	<u>1,910,758</u>

Right-of-use assets were measured by the same value of the lease liabilities, adjusted for any amount of early payments and provisions for lease payments related to the agreement recognized on January 1, 2019. There were no onerous lease agreements that required adjustment at the right-of-use asset on the date of first-time adoption.

Upon first-time adoption of the rule, the Company used the following practical expedients provided for in IFRS 16 / CPC 06 (R2):

- Did not reevaluate whether the contract is or contains any lease on the initial adoption date. Instead, the Company applied the rule to agreements that have been previously identified as leases;
- Opted not to separate non-lease components from lease components, considering them, therefore, as a single lease component;
- Did not record contracts which, on the date of first-time adoption, will end within 12 months;
- Did not record low-value agreements (R\$30 for companies in Brazil or US\$ 10 for subsidiaries abroad),

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

in accordance with the policy defined by the Management;

- Excluded the initial costs with measuring the asset from the right of use on the initial adoption date;
- Used hindsight, such as determining the term of the lease, if the contract contains options to postpone or terminate the lease, among others; and
- Applied a single discount rate to the lease portfolio with reasonably similar characteristics (such as leases with similar remaining lease terms, for a similar class of underlying asset in a similar economic environment and similar financing currencies – “portfolios”).

(b) IFRIC 23 – Uncertainty on Income Tax Treatment (ICPC 22 – Uncertainty on Income Tax Treatments)

The new interpretation establishes requirements for recognition and measurement in situations where the Company has determined, during the process of calculating taxes on net income (income tax and social contribution), the use of tax treatments that could be construed as uncertain and, therefore, could be questioned by the tax authorities.

The Company concluded its analyses of the adoption of this standard and did not identify impacts on the quarterly information.

2.4 Restatement of interim financial statements for the period ended June 30, 2019

Correction of errors in the interim financial statements

The individual and consolidated interim financial statements for the period ended June 30, 2019, originally issued on August 7, 2019, are being restated.

In 2019, with the execution of the Leniency Agreement with the Office of the Federal Controller General (“CGU”) and the General Counsel for the Federal Government (“AGU”) (Note 22.3), and based on Brazilian tax laws that enable tax deduction on amounts paid as indemnification and on the legal opinion of its external advisors, Braskem S.A. considered the Leniency Agreement with CGU and AGU allocated to reparation to the victims to taxes deductions. The new Leniency Agreement with CGU and AGU had the consent of the Federal Prosecution Office (“MPF”) ratified by the Federal Courts, in order to consider the amounts already paid in the leniency Agreement signed by the Company with MPF in 2016.

Simultaneously with the 2016 Leniency Agreement with MPF, the Company signed a plea agreement with the U.S. Department of Justice (DoJ), that prohibits the Company from taking tax deductions with regards to the Total Criminal Penalty, against which a credit has been recognized due to the payments made in Brazil under the Leniency Agreement with MPF. Based on its assessment and of its external advisors, the Company previously considered that the Leniency Agreement with CGU and AGU enabled to take tax deduction on the amounts allocated to reparation of the victims, without breaching the clauses of the plea agreement.

However, after further analyses, discussions with external advisors who participated in negotiations with DoJ and their review of the communications with DoJ during the negotiations of the plea agreement in 2016, the Company determined its 2016 plea agreement with the DoJ resulted in the payments under new Leniency Agreement being nondeductible for tax purposes, in the amount of R\$1.4 billion. The Company believes that it is highly unlikely that DoJ would pursue further prosecution for breach of the Plea Agreement for the initial decision to take the full tax deduction in the period ended June 30, 2019.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

3 Cash and cash equivalents

The information on cash and cash equivalents was presented in the 2018 annual financial statements of the Company, in Note 5.

		Consolidated	
		Jun/2019	Dec/2018
Cash	(i)	3,268,856	2,228,964
Cash equivalents:			
Domestic market		1,476,172	1,754,561
Foreign market	(i)	1,043,325	1,564,112
Total		5,788,353	5,547,637

- (i) On June 30, 2019, cash includes R\$659,279 and cash equivalents R\$385,514 (R\$963,357 on December 31, 2018) held by subsidiary Braskem Idesa, which cannot be used by other Group entities.

4 Financial investments

The information on financial investments was presented in the 2018 annual financial statements of the Company, in Note 6.

		Consolidated	
		Jun/2019	Dec/2018
Amortized cost			
Time deposit investments		36,916	49,630
Fair value through profit or loss			
<i>LFT's and LF's</i>	(i)	571,539	2,247,272
Restricted funds investments	(ii)	10,502	9,998
Other		70,931	60,711
Total		689,888	2,367,611
Current assets		679,386	2,357,613
Non-current assets		10,502	9,998
Total		689,888	2,367,611

- (i) Refers to Brazilian floating-rate government bonds ("LFTs") issued by the Brazilian federal government and floating-rate bonds ("LFs") issued by financial institutions. These bonds have original maturity above three months, immediate liquidity on the secondary market and Management expects them to be realized in the short term.
- (ii) Restricted funds represent bank deposits with yields of approximately 100% of the Interbank Deposit Rate ("CDI"), and their use is related to the fulfillment of the contractual obligations of the debentures.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

5 Trade accounts receivable

The information on trade accounts receivable was presented in the 2018 annual financial statements of the Company, in Note 7.

	Consolidated		Parent Company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Customers				
Domestic market	1,246,165	1,425,444	1,201,102	1,387,814
Foreign market	1,596,890	1,901,184	1,498,302	840,423
Expected credit loss	(243,140)	(233,625)	(225,333)	(217,739)
Total	2,599,915	3,093,003	2,474,071	2,010,498
Current assets	2,588,031	3,075,218	2,462,187	1,766,418
Non-current assets	11,884	17,785	11,884	244,080
Total	2,599,915	3,093,003	2,474,071	2,010,498

The following table shows the Company's expected credit loss:

	Estimated loss percentage	Consolidated		Parent Company		
		Trade accounts receivable	Expected loss for doubtful accounts	Trade accounts receivable	Expected loss for doubtful accounts	
Stage 1 (Performing)	Operation risk 1	No risk	1,675,114	1,663,372		
	Operation risk 2	No risk	592,656	562,388		
	Operation risk 3	0.24%	271,697	652	467	
	Operation risk 4	0.57%	56,493	322	297	
	Operation risk 5	100.00%	893	893	893	
		2,596,853	1,867	2,473,195	1,657	
Stage 2 (Significant Increase in Loss Risk)	1st Renegotiation lower than 24 months	24% or 100%	1,327	490	1,327	490
	2nd Renegotiation greater than 24 months	91% or 100%	2,220	2,220	2,220	2,220
	Legal	100.00%	170,034	170,034	170,034	170,034
		173,581	172,744	173,581	172,744	
Stage 3 (No payment performance - Indicative of impairment)	Between 90 and 180 days	50% or 100%	8,182	4,090	3,392	1,696
	Above 180 days	100.00%	64,439	64,439	49,236	49,236
		72,621	68,529	52,628	50,932	
Total		2,843,055	243,140	2,699,404	225,333	

See further details on stages of the table above in Note 7(i) of the 2018 annual financial statements.

Braskem S.A.

Management notes

to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

6 Inventories

The information on inventories was presented in the 2018 annual financial statements of the Company, in Note 8.

	Consolidated		Parent company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Finished goods	4,940,948	5,542,220	3,369,412	3,672,001
Raw materials, production inputs and packaging	1,778,964	1,578,523	1,408,325	1,291,921
Maintenance materials	596,152	465,684	267,951	185,087
Advances to suppliers	111,165	93,445	107,572	86,965
Imports in transit	864,303	838,099	864,304	838,099
Total	8,291,532	8,517,971	6,017,564	6,074,073
Current assets	8,267,672	8,486,577	5,993,704	6,042,679
Non-current assets	23,860	31,394	23,860	31,394
Total	8,291,532	8,517,971	6,017,564	6,074,073

Braskem S.A.

Management notes to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

(b) Agreements executed and/or renewed with related companies

In the period ended June 30, 2019, the Company engaged in the following transactions with related parties:

- (i) Sales of gasoline to Refinaria de Petróleo Riograndense S.A. (“RPR”) are made based on monthly negotiations. Sales in the period amounted to R\$128,296 (R\$103,413 on June 30, 2018).
- (ii) Braskem has held agreements for the sale of gasoline to Petrobrás Distribuidora S.A., which are renewed monthly. Sales in the period amounted to R\$492,123 (R\$542,791 on June 30, 2018).
- (iii) In January 2019, the Company entered into an amendment to the agreement executed in December 2017 with Agro Energia Santa Luzia S.A. - USL, Usina Conquista do Pontal S.A. - UCP, Atvos Agroindustrial S.A. and Brenco Companhia Brasileira de Energia Renovável for the purchase of raw materials for future delivery between January and March 2019. This amendment provided for an advance of R\$100,413 which, on June 30, 2019, had a remaining balance of R\$1,997.

(c) Key management personnel

Statement of profit or loss transactions	Consolidated	
	Jun/2019	Jun/2018
Remuneration		
Short-term benefits	35,196	29,955
Post-employment benefit	760	410
Long term incentive plan	4,085	874
Total	40,041	31,239

Braskem S.A.

Management notes to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

8 Taxes recoverable

The information on taxes recoverable was presented in the 2018 annual financial statements of the Company, in Note 10.

	<u>Consolidated</u>		<u>Parent Company</u>	
	<u>Jun/2019</u>	<u>Dec/2018</u>	<u>Jun/2019</u>	<u>Dec/2018</u>
Parent Company and subsidiaries in Brazil				
IPI	558	9,050	558	9,050
Value-added tax on sales and services (ICMS) - normal operations	302,407	444,067	301,584	443,988
ICMS - credits from PP&E	160,268	170,998	160,099	169,908
Social integration program (PIS) and social contribution on revenue (COFINS) - normal operations	482	482		
PIS and COFINS - credits from PP&E	263,850	255,739	263,850	255,739
REINTEGRA program	19,921	20,615	19,921	20,615
Federal supervenience (a)	2,736,729	707,772	2,736,729	707,772
Other	7,110	2,852	6,085	1,866
Foreign subsidiaries				
Value-added tax ("IVA")	184,704	173,051		
Other	6,715	7,750		
Total	3,682,744	1,792,376	3,488,826	1,608,938
Current assets	1,351,954	423,188	1,158,267	240,905
Non-current assets	2,330,790	1,369,188	2,330,559	1,368,033
Total	3,682,744	1,792,376	3,488,826	1,608,938

(a) Recovery of Federal Tax Credits

During this half-year period, the courts issued final and unappealable decisions on the lawsuit brought by Braskem S.A. and on lawsuits brought by its subsidiaries that order the exclusion of ICMS tax from the calculation base of PIS/COFINS taxes and that the longer period be retroactive to 1991. The effects of these decisions were assessed by the Company, which recognized in the first half of 2019 the amount of R\$2,038,938 related to PIS and COFINS taxes, of which R\$1,850,965 was recorded under "Other operating income (expenses)" and R\$187,973 under "Financial income." The amount of R\$960,000 is classified in current assets.

Braskem S.A.

Management notes to the consolidated and parent company quarterly information at June 30, 2019

All amounts in thousands, unless otherwise stated

9 Investments

The information related to investments was presented in the Company's 2018 annual financial statements, in Note 11.

(a) Information on investments

	Interest in total and voting capital (%)	Adjusted net profit (loss) for the period		Adjusted equity		
		Direct and indirect	Jun/2019	Jun/2018	Jun/2019	Dec/2018
Subsidiaries						
BM Insurance	100.00		2,426		3,338	1,082
Braskem Alemanha	100.00		387,354	717,501	6,478,909	6,165,186
Braskem America	100.00		320,152	651,042	5,882,105	5,626,416
Braskem America Finance	100.00		415	1,097	(4,280)	(4,707)
Braskem Argentina	100.00		7,217	(15,031)	6,408	23,713
Braskem Chile	100.00		2,524	2,153	23,981	20,764
Braskem Holanda	100.00		1,145,378	1,478,060	9,030,890	7,853,313
Braskem Holanda Finance	100.00		49	(1,912)	(10,122)	(10,232)
Braskem Holanda Inc	100.00		1,256	1,980	9,374	8,210
Braskem Finance	100.00		40,538	(36,014)	(58,378)	(98,916)
Braskem Idesa	75.00		(175,845)	138,798	(3,796,473)	(3,829,092)
Braskem Idesa Serviços	75.00		(1,060)	117	24,052	24,793
Braskem Inc.	100.00		(3,171)	1,159	193,968	197,139
Braskem México	100.00		(495)	5,602	224,191	222,265
Braskem México Sofom	100.00		(25,507)	(3,055)	29,335	51,590
Braskem México Serviços	100.00		(59)	(1,615)	49	105
Cetrel	63.68		17,642	22,357	229,411	222,678
DAC	63.68		14,343	12,027	102,900	94,584
Lantana	100.00		11	(147)	(1,029)	(1,040)
Jointly-controlled investment						
RPR	33.20		119	3,352	88,976	99,672
Associate						
Borealis	20.00		13,439	(786)	174,912	163,884

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All amounts in thousands, unless otherwise stated

(b) Changes in investments – Parent Company

	Subsidiaries and jointly-controlled investment		Domestic associate	Total
	Domestic subsidiaries	Foreign subsidiaries		
Balance at December 31, 2018	174,899	8,554,381	32,777	8,762,057
Equity of investments				
Effect on profit or loss	8,566	1,171,224	2,206	1,181,996
Adjustment of profit in inventories		6,637		6,637
Acquisition of shares	72			72
Equity valuation adjustments	(2,371)	179,363		176,992
Currency translation adjustments		(190,550)		(190,550)
Capital decrease		17,672		17,672
Provision for loss	(41)			(41)
Dividends and interest on equity	(5,459)			(5,459)
Balance at June 30, 2019	175,666	9,738,727	34,983	9,949,376

(c) Results from equity investments

	Parent company	
	Jun/2019	Jun/2018
Equity in results of subsidiaries, associate and jointly-controlled	1.188.633	1.490.523
Reversal of provision in subsidiaries with negative equity investment	40.548	(36.156)
Dividends received		(30)
	1.229.181	1.454.337

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(d) Impacts on consolidation of Braskem Idesa

In compliance with IFRS 12 and CPC 45, the Company is presenting the financial information of the subsidiary in which there is interest held by non-controlling shareholder with material effects in the Company's consolidated statements.

Balance sheet	Consolidated Braskem without the effect of Braskem Idesa consolidated		Braskem Idesa consolidated (i)		Eliminations		Consolidated	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018	Jun/2019	Dec/2018	Jun/2019	Dec/2018
	Restated						Restated	
Assets								
Current								
Cash and cash equivalents	4,743,560	4,584,280	1,044,793	963,357			5,788,353	5,547,637
Financial investments	679,386	2,357,613					679,386	2,357,613
Trade accounts receivable	2,240,447	2,574,791	347,019	627,879	565	(127,452)	2,588,031	3,075,218
Inventories	7,692,771	7,907,429	574,901	579,148			8,267,672	8,486,577
Taxes recoverable	1,239,771	313,499	112,183	109,689			1,351,954	423,188
Income tax and social contribution	430,370	773,952					430,370	773,952
Derivatives	19,310	6,714	6,585	21,000			25,895	27,714
Other receivables	506,918	372,846	370,049	319,122			876,967	691,968
	17,552,533	18,891,124	2,455,530	2,620,195	565	(127,452)	20,008,628	21,383,867
Non-current								
Taxes recoverable	2,330,728	1,369,127	62	61			2,330,790	1,369,188
Income tax and social contribution	233,902	241,788					233,902	241,788
Deferred income tax and social contribution	107,845	114,000	959,048	990,158			1,066,893	1,104,158
Related parties	6,232,557	6,137,206			(ii)	(6,232,557)	(6,137,206)	
Derivatives	16,504		32	46,664			16,536	46,664
Other receivables	4,323,059	546,892	499	553			4,323,558	547,445
Property, plant and equipment	19,473,856	20,102,981	12,091,499	12,365,063	(iii)	(690,693)	(708,154)	30,874,662
Intangible	2,548,194	2,562,722	179,675	178,260			2,727,869	2,740,982
Right of use of assets	1,920,913		298,753				2,219,666	
	37,187,558	31,074,716	13,529,568	13,580,759	(6,923,250)	(6,845,360)	43,793,876	37,810,115
Total assets	54,740,091	49,965,840	15,985,098	16,200,954	(6,922,685)	(6,972,812)	63,802,504	59,193,982
Liabilities and shareholders' equity								
Current								
Trade payables	8,835,258	8,099,755	279,058	368,949	565	(127,452)	9,114,881	8,341,252
Borrowings	2,728,265	737,436					2,728,265	737,436
Debentures	34,105	27,732					34,105	27,732
Braskem Idesa Borrowings			9,923,051	10,504,592			9,923,051	10,504,592
Payroll and related charges	493,965	617,079	15,577	28,317			509,542	645,396
Taxes payable	420,956	419,204	10,112	12,801			431,068	432,005
Income tax and social contribution	4,825	419,320					4,825	419,320
Lease	270,427	9,767	22,633				293,060	9,767
Unperformed revenue	250,000						250,000	
Other payables	1,945,886	1,922,781	88,210	75,849			2,034,096	1,998,630
	14,983,687	12,253,074	10,338,641	10,990,508	565	(127,452)	25,322,893	23,116,130
Non-current								
Loan agreements	22,670,540	24,160,720					22,670,540	24,160,720
Debentures	251,954	266,777					251,954	266,777
Accounts payable to related parties			6,219,409	6,147,768	(ii)	(6,219,409)	(6,147,768)	
Loan to non-controlling shareholders of Braskem Idesa			(v)	2,214,388			2,214,388	2,183,830
Deferred income tax and social contribution	705,855	324,908					705,855	324,908
Provision for losses on subsidiaries	2,847,356	2,871,819			(iv)	(2,847,356)	(2,871,819)	
Lease	1,441,591	90,790	272,108				1,713,699	90,790
Unperformed revenue	249,999						249,999	
Other payables	3,077,870	3,129,234	33,185	10,348			3,111,055	3,139,582
	31,245,165	30,844,248	8,739,090	8,341,946	(9,066,765)	(9,019,587)	30,917,490	30,166,607
Shareholders' equity								
Attributable to the Company's shareholders	8,427,952	6,787,645	(3,092,633)	(3,131,500)	3,092,633	3,131,500	8,427,952	6,787,645
Non-controlling interest in subsidiaries	83,287	80,873			(949,118)	(957,273)	(865,831)	(876,400)
	8,511,239	6,868,518	(3,092,633)	(3,131,500)	2,143,515	2,174,227	7,562,121	5,911,245
Total liabilities and shareholders' equity	54,740,091	49,965,840	15,985,098	16,200,954	(6,922,685)	(6,972,812)	63,802,504	59,193,982

- (i) Consolidation of Braskem Idesa with its direct subsidiary Braskem Idesa Serviços.
(ii) Loan from Braskem Holanda as part of shareholders' contribution to Braskem Idesa's project.
(iii) Adjustment corresponding to the capitalization of a portion of financial charges of the loan mentioned above.
(iv) Provision recorded in the subsidiary Braskem Holanda for the negative shareholders' equity of Braskem Idesa.

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(v) Loan owed to the non-controlling shareholder as part of shareholders' contribution to the project.

Statement of profit or loss

	Consolidated Braskem						Consolidated	
	Ex consolidated	Braskem Idesa	Braskem Idesa consolidated	Eliminations		Consolidated		
	Jun/2019	Jun/2018	Jun/2019	Jun/2018	Jun/2019	Jun/2018	Jun/2018	
	Restated					Restated		
Net revenue	25,043,272	25,265,098	1,537,174	1,795,554	(265,190)	(245,624)	26,315,256	26,815,028
Cost of products sold	(21,873,073)	(20,090,785)	(1,309,310)	(1,010,165)	291,058	270,281	(22,891,325)	(20,830,669)
	3,170,199	5,174,313	227,864	785,389	25,868	24,657	3,423,931	5,984,359
Income (expenses)								
Selling and distribution	(767,290)	(672,472)	(100,267)	(88,043)			(867,557)	(760,515)
(Loss) reversals for impairment of trade accounts receivable	1,154	94,203	(1,792)				(638)	94,203
General and administrative	(824,899)	(643,972)	(54,070)	(44,923)		(1,514)	(878,969)	(690,409)
Research and development	(101,361)	(85,676)					(101,361)	(85,676)
Results from equity investments	(132,339)	102,628			131,884	(104,099)	(455)	(1,471)
Other income (expenses), net	1,198,749	(255,071)	184,296	65,166			1,383,045	(189,905)
	2,544,213	3,713,953	256,031	717,589	157,752	(80,956)	2,957,996	4,350,586
Financial results								
Financial expenses	(1,374,259)	(1,062,885)	(578,506)	(507,616)	157,219	142,426	(1,795,546)	(1,428,075)
Financial income	582,763	379,101	26,394	19,112	(157,219)	(142,426)	451,938	255,787
Exchange rate variations, net	(529,813)	(1,312,246)	60,001	(189,534)	(28,236)	45,386	(498,048)	(1,456,394)
	(1,321,309)	(1,996,030)	(492,111)	(678,038)	(28,236)	45,386	(1,841,656)	(2,628,682)
Profit (loss) before income tax and social contribution	1,222,904	1,717,923	(236,080)	39,551	129,516	(35,570)	1,116,340	1,721,904
Current and deferred income tax and social contribution	(204,360)	(108,955)	62,601	30,719			(141,759)	(78,236)
	(204,360)	(108,955)	62,601	30,719			(141,759)	(78,236)
Profit (loss) for the period	1,018,544	1,608,968	(173,479)	70,270	129,516	(35,570)	974,581	1,643,668

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Statement of cash flows	Consolidated Braskem									
	Ex consolidated		Braskem Idesa		Braskem Idesa consolidated		Eliminations		Consolidated	
	Jun/2019	Jun/2018	Jun/2019	Jun/2018	Jun/2019	Jun/2018	Jun/2019	Jun/2018	Jun/2019	Jun/2018
Profit (loss) before income tax and social contribution	1,222,904	1,717,923	(236,080)	39,551	129,516	(35,570)	1,116,340	1,721,904		
Adjustments for reconciliation of profit (loss)										
Depreciation, amortization and depletion	1,290,123	1,100,949	466,773	383,052	(25,868)	(23,143)	1,731,028	1,460,858		
Results from equity investments	132,339	(102,628)			(131,884)	104,099	455	1,471		
Interest and monetary and exchange variations, net	926,708	3,410,292	483,542	766,922	28,236	(45,386)	1,438,486	4,131,828		
Reversal of provisions	(346,214)						(346,214)			
Provisions - Leniency agreement	409,877						409,877			
PIS and COFINS credits - exclusion of ICMS from the calculation basis	(1,850,965)						(1,850,965)			
(Loss) reversals for impairment of trade accounts receivable	638	(94,203)					638	(94,203)		
Provision for losses and write-offs of long-lived assets	3,934	47,846	369	2,632			4,303	50,478		
	1,789,344	6,080,179	714,604	1,192,157			2,503,948	7,272,336		
Changes in operating working capital										
Other financial assets	(3,680,460)						(3,680,460)			
Trade accounts receivable	359,920	170,452	286,550	(26,137)	(128,017)	(76,729)	518,453	67,586		
Inventories	141,504	(1,052,982)	15,900	(159,890)			157,404	(1,212,872)		
Taxes recoverable	695,200	946,542	3,971	19,331			699,171	965,873		
Prepaid expenses	20,212	(2,532)	26,810	(4,066)			47,022	(6,598)		
Other receivables	(237,321)	(107,362)	(60,134)	(30,648)			(297,455)	(138,010)		
Trade payables	936,207	1,170,529	(98,922)	23,367	128,017	76,729	965,302	1,270,625		
Taxes payable	(520,637)	(674,598)	(11,752)	(143,707)			(532,389)	(818,305)		
Advances from customers	89,258	(170,221)	8,230	18,238			97,488	(151,983)		
Leniency agreement	(341,605)	(330,006)					(341,605)	(330,006)		
Other payables	(110,284)	(39,435)	(5,323)	355,673			(115,607)	316,238		
Cash generated (used) from operations	(858,662)	5,990,566	879,934	1,244,318			21,272	7,234,884		
Financial investments (includes LFT's and LF's)	1,766,689	332,006					1,766,689	332,006		
Cash generated from operations and handling of financial investments	908,027	6,322,572	879,934	1,244,318			1,787,961	7,566,890		
Interest paid	(714,308)	(611,936)	(316,268)	(266,198)			(1,030,576)	(878,134)		
Income tax and social contribution paid	(206,385)	(560,468)	(4,825)	(274)			(211,210)	(560,742)		
Net cash generated (used) by operating activities	(12,666)	5,150,168	558,841	977,846			546,175	6,128,014		
Proceeds from the sale of fixed assets and intangible assets	278,451	1,184					278,451	1,184		
Funds received in the investments' capital reduction		81,000						81,000		
Dividends received	2,111						2,111			
Acquisitions to property, plant and equipment and intangible assets	(1,134,891)	(1,134,894)	(25,317)	(10,464)			(1,160,208)	(1,145,358)		
Other investments		87						87		
Net cash used in investing activities	(854,329)	(1,052,623)	(25,317)	(10,464)			(879,646)	(1,063,087)		
Short-term and long-term debt										
Acquired	8,817,013	2,303,053					8,817,013	2,303,053		
Payments	(8,060,112)	(3,837,361)					(8,060,112)	(3,837,361)		
Braskem Idesa borrowings										
Payments			(435,840)	(371,199)			(435,840)	(371,199)		
Related parties										
Acquired loans (payment of loans)		72,880		(72,880)						
Lease	(168,515)		(29,328)				(197,843)			
Dividends paid	(2,475)	(1,499,776)					(2,475)	(1,499,776)		
Unperformed revenue	499,999						499,999			
Cash generated (used) in financing activities	1,085,910	(2,961,204)	(465,168)	(444,079)			620,742	(3,405,283)		
Exchange variation on cash of foreign subsidiaries	(59,635)	(202,059)	13,080	(82,805)			(46,555)	(284,864)		
Increase in cash and cash equivalents	159,280	934,282	81,436	440,498			240,716	1,374,780		
Represented by										
Cash and cash equivalents at the beginning for the period	4,584,280	3,480,407	963,357	294,686			5,547,637	3,775,093		
Cash and cash equivalents at the end for the period	4,743,560	4,414,689	1,044,793	735,184			5,788,353	5,149,873		
Increase in cash and cash equivalents	159,280	934,282	81,436	440,498			240,716	1,374,780		

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10 Property, plant and equipment

The information on property, plant and equipment was presented in the Company's 2018 annual financial statements, in Note 12.

	Consolidated					
	Jun/2019			Dec/2018		
	Cost	Accumulated depreciation/ depletion	Net	Cost	Accumulated depreciation/ depletion	Net
Land	601,040		601,040	602,299		602,299
Buildings and improvements	6,745,839	(2,224,332)	4,521,507	6,676,549	(2,026,559)	4,649,990
Machinery, equipment and installations	42,380,855	(22,732,026)	19,648,829	43,024,738	(22,238,530)	20,786,208
Projects and stoppage in progress	5,591,527		5,591,527	5,102,393		5,102,393
Other	1,715,161	(1,203,402)	511,759	1,784,807	(1,165,807)	619,000
Total	57,034,422	(26,159,760)	30,874,662	57,190,786	(25,430,896)	31,759,890

	Parent company					
	Jun/2019			Dec/2018		
	Cost	Accumulated depreciation/ depletion	Net	Cost	Accumulated depreciation/ depletion	Net
Land	356,778		356,778	356,778		356,778
Buildings and improvements	1,938,149	(1,161,754)	776,395	1,930,346	(1,131,101)	799,245
Machinery, equipment and installations	30,030,789	(19,511,526)	10,519,263	30,846,746	(19,383,653)	11,463,093
Projects and stoppage in progress	3,057,928		3,057,928	3,002,711		3,002,711
Other	1,228,215	(906,954)	321,261	1,184,087	(855,580)	328,507
Total	36,611,859	(21,580,234)	15,031,625	37,320,668	(21,370,334)	15,950,334

Capitalized charges in the six-month period ended June 30, 2019 was R\$90,680 in Consolidated and R\$34,382 in Parent company (for the period ended June 30, 2018 was R\$75,071 in Consolidated and R\$39,797 in the Parent company).

Property, plant and equipment impairment analysis

With the suspension of operations informed in Note 1 (c), Braskem conducted the Vinyls segment impairment test, represented by the assets of the PVC and chlorine soda plants located in Alagoas and Bahia. This test indicated that there is no need for a provision for impairment.

The assumptions adopted to determine the discounted cash flow include five-year cash flow with business-based basis, the post-tax discount rate of 11.72% p.a. and the inflation rate considered for perpetuity was 3.6%.

In addition to the test performed with the above assumptions, a sensitivity analysis was performed, with changes in the "discount rate" and "growth rate for perpetuity" variables, which also indicated that there is no need to record a provision. This sensitivity analysis considered two scenarios, (i) + 0.5% at the discount rate; and (ii) - 0.5% in the perpetuity growth rate.

There were no significant events or circumstances that indicate the need for impairment testing on the property, plant and equipment of the other CGUs and/or operating segments of the Company.

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11 Intangible assets

The information on intangible assets was presented in the 2018 annual financial statements of the Company, in Note 13.

	Jun/2019			Consolidated Dec/2018		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	Goodwill based on future profitability	3,187,678	(1,128,616)	2,059,062	3,187,678	(1,128,804)
Trademarks and patents	438,791	(194,668)	244,123	437,384	(191,087)	246,297
Software and use rights	813,670	(579,657)	234,013	799,960	(565,828)	234,132
Contracts with customers and suppliers	392,180	(201,509)	190,671	392,180	(190,501)	201,679
Total	4,832,319	(2,104,450)	2,727,869	4,817,202	(2,076,220)	2,740,982

	Jun/2019			Parent company Dec/2018		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	Goodwill based on future profitability	3,187,678	(1,128,804)	2,058,874	3,187,678	(1,128,805)
Trademarks and patents	251,118	(170,806)	80,312	251,118	(168,324)	82,794
Software and use rights	648,560	(476,299)	172,261	634,284	(467,853)	166,431
Contracts with customers and suppliers	392,180	(201,509)	190,671	392,181	(190,501)	201,680
Total	4,479,536	(1,977,418)	2,502,118	4,465,261	(1,955,483)	2,509,778

The amortization in the six-month period ended June 30, 2019 was R\$29,668 in Consolidated and R\$21,935 in the Parent company (for the period ended June 30, 2018 was R\$45,224 in Consolidated and R\$22,947 in the Parent company).

12 Right-of-use assets

The Company leases various offices, freight cars, vessels, equipment and vehicles. They are negotiated individually and contain various terms and conditions.

Lease payments are discounted using the implicit contract rate. If such rate cannot be determined, the incremental borrowing rate of the Company is applied, which corresponds to the rate the Company would pay if a loan was taken out, with similar term and guarantee, for the acquisition of a similar asset under similar economic scenario and conditions.

The right-of-use asset is measured at a cost composed by:

- Amount initially measured for the lease liabilities;
- Any payment made until the start of the lease, net of any incentive received;
- Any initial direct cost; and
- Restoration costs.

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The right-of-use asset recognized on the date of application derives from the following types of assets:

	Consolidated		Parent company	
	06/30/2019	01/01/2019 (i)	06/30/2019	01/01/2019 (i)
Buildings and constructions	84,521	167,831	47,082	125,017
Computer equipment and goods	7,108	7,750	5,682	6,133
Machinery and equipment	703,513	189,370	691,552	175,805
Ships	689,439	753,825	689,439	753,825
Rail cars	705,371	755,364		
Vehicles	29,714	34,056	27,121	31,037
Total	2,219,666	1,908,196	1,460,876	1,091,817

(i) Includes the balances of agreements classified as of December 31, 2018 as financial leases that previously were recognized as "Property, plant and equipment," in the amounts of R\$97,995 in the consolidated and R\$2,303 in the Parent Company.

The depreciation, additions and write-offs related to right of use of assets, in the six-month period ended June 30, 2019, amounted to consolidated R\$178,390 (Parent company R\$111,708), consolidated R\$618,985 (Parent company R\$607,025) and consolidated R\$126,712 (Parent company R\$126,712), respectively.

Expenses with short-term leases recognized in the six-month period ended June 30, 2019 amounted to consolidated R\$44,738 (Parent company R\$43,117).

To optimize lease costs during the term of the agreement, the Company should provide guaranteed residual amounts for the leased asset. In the case of certain lease agreements for freight cars that were classified as of December 31, 2018 as financial lease, the Company guaranteed any difference between the contractual payment flow and the fair value of these assets upon expiration of the enforceable term, limited to R\$48,129 (US\$12,559).

13 Suppliers

	Consolidated		Parent company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Trade payables:				
Domestic market	1,727,005	1,787,566	1,238,948	1,411,430
Foreign market	(i) 7,496,628	6,934,598	7,112,236	7,215,008
Present value adjustment - foreign market	(103,569)	(107,648)	(107,931)	(93,915)
	9,120,064	8,614,516	8,243,253	8,532,523
Current liabilities	9,114,881	8,341,252	8,238,070	8,259,259
Non-current liabilities	5,183	273,264	5,183	273,264
	9,120,064	8,614,516	8,243,253	8,532,523

(i) Considers R\$6.2 billion (2018 - R\$5.6 billion) in raw material purchases due in up to 360 days for which the Company provides letters of credit issued by financial institutions that indicate the suppliers as beneficiaries.

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14 Borrowings

The information on borrowings was presented in the 2018 annual financial statements of the Company, in Note 15.

(a) Borrowings

	Annual financial charges	Consolidated	
		Jun/2019	Dec/2018
Foreign currency			
Bonds	US dollar exchange variation + interest between 3.50 and 7.38	21,689,469	21,930,575
Advances on exchange contracts	US dollar exchange variation + 3.79	385,156	
Export prepayment	US dollar exchange variation + semiannual Libor + interest between 1.10 and 1.61	734,017	810,542
Export prepayment	US dollar exchange variation + quarterly Libor + 1.25	192,272	
Working capital	Argentine Peso exchange variation		48
Investments	US dollar exchange variation + semiannual Libor + 0.65	677,897	620,160
Other - SACE	US dollar exchange variation + semiannual Libor + 0.90	1,078,382	1,147,397
Transactions costs		(313,154)	(346,921)
		24,444,039	24,161,801
Current liabilities		2,603,006	610,922
Non-current liabilities		21,841,033	23,550,879
Total		24,444,039	24,161,801
Local currency			
Export credit notes	100.00 of CDI + 0.70	406,365	406,258
BNDES	Interest between 3.50 and 4.00	35,415	52,081
BNDES	IPCA + 6.04	273,073	
BNB/ FINEP/ FUNDES/FINISA/FINAME	5.86	200,692	239,969
FINAME	TLP + 6.00	440	555
BNB-FNE (Fundo Constitucional de Financiamentos do Nordeste)	IPCA + interest between 2.39 and 2.78	3,894	
Fundo de Desenvolvimento do Nordeste (FDNE)	6.50	34,619	37,099
Other	19.14	293	426
Transactions costs		(25)	(33)
		954,766	736,355
Current liabilities		125,259	126,514
Non-current liabilities		829,507	609,841
Total		954,766	736,355
Foreign currency and local currency			
Current liabilities		2,728,265	737,436
Non-current liabilities		22,670,540	24,160,720
Total		25,398,805	24,898,156
Parent company			
		Jun/2019	Dec/2018
Foreign currency			
Current liabilities		584,338	6,987
Non-current liabilities		1,527,207	1,544,044
		2,111,545	1,551,031
Local currency			
Current liabilities		121,571	121,145
Non-current liabilities		821,696	604,949
		943,267	726,094
Foreign currency and local currency			
Current liabilities		705,909	128,132
Non-current liabilities		2,348,903	2,148,993
Total		3,054,812	2,277,125

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(b) Payment schedule

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

	Consolidated	
	Jun/2019	Dec/2018
2020	169,228	1,748,531
2021	3,923,863	3,933,857
2022	2,267,281	2,256,444
2023	2,366,896	2,355,549
2024	3,336,264	3,336,032
2025	265,980	234,270
2026	265,979	234,296
2027	237,133	205,157
2028	5,007,215	5,028,265
2029	25,441	
2030 and thereafter	4,805,260	4,828,319
Total	22,670,540	24,160,720

(c) Guarantees

Braskem gave collateral for part of its borrowings as follows:

<u>Loans</u>	<u>Maturity</u>	<u>Total debt Jun/2019</u>	<u>Total guaranteed</u>	<u>Guarantees</u>
BNB	December-2022	80,188	80,188	Mortgage of plants, pledge of machinery and equipment
BNB	March-2023	28,315	28,315	Bank surety
BNDES	January-2021	35,415	35,415	Mortgage of plants, land and property, pledge of machinery and equipment
FUNDES	June-2020	31,948	31,948	Mortgage of plants, land and property, pledge of machinery and equipment
FINEP	July-2024	53,344	53,344	Bank surety
FINEP	December-2019	1,435	1,435	Bank surety, pledge of equipment and current account lockout (restricted fund)
FINAME	April-2021	910	910	Pledge of equipment
FINISA	December-2023	4,992	4,992	Bank surety
BNB-FNE	December-2024	3,894	3,894	Bank surety and pledge of reserve liquidity fund.
Other	July-2021	293	293	Pledge of equipment
Total		240,734	240,734	

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15 Braskem Idesa borrowings

The information on Braskem Idesa borrowings was presented in the 2018 annual financial statements in Note 16.

Identification	Principal amount US\$	Maturity	Charges (% per year)	Consolidated	
				Jun/2019	Dec/2018
Project finance					
Project finance I	700,000	February-2027	Us dollar exchange variation + quarterly Libor + 3.25	2,193,739	2,335,825
Project finance II	210,000	February-2027	Us dollar exchange variation + 6.17	613,483	657,689
Project finance III	600,000	February-2029	Us dollar exchange variation + 4.33	1,875,752	1,983,113
Project finance IV	660,000	February-2029	Us dollar exchange variation + quarterly Libor + 3.88	2,112,920	2,225,042
Project finance V	400,000	February-2029	Us dollar exchange variation + quarterly Libor + 4.65	1,255,011	1,326,901
Project finance VI	89,994	February-2029	Us dollar exchange variation + quarterly Libor + 2.73	281,064	297,158
Project finance VII	533,095	February-2029	Us dollar exchange variation + quarterly Libor + 4.64	1,672,579	1,768,389
Transactions costs				(81,497)	(89,525)
Total	3,193,089			9,923,051	10,504,592

In keeping with the Company's Financial Policy, the investment in the petrochemical complex Braskem Idesa was financed under a Project Finance structure, in which the construction loan must be repaid using exclusively the cash generated by Braskem Idesa, with limited guarantees pledged by shareholders. This financing structure includes guarantees typical to transactions of this kind, such as assets, receivables, cash generation and other rights of Braskem Idesa. In addition, these borrowings include various contractual obligations (covenants) that are typical of contracts of this nature.

On the reporting date of the quarterly financial statements of June 30, 2019, the breach of some non-financial contractual obligations remained. As a result, the reclassification to current liabilities of the entire balance of the non-current portion of the loan outstanding, in the amount of R\$8,934,964, was maintained, in accordance with CPC 26 and its corresponding accounting standard IAS 1 (Presentation of Financial Statements).

In accordance with the aforementioned accounting standards, reclassification is required in situations in which the breach of certain contractual obligations entitles creditors to request from Braskem Idesa the prepayment of obligations in the short term. In this context, note that none of the creditors has requested said prepayment of obligations and that Braskem Idesa has been settling its debt service obligations in accordance with their original maturity schedule.

As described in note 31(d), on October 9, 2019, Braskem Idesa obtained the waiver for such breaches with its creditors, therefore the long term debt will be reclassified from current liabilities back to non-current liabilities, in the next annual financial statements.

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16 Debentures

The information related to debentures was presented in the 2018 annual financial statements of the Company, in Note 17. The debentures were issued by the subsidiaries Cetrel and DAC.

<u>Issue date</u>	<u>Issuer</u>	<u>Series</u>	<u>Maturity</u>	<u>Annual financial charges (%)</u>	<u>Jun/2019</u>	<u>Dec/2018</u>
March-2013	DAC	Single	March-2025	IPCA + 6%	208,245	210,506
September-2013	Cetrel	Single	September-2025	126.5% of CDI	77,814	84,003
					286,059	294,509
Current liabilities					34,105	27,732
Non-current liabilities					251,954	266,777
Total					286,059	294,509

(a) Payment schedule

The maturity profile of the long-term debentures is as follows:

	<u>Consolidated</u>	
	<u>Jun/2019</u>	<u>Dec/2018</u>
2020	25,830	44,811
2021	51,701	50,722
2022	51,723	50,745
2023	51,748	50,769
2024	51,775	50,796
2025	19,177	18,934
Total	251,954	266,777

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(b) Guarantees

The issuers entered into agreements for the fiduciary assignment of receivables, with the maintenance of restricted accounts, to cover debt service for up to three months of the installments due, in accordance with the assignment agreements.

17 Reconciliation of changes in borrowings in the statement of cash flow

	Consolidated						Deferred revenue
	Current and non-current						
	Borrowings, debentures and Braskem Idesa financing						
	Borrowings	Debentures	Total borrowings and debentures	Braskem Idesa financing	Lease	Dividends	
Balance at December 31, 2018	24,898,156	294,509	25,192,665	10,504,592	100,557	672,395	
Acquired	8,817,013		8,817,013				499,999
Payments	(8,048,541)	(11,571)	(8,060,112)	(435,840)	(197,843)	(2,475)	
Cash used in financing activities	768,472	(11,571)	756,901	(435,840)	(197,843)	(2,475)	499,999
Other changes							
Interest paid	(702,394)	(11,408)	(713,802)	(316,268)	(506)		
Interest and monetary and exchange variations, net	607,435	14,529	621,964	48,928	33,236		
Initial adoption of IFRS 16 and additions					2,056,460		
Currency translation adjustments	(172,864)		(172,864)	121,639	14,855		
Additional dividends of subsidiary						2,498	
Prescribed dividends						(1,004)	
Other						(105)	
	(267,823)	3,121	(264,702)	(145,701)	2,104,045	1,389	
Balance at June 30, 2019	25,398,805	286,059	25,684,864	9,923,051	2,006,759	671,309	499,999

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18 Financial instruments

The information related to financial instruments was presented in the 2018 financial statements of the Company, in Note 19.

18.1 Non-derivative financial instruments and leniency agreement (Note 22.3) – consolidated

	Note	Classification by category	Fair value hierarchy	Book value		Fair value	
				Jun/2019	Dec/2018	Jun/2019	Dec/2018
Cash and cash equivalents	3						
Cash and banks		Amortized cost		3,268,856	2,228,964	3,268,856	2,228,964
Financial investments in Brazil		Fair value through profit or loss	Level 2	1,476,172	1,754,561	1,476,172	1,754,561
Financial investments abroad		Fair value through profit or loss	Level 2	1,043,325	1,564,112	1,043,325	1,564,112
				5,788,353	5,547,637	5,788,353	5,547,637
Financial investments	4						
<i>LFT's and LF's</i>		Fair value through profit or loss	Level 2	571,539	2,247,272	571,539	2,247,272
Time deposit investments		Amortized cost	Level 2	36,916	49,630	36,916	49,630
Other		Fair value through profit or loss	Level 2	81,433	70,709	81,433	70,709
				689,888	2,367,611	689,888	2,367,611
Trade accounts receivable	5	Amortized cost		2,553,696	3,045,463	2,553,696	3,045,463
Trade accounts receivable	5	Fair value through profit or loss	Level 2	46,219	47,540	46,219	47,540
Trade payables	13	Amortized cost		9,120,064	8,614,516	9,120,064	8,614,516
Borrowings	14	Amortized cost					
Foreign currency - Bond			Level 1	21,689,469	21,930,575	23,323,039	22,028,040
Foreign currency - other borrowings			Level 2	3,067,724	2,578,147	2,825,138	2,277,069
Local currency			Level 2	954,791	736,388	741,795	598,926
				25,711,984	25,245,110	26,889,972	24,904,035
Braskem Idesa borrowings	15	Amortized cost	Level 2	10,004,548	10,594,117	9,085,369	9,367,878
Debentures	16	Amortized cost	Level 2	286,059	294,509	284,349	239,976
Loan from non-controlling shareholder of Braskem Idesa		Amortized cost		2,214,388	2,183,830	2,214,388	2,183,830
Leniency agreement	22.3	Amortized cost		1,690,436	1,443,002	1,690,436	1,443,002
Financing from customers	23			499,999		499,999	

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18.2 Derivative financial instruments

18.2.1 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/2018			(Asset)/ Liability Jun/2019
Non-hedge accounting transactions									
Exchange swap		Level 2	Argentine peso	Dollar		517	2,492	(3,003)	6
NCE swap		Level 2	Real	Dollar		5,231	(1,321)	2,703	6,613
						5,748	1,171	(300)	6,619
Hedge accounting transactions									
Dollar put option	(a.i)	Level 2	Real	Dollar	56,158	36,139	(53,010)		(16,871)
Dollar swap	(a.ii)	Level 2	Real	Dollar+Fixed rates	67,689	183,398	(25,490)	(41,787)	116,121
Interest rate swaps	(a.iii)	Level 2	Libor	Fixed rates	(263,990)	(67,664)	75,946	10,182	18,464
					(140,143)	151,873	(2,554)	(31,605)	117,714
Derivatives									
Current assets						(27,714)			(25,895)
Non-current assets						(46,664)			(16,536)
Current liabilities						70,305			40,067
Non-current liabilities						161,694			126,697
						157,621			124,333

(a) Operations designated for hedge accounting

(a.i) U.S. dollar Call and Put Options

On June 30, 2019, Braskem held a total notional amount of put options of US\$2.2 billion, with an average strike price of 3.48 R\$/US\$. Simultaneously, the Company also held a total notional amount of call options of US\$1.6 billion, with an average strike price of R\$4.75. The operations have a maximum term of 24 months. Dollar-denominated future sales in Brazilian real were designated for hedge accounting, with the months of revenue recognition always coinciding with the months of the options.

(a.ii) Dollar Swap

To remain aligned with its risk management strategy, the Company contracted foreign exchange derivative operations ("swaps") in the aggregate amount of R\$1.3 billion, with annual maturities over the following 5 years starting January 30, 2019. These operations were designated as cash flow hedge accounting, where the hedging instruments are foreign exchange derivatives and the hedged objects are highly probable future revenues in the domestic market subject to fluctuations in Brazilian Real/U.S. dollar price. Accordingly, the mark-to-market adjustment of the effective portion of the hedge will be recognized under shareholders equity in OCI and will be recognized in the financial result only upon the realization of one of the objects.

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(a.iii) Hedge operations by the subsidiary Braskem Idesa related to the Project Finance

Interest rate swap linked to Libor

Identification	Nominal value	Hedge (interest rate per year)	Maturity	Fair value	
	US\$			Jun/2019	Dec/2018
Swap Libor I to VI	761,153	1.9825%	May-2025	18,464	(67,664)
Total	761,153			18,464	(67,664)
Derivatives					
Current assets				(6,585)	(21,000)
Non-Current assets				(32)	(46,664)
Current liabilities				1,780	
Non-Current liabilities				23,301	
Total				18,464	(67,664)

Braskem Idesa contracted swap operations to offset part of the variation in Libor arising from the borrowings mentioned in Note 15. The hedge operation shares the same guarantees as the Project Finance.

18.3 Non-derivative liabilities designated for export hedge accounting

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

On June 30, 2019, exports that were designated, not yet realized and not discontinued are shown below:

	Total nominal value US\$
2019	400,485
2020	724,000
2021	716,000
2022	719,000
2023	718,372
2024	688,853
2025	400,000
2028	1,250,000
	5,616,710

The following table provides the changes in in financial instruments designated for this hedge in the period.

	US\$			
	Dec/2018	Hedge discontinued	Designations	Jun/2019
Designated balance	5,550,205	333,495	400,000	5,616,710

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On June 30, 2019, the maturities of financial liabilities designated, within the scope of the consolidated balance sheet, were as follows:

	Total nominal value US\$
2019	400,485
2020	724,000
2021	716,000
2022	719,000
2023	718,372
2024	688,853
2025	400,000
2028	1,250,000
	5,616,710

The realizations expected for the subsequent quarters of fiscal year 2019 will occur through payments of financial instruments in conformity with the exports made, with the exchange variation recorded in “Other comprehensive income” reclassified to the financial result. For all quarters of the year, realizations will be made at the discounted cash flow rate. The quarterly schedule of the exports that are the object of hedge occurring in the subsequent quarters of 2019 is as follows:

	Total nominal value US\$
Third quarter	183,495
Fourth quarter	216,990
	400,485

The changes in foreign exchange variation and Income Tax and Social Contribution under item “Other comprehensive income (expenses)” of this hedge are as follows:

	Exchange variation	IR and CSL	Net effect
At December 31, 2018	(8,937,217)	3,038,653	(5,898,564)
Exchange variation recorded in the period on OCI / IR and CSL	230,314	(78,306)	152,008
Exchange variation transferred to profit or loss / IR and CSL	610,587	(207,600)	402,987
At June 30, 2019	(8,096,316)	2,752,747	(5,343,569)

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

On June 30, 2019, sales designated and not yet realized are as follows:

	Nominal value US\$
2019	116,505
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
	2,607,507

The following table shows the changes in financial instruments designated for these hedge operations in the period:

	US\$			
	Dec/2018	Sales in the year	Hedge discontinued	Jun/2019
Designated balance	2,708,856	(112,766)	205	2,596,295

On June 30, 2019, the maturities of financial liabilities designated were distributed as follows:

	Nominal value US\$
2019	116,291
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	124,345
2029	26,312
	2,596,295

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The following table provides the balance of discontinued hedge accounting amount, in the six-month period ended June 30, 2019 (US\$11.210), which is recorded in Braskem Idesa's shareholders' equity under item "Other comprehensive income (expenses)" 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	11,210	13.4541	17.9915	50,864	10,147
				50,864	10,147

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 six-month period ended June 30, 2019:

	Total nominal value US\$	Conversion rate at Inception MXN/US\$	Closing rate MXN/US\$	Total nominal value MXN	Gross nominal value
First quarter	56,383	13.6649	19.2175	313,072	60,811
Second quarter	56,383	13.6649	19.0788	305,252	63,995
	112,766			618,324	124,806

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

	Exchange variation	IR	Net effect
At December 31, 2018	(3,292,388)	988,451	(2,303,937)
Exchange variation recorded in the period on OCI / IR	271,651	(81,495)	190,156
Exchange variation transferred to profit or loss / IR	124,806	(37,442)	87,364
At June 30, 2019	(2,895,931)	869,514	(2,026,417)

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18.4 Credit quality of financial assets

(a) Trade accounts receivable

Virtually none of Braskem's clients have risk ratings assigned by credit rating agencies. For this reason, Braskem developed its own credit rating system for all accounts receivable from clients in Brazil and abroad.

On June 30, 2019 and December 31, 2018, the Company's trade accounts receivable has the following credit ratings:

	(%)	
	Jun/2019	Dec/2018
1 Minimum risk	68.61	67.50
2 Low risk	19.23	18.60
3 Moderate risk	8.95	7.61
4 High risk	1.73	5.02
5 Very high risk	1.48	1.27

- (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
June 30, 2019	0.05%	0.19%
December 31, 2018	0.08%	0.45%
June 30, 2018	0.12%	0.08%

This calculation considers the amount of trade receivables overdue more than 5 days for the domestic market and 30 days for the international market, divided by consolidated gross revenue in the last 12 months.

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(b) Other financial assets

In order to determine the credit ratings of counterparties in financial assets classified as cash and cash equivalents and financial investments, 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.

	<u>Jun/2019</u>	<u>Dec/2018</u>
Financial assets with risk assessment		
AAA	3,283,103	4,294,100
AA+	66,765	1,175,098
AA	16,589	79,136
AA-	1,603,728	1,076
A+	37,040	1,103,647
A	614	165,899
A-	1,402,012	169,580
BBB+		917,541
BBB-	1,300	
BB+		252
BB-		29
	<u>6,411,152</u>	<u>7,906,358</u>
Financial assets without risk assessment		
Other financial assets with no risk assessment	(i) 67,089	8,890
	<u>67,089</u>	<u>8,890</u>
Total	<u><u>6,478,241</u></u>	<u><u>7,915,248</u></u>

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

18.5 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 June 30, 2019, 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;
- Brazilian real/Euro exchange rate;
- Libor floating interest rate;
- Selic interest rate;
- CDI interest rate;
- TJLP interest rate;
- IPCA 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.

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(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 June 30, 2019, with a probability of 5%, and under normal market conditions, was estimated by the Company at US\$81,630 for put and call options (Note 18.2.1(a.i)), US\$10,730 for the swap of Libor related to Braskem Idesa's project, US\$246,212 for Dollar Swap (Note 18.2.1(a.ii)) and US\$41,120 for NCE Swap.

(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 June 30, 2019. According to the Market Readout, during 2019, the U.S. dollar will remain at around R\$3.80, while the Selic rate will be reduced to 5.50% p.a. The Selic rate is used as a reference for analyses of sensitivity to the CDI.

The probable scenario for the TJLP rate considers a 1% reduction from the current level of 5.95%.

Since the Market Readout survey does not publish estimates for the LIBOR rate, the Company opted to use the average projection of the U.S. Federal Reserve for the federal funds rate published in June 2019 plus the historical difference between such rate and LIBOR. For the adverse scenarios, increases of 25% and 50% in relation to current market levels were applied.

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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 (losses)		
	Probable	Possible adverse (25%)	Extreme adverse (50%)
Brazilian real/U.S. dollar exchange rate			
Bonds	182,246	(5,422,367)	(10,844,734)
Braskem Idesa borrowings	84,063	(2,501,137)	(5,002,274)
Export prepayments	7,783	(231,572)	(463,145)
Investments	5,696	(169,474)	(338,948)
SACE	9,061	(269,596)	(539,191)
Dollar put option	12,112	(487,154)	(1,623,958)
Dollar swap	(21,739)	(326,435)	(621,223)
Swap NCE	3,473	(103,326)	(206,679)
Financial investments abroad	26,281	(781,928)	(1,563,857)
Libor floating interest rate			
Export prepayments	(4,291)	(21,454)	(42,907)
Swaps	11,727	57,925	114,113
Braskem Idesa borrowings	(71,905)	(359,526)	(719,053)
CDI interest rate			
Export credit notes	44,558	(36,831)	(73,888)
Debentures	18,724	(11,141)	(23,292)
Financial investments in local currency	(58,756)	95,529	191,121
IPCA interest rate			
Debentures	17,132	(24,275)	(49,825)
TLP interest rate			
FINAME	(7)	(8)	(16)
Selic interest rate			
Leniency agreement	24,439	(40,266)	(81,217)

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19 Taxes payable

The information related to taxes payable was presented in the Company's 2018 annual financial statements, in Note 20.

	Consolidated		Parent company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Brazil				
IPI	65,423	64,672	65,423	64,672
ICMS	269,330	239,126	265,322	234,313
PIS and COFINS	140,747	145,090	137,941	143,750
Other	30,483	36,454	29,072	34,974
Other countries				
Value-added tax	10,667	7,482		
Other	20,336	25,085		
Total	536,986	517,909	497,758	477,709
Current liabilities	431,068	432,005	391,954	392,573
Non-current liabilities	105,918	85,904	105,804	85,136
Total	536,986	517,909	497,758	477,709

20 Income tax ("IR") and social contribution ("CSL")

The information related to income tax and social contribution was presented in the Company's 2018 annual financial statements, in Note 21.

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

	Consolidated		Parent company	
	Jun/2019	Jun/2018	Jun/2019	Jun/2018
	Restated		Restated	
Income before IR and CSL	1,116,340	1,721,904	1,056,088	1,469,238
IR and CSL at the rate of 34%	(379,556)	(585,447)	(359,070)	(499,541)
Permanent adjustments to the IR and CSL calculation basis				
IR and CSL on equity in results of investees	(155)	(514)	417,922	506,438
Tax benefits (Sudene and PAT)	11,765	72,096	11,765	72,096
Difference of rate applicable to each country	234,328	243,288		
Other permanent adjustments	(8,141)	192,341	(114,568)	52,613
Effect of IR and CSL on results of operations	(141,759)	(78,236)	(43,951)	131,606
Breakdown of IR and CSL:				
Current IR and CSL	(144,815)	(511,134)	193	(272,694)
Deferred IR and CSL	3,056	432,898	(44,144)	404,300
Total	(141,759)	(78,236)	(43,951)	131,606

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(b) Breakdown of deferred income tax and social contribution

(b.i) Deferred taxes per nature

Asset	Consolidated		Parent company	
	Jun/2019 Restated	Dec/2018	Jun/2019 Restated	Dec/2018
Tax losses (IR) and negative base (CSL)	2,009,711	2,021,578	58,421	58,421
Goodwill amortized	29,256	39,282	3,370	3,552
Exchange variations	638,414	39,959	638,414	924,344
Other temporary differences (provisions)	792,190	858,844	766,110	872,736
Business combination	142,293	159,572	130,091	147,989
Tax credits	115,974	176,290	115,974	176,290
	3,727,838	3,295,525	1,712,380	2,183,332
Liability				
Amortization of goodwill based on future profitability	723,002	723,336	715,568	715,568
Tax depreciation	1,880,728	1,009,912	987,868	1,009,912
Other temporary differences (provisions)	325,088	276,700	2,293	8,187
Business combination	1,302	1,302	1,302	1,302
Additional indexation PP&E	15,283	57,167	15,283	57,167
Amortization of fair value adjustments on the assets from the acquisition of Braskem Qpar	417,080	444,075	417,080	444,075
Other	4,317	3,783	3,516	3,516
	3,366,800	2,516,275	2,142,910	2,239,727

(b.ii) Offset for the purpose of presentation in the balance sheet (consolidated)

Assets	Headquarters (Country)	Jun/2019		Balance Restated
		Tax calculation	IR and CSL Compesation	
Braskem S.A.	Brazil	1,712,380	(1,712,380)	
Braskem Argentina	Argentina	7,713		7,713
Braskem Alemanha	Germany	14,942		14,942
Braskem Chile	Chile	307	(307)	
Braskem Idesa	Mexico	1,896,755	(940,826)	955,929
Braskem México Serviços	Mexico	3,119		3,119
Cetrel	Brazil	26,082	(6,242)	19,840
DAC	Brazil	66,540	(1,190)	65,350
		3,727,838	(2,660,945)	1,066,893
Liabilities				
Braskem S.A.	Brazil	2,142,910	(1,712,380)	430,530
Braskem America	USA	274,828		274,828
Braskem Chile	Chile	804	(307)	497
Braskem Idesa	Mexico	940,826	(940,826)	
Cetrel	Brazil	6,242	(6,242)	
DAC	Brazil	1,190	(1,190)	
		3,366,800	(2,660,945)	705,855

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	Headquarters (Country)			Dec/2018
		IR and CSL		Balance
		Tax calculation	Compesation	
Assets				
Braskem S.A.	Brazil	2,183,332	(2,183,332)	
Braskem Argentina	Argentina	11,337		11,337
Braskem Alemanha	Germany	11,251		11,251
Braskem Chile	Chile	308	(268)	40
Braskem Idesa	Mexico	980,762		980,762
Braskem México Serviços	Mexico	9,409		9,409
Cetrel	Brazil	26,478	(6,645)	19,833
DAC	Brazil	72,648	(1,122)	71,526
		3,295,525	(2,191,367)	1,104,158
Liabilities				
Braskem S.A	Brazil	2,239,727	(2,183,332)	56,395
Braskem America	USA	268,513		268,513
Braskem Chile	Chile	268	(268)	
Cetrel	Brazil	6,645	(6,645)	
DAC	Brazil	1,122	(1,122)	
		2,516,275	(2,191,367)	324,908

(c) Realization of deferred income tax and social contribution

In the period ended June 30, 2019, there were no material events or circumstances that indicate any compromise of the realization of these deferred taxes.

21 Sundry provisions

The information on sundry provisions was presented in the 2018 annual financial statements of the Company, in Note 22.

	Consolidated		Parent company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Provision for customers rebates	47,794	88,026	13,348	33,914
Provision for recovery of environmental damages	272,644	307,546	271,495	307,546
Other	33,073	28,970	4,311	3,871
Total	353,511	424,542	289,154	345,331
Current liabilities	118,743	191,536	80,358	137,424
Non-current liabilities	234,768	233,006	208,796	207,907
Total	353,511	424,542	289,154	345,331

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22 Contingencies

22.1 Claims with probable loss and contingent liabilities arising from business combinations

The description of the main contingent liabilities of the Company was presented in the 2018 annual financial statements, in Note 23.1.

	Consolidated		Parent company	
	Jun/2019	Dec/2018	Jun/2019	Dec/2018
Labor claims	194,822	177,751	190,816	173,249
Tax claims				
Normal operations				
IR and CSL	22,845	20,717	22,845	20,717
PIS and COFINS	159,644	156,796	159,644	156,796
ICMS	66,274	64,468	66,274	64,468
Other tax claims	23,544	23,237	19,917	18,991
	272,307	265,218	268,680	260,972
Business Combination				
IR and CSL	1,500	1,500	1,500	1,500
PIS and COFINS	61,573	59,739	61,573	59,739
ICMS - interstate purchases	289,309	280,622	289,309	280,622
	352,382	341,861	352,382	341,861
Corporate claims	118,675	111,049	118,675	111,049
Civil claims and other	39,490	69,438	37,276	67,407
	977,676	965,317	967,829	954,538

22.2 Claims with possible losses

The description of the main claims with possible losses are presented in the financial statements for fiscal year 2018, in Note 23.2.

	Consolidated	
	Jun/2019	Dec/2018
Tax claims	6,368,421	7,125,071
Labor claims	1,022,792	860,061
Civil claims	7,910,454	691,636
Other lawsuits	677,920	643,982
Total	15,979,587	9,320,750

(a) Tax

Income Tax (IR) and Social Contribution (CSL) – Unlimited offsetting

In December 2009, December 2013 and March 2017, the Company received a tax deficiency notice claiming that the methodology used to offset tax losses and tax loss carryforwards with Income Tax and Social Contribution tax credits failed to observe the limit of 30% of the Taxable Profit and Social Contribution calculation base in the mergers carried out, respectively, in November 2007, September 2008 and August 2013.

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In April 2019, one of the proceedings was ruled valid in a final and unappealable decision issued by CARF, which reduced this contingency by R\$407 million.

On June 30, 2019, the updated amount of the remaining deficiency notices amounted to R\$341 million.

The Company's external legal advisors estimate that the administrative proceedings should be concluded in 2020, while the only lawsuit should be concluded in 2027.

There are no deposits or any other type of guarantee for these proceedings, since they are still being discussed at the administrative level and the only one being litigated in court has had its payment suspended by a preliminary injunction.

(b) Civil

Public-Interest Civil Action - Alagoas

The public-interest civil action was filed by the Alagoas State Prosecution Office and the Alagoas State Public Defender's Office seeking the freezing of Braskem's assets to ensure the payment of any environmental and collective damages the Company may be ordered to pay due to its past mining activities in the city of Maceió.

The plaintiffs requested a provisional remedy to freeze Braskem's assets in the amount of R\$6.7 billion. The court's preliminary decision ordered the freezing of R\$100 million in Braskem's bank accounts, which already has been carried out.

After both parties filed Interlocutory Appeals, the Alagoas State Court of Appeals granted only the appeal filed by the State Prosecution Office, ordering the suspension of the distribution of dividends to shareholders, under penalty of freezing R\$2.7 billion. The decision was revised by a Suspension of Injunction and Order, through a decision of the presiding judge of the Superior Court of Justice (STJ), which authorized the decision involving the distribution of dividends upon presentation of a performance bond in an equivalent amount.

The Alagoas State Prosecution Office and the Alagoas State Public Defender's Office amended the action to change the boundaries of the claim, which involved excluding the alleged environmental damages and reducing the request for immediate freeze of assets to R\$3.7 billion, which would correspond to the sum of the pecuniary damages caused to the residents of the districts affected by the geological event. Immediately thereafter, the presiding judge of the Alagoas State Court of Appeals issued a decision ordering the freezing of R\$3.7 billion, which has been carried out.

Braskem has been collaborating with the authorities to identify the environmental causes of damage of the geological events, with support from independent experts, and remains committed to implementing solutions. The Company will analyze the report's findings and the appropriate measures on this issue.

Given its commitment to the safety of people, Braskem reaffirms that it will continue to implement emergency actions in the region and will assess, together with competent authorities, the implementation of additional measures.

For further details see subsequent events in Note 31 (a) and (b).

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22.3 Leniency Agreement

Global Settlement with authorities

In the context of the allegations of improper payments in connection with Operation Car Wash in Brazil, the Company has engaged experts in internal investigations to conduct an independent investigation into such allegations (“Investigation”) and report their findings. The Company has cooperated and continues to cooperate with authorities in various jurisdictions, including the U.S. Department of Justice (DoJ), the U.S. Securities and Exchange Commission (SEC), the Federal Prosecution Office of Brazil (MPF) and the Office of the Attorney General in Switzerland (OAG).

In December 2016, the Company entered into a Leniency Agreement with the Federal Prosecution Office (“MPF Agreement”) and with U.S. and Swiss authorities (“Global Settlement”), in the approximate amount of US\$957 million (approximately R\$3.1 billion at the time), which was officially ratified as follows:

1. In Brazil, the MPF Agreement was ratified by the 5th Coordination and Review Chamber of the MPF on December 15, 2016, with ratification by the 13th Federal Court of Curitiba on June 6, 2017.
2. The agreement with the U.S. Department of Justice (“DoJ”) was confirmed by a U.S. court ruling on January 26, 2017.
3. The agreement with the Securities and Exchange Commission (“SEC”) was confirmed on February 28, 2017.
4. The agreement with Swiss authorities did not depend on authorization to produce its effects, and, on December 21, 2016, OAG concluded its investigations and issued an order to close the case based on the Company’s collaboration.

Of the aggregate amount of the Global Settlement, the Company already has paid approximately R\$2.0 billion, as follows:

1. US\$94,894 (R\$296,591) to the DoJ, paid on February 8, 2017;
2. US\$65,000 (R\$206,460) to the SEC, paid on April 27, 2017;
3. CHF30,240 (R\$104,307) to the Swiss Office of the Attorney General, paid on June 27, 2017;
4. R\$736,445 to the MPF, paid on July 6, 2017;
5. R\$267,985 to the MPF, corresponding to the first of the six annual installments due by to 2023, paid on January 30, 2018;
6. CHF16,065 (R\$62,021) to the Swiss Office of the Attorney General, corresponding to the first of four annual installments due by 2021, paid on June 28, 2018; and
7. R\$278,034 to the MPF, related to the second of six annual installments due by 2023, paid on January 30, 2019; and
8. CHF16,065 (R\$58,034) to the Swiss Office of the Attorney General, related to the second of four annual installments due by 2021, paid on June 27, 2019.

The MPF agreed to allocate most of the amounts received under the MPF Agreement to reparation of the victims of the wrongdoings, including other authorities and government agencies, and to coordinate with these third parties with which Braskem can begin negotiations related to the facts described in the Global Settlement, with the goal of avoiding duplicate payment of reparations.

In this respect, as per the notice to the market dated July 10, 2018 and the material fact notice dated May 27, 2019, the Company engaged in a cooperation and negotiation process with the Ministry of Transparency, the Office of the Federal Controller General (“CGU”) and the Office of the General Counsel for the Federal

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Government (“AGU”), which culminated in the signing of a leniency agreement with said authorities on May 31, 2019 (“CGU/AGU Agreement”).

The CGU/AGU Agreement addresses the same facts that are the subject of the Global Settlement entered into in December 2016 and provides for an additional disbursement of approximately R\$410 million due to the calculations and parameters adopted by CGU/AGU. In response to a request by the Company and the MPF, the Federal Courts ratified the allocation of funds under the MPF Agreement to the payment of the CGU/AGU Agreement. The outstanding installments of the MPF Agreement will benefit from CGU/AGU Agreement and will now be restated by the variation in the SELIC basic interest rate as of the execution of the CGU/AGU Agreement. The additional disbursement of approximately R\$410 million will be paid in two annual installments at the end of the payment schedule of the MPF Agreement, in 2024 and 2025. The CGU/AGU Agreement jointly with the Global Settlement are referred to as the “Agreements.”

The amount of the outstanding installments, after the CGU/AGU Agreement, is approximately R\$1.6 billion and will be paid as follows:

1. CHF32,130 to the Swiss Office of the Attorney General, corresponding to two outstanding annual installments of CHF16.065 due on September 30 of each year as from 2020;
2. Approximately R\$1.1 billion arising from the MPF Agreement and the CGU/AGU Agreement, in four identical and successive annual installments adjusted for inflation by the variation in the SELIC inflation index due on January 30 of each year as from 2019. To guarantee payment of the installments coming due, Braskem gave as collateral assets from its property, plant and equipment corresponding to one annual installment.
3. R\$409,876 arising from the CGU/AGU Agreement, adjusted by the SELIC interest rate, with the first installment of R\$284,665 due on January 30, 2024 and the second installment of R\$125,211 due on January 30, 2025.

The Agreements do not exempt Braskem from liability by third parties with legitimate interests that seek damages in connection with the facts covered by the Agreements, including other authorities seeking to apply new monetary sanctions or fines or to launch new investigations into the Company. Therefore, it is not possible to ensure that the aggregate amount agreed upon will be sufficient to ensure full reparation to all victims.

The Company will continue to cooperate with the authorities with which it signed the Agreements and to implement improvements to its compliance practices and its efforts to combat corruption. Braskem is still subject to external monitorship for a period of three years as from 2017, during which period the monitors will verify compliance with the Global Settlement, as well as the efficacy of the controls, policies and internal procedures of the Company in mitigating the risk of any violations of anticorruption law. The monitorship period could end earlier or be extended for another year, at the discretion of the authorities, depending on the progress made by Braskem in its compliance with the Global Settlement. The monitors could recommend changes to policies and procedures that the Company must adopt, unless they are excessively burdensome or ill-advised. In such cases, the Company may propose alternatives, which may or may not be accepted by the authorities. The operation under the scrutiny of the monitor could lead to the assumption of additional liabilities by the members of the Company’s management.

The costs that could be incurred from compliance with the obligations under the Agreements could materially and adversely impact the Company by requiring efforts by its Management and diverting its attention from its normal course of business.

Braskem currently is in compliance with all obligations under the Agreements.

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23 Financing from customers

In June 2019, the Company received the amount of R\$499,999 from the assignment of an ethylene supply contract with a customer. The supply shall be performed from January to December 2020, and is considered “highly probable” given the continuous relationship with this customer in volumes exceeding the supply flow of the referred contract.

The assignment of the referred supply contract has no recourse nor co-obligation against the Company, which has no responsibility to repay to the assignee, a financial agent, the amount received by the assignment in case it fulfills its obligation to supply ethylene to the customer.

The amount received in this assignment includes adjustment to present value, in the amount of R\$34,457, which will be amortized over the term of the operation, which matures in December 2020.

The Company is not responsible for customer solvency.

24 Shareholders' Equity

The information related to the Company's shareholders' equity was presented in its 2018 annual financial statements, in Note 25.

(a) Capital

At June 30, 2019, the subscribed and paid-in capital of the Company was R\$8,043,222, represented by 797,218,554 shares without par value, distributed as follows:

	Amount of shares							
	Common shares	%	Preferred shares class A	%	Preferred shares class B	%	Total	%
Odebrecht	226,334,623	50.11	79,182,498	22.95			305,517,121	38.33
Petrobras	212,426,952	47.03	75,761,739	21.96			288,188,691	36.15
ADR			39,175,472	11.35			39,175,472	4.91
Other	12,907,077	2.86	149,703,364	43.38	500,230	100.00	163,110,671	20.46
Total	<u>451,668,652</u>	<u>100.00</u>	<u>343,823,073</u>	<u>99.64</u>	<u>500,230</u>	<u>100.00</u>	<u>795,991,955</u>	<u>99.85</u>
Treasury shares			1,226,599	0.36			1,226,599	0.15
Total	<u>451,668,652</u>	<u>100.00</u>	<u>345,049,672</u>	<u>100.00</u>	<u>500,230</u>	<u>100.00</u>	<u>797,218,554</u>	<u>100.00</u>

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

In this period, 8,159 treasury shares were delivered to members that left the Company as part of the Long-term incentive plan (“ILP Plan”) Program settlement.

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(b) Other comprehensive income

	Attributed to shareholders' interest							Consolidated		
	Deemed cost and additional indexation of PP&E (ii)	Fair value adjustments of trade accounts receivable (iii)	Gain (loss) on interest in subsidiary (i)	Foreign sales hedge (iv)	Fair value plans of hedge (iv)	Defined benefit actuarial Gain (loss) (v)	Foreign currency translation adjustment (vi)	Total Braskem shareholders' interest	Non-controlling interest in Braskem Idesa	Total
On December 31, 2018	151,214	5,957	(9,469)	(7,626,515)	(257,508)	(53,574)	2,166,875	(5,623,020)	(565,902)	(6,188,922)
Additional indexation										
Realization by depreciation or write-off assets	(20,240)							(20,240)		(20,240)
Income tax and social contribution	6,882							6,882		6,882
Deemed cost of jointly-controlled investment										
Realization by depreciation or write-off assets	(729)							(729)		(729)
Income tax and social contribution	248							248		248
Fair value adjustments										
Accounts receivable		28						28		28
Foreign sales hedge										
Exchange rate				434,052				434,052	67,913	501,965
Transfer to result				704,192				704,192	31,201	735,393
Income tax and social contribution				(375,109)				(375,109)	(29,734)	(404,843)
Fair value of Cash flow hedge										
Change in fair value					55,294			55,294	(21,802)	33,492
Transfer to result					27,362			27,362	8,072	35,434
Income tax and social contribution					(29,751)			(29,751)	4,119	(25,632)
Fair value of cash flow hedge from jointly-controlled (RPR)					(2,370)			(2,370)		(2,370)
Actuarial loss with post-employment benefits, net of taxes						(41)		(41)		(41)
ILP Plan fair value										
Change in fair value		7,514						7,514	84	7,598
Income tax and social contribution		(1,976)						(1,976)		(1,976)
Foreign currency translation adjustment							(190,549)	(190,549)	(9,201)	(199,750)
Effect of CPC 42/IAS 29 application - hyperinflation							(1,618)	(1,618)		(1,618)
On June 30, 2019	137,375	11,523	(9,469)	(6,863,380)	(206,973)	(53,615)	1,974,708	(5,009,831)	(515,250)	(5,525,081)

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	Consolidated									
	Deemed cost and additional indexation of PP&E (ii)	Fair value adjustments of trade accounts receivable (iii)	Gain (loss) on interest in subsidiary (i)	Foreign sales hedge (iv)	Attributed to shareholders' interest			Non-controlling interest in Braskem Idesa	Total	
					Fair value plans of hedge (iv)	Defined benefit actuarial Gain (loss) (v)	Foreign currency translation adjustment (vi)			Total Braskem shareholders' interest
On December 31, 2017	178,893		(9,404)	(6,358,242)	(145,267)	(52,005)	1,220,533	(5,165,492)	(477,975)	(5,643,467)
Additional indexation										
Realization by depreciation or write-off assets	(20,240)							(20,240)		(20,240)
Income tax and social contribution	6,882							6,882		6,882
Deemed cost of jointly-controlled investment										
Realization by depreciation or write-off assets	(729)							(729)		(729)
Income tax and social contribution	248							248		248
Fair value adjustments										
Accounts receivable		(690)						(690)		(690)
Foreign sales hedge										
Exchange rate				(3,125,127)				(3,125,127)	(28,242)	(3,153,369)
Transfer to result				592,841				592,841	26,576	619,417
Income tax and social contribution				860,778				860,778	499	861,277
Fair value of Cash flow hedge										
Change in fair value					(256,581)			(256,581)	17,764	(238,817)
Transfer to result					3,432			3,432	3,479	6,911
Income tax and social contribution					88,620			88,620	(6,373)	82,247
Fair value of cash flow hedge from jointly-controlled (RPR)					2,547			2,547		2,547
Actuarial loss with post-employment benefits, net of taxes						111		111		111
Goodwill on the acquisition of a subsidiary under common control										
Foreign currency translation adjustment							962,989	962,989	(128,700)	834,289
On June 30, 2018	165,054	(690)	(9,404)	(8,029,750)	(307,249)	(51,894)	2,183,522	(6,050,411)	(592,972)	(6,643,383)

(i) Transfer to the income statement when divestment or transfer of control of subsidiary.

(ii) Transfer to retained earnings as the asset is depreciated or written-off/sold.

(iii) For receivables classified as fair value through other comprehensive income, transfer to the income statement when attainment of jurisdiction or early liquidation. For the ILP Plan, Transfer to retained earnings according to the grace period of the plan.

(iv) Transfer to the income statement when maturity, prepayment or loss of efficacy for hedge accounting.

(v) Transfer to retained earnings when the extinction of the plan.

(vi) Transfer to the income statement when write-off of subsidiary abroad.

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25 Earnings per share

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.

	<u>Jun/2019</u>	<u>Basic and diluted</u>
	<u>Restated</u>	<u>Jun/2018</u>
Profit for the period attributed to Company's shareholders	1,012,137	1,600,844
Distribution of priority dividends attributable to:		
Preferred shares class "A"	208,453	208,450
Preferred shares class "B"	303	303
	<u>208,756</u>	<u>208,753</u>
Distribution of 6% of unit price of common shares	273,837	273,840
Distribution of excess profits, by class:		
Common shares	300,670	634,943
Preferred shares class "A"	228,874	483,308
	<u>529,544</u>	<u>1,118,251</u>
Reconciliation of income available for distribution, by class (numerator):		
Common shares	574,507	908,783
Preferred shares class "A"	437,327	691,758
Preferred shares class "B"	303	303
	<u>1,012,137</u>	<u>1,600,844</u>
Weighted average number of shares, by class (denominator):		
Common shares	451,668,652	451,668,652
Preferred shares class "A"	343,817,203	343,802,381
Preferred shares class "B"	500,230	525,296
	<u>795,986,085</u>	<u>795,996,329</u>
Profit per share (in R\$)		
Common shares	1.2720	2.0121
Preferred shares class "A"	1.2720	2.0121
Preferred shares class "B"	0.6057	0.5768

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Share weighting

	Jun/2019	
	Preferred shares	
	Class "A"	
	Outstanding shares	Weighted average
Amount at beginning of period	343,814,914	343,814,914
Incentive long term plan payments with treasury shares	8,159	2,289
Amount at the end of the period	343,823,073	343,817,203

	Jun/2018			
	Preferred shares			
	Class "A"		Class "B"	
	Outstanding shares	Weighted average	Outstanding shares	Weighted average
Amount at beginning of period	343,775,864	343,775,864	578,330	578,330
Conversion of preferred shares class "B" to "A"	39,050	26,517	(78,100)	(53,034)
Amount at the end of the period	343,814,914	343,802,381	500,230	525,296

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26 Net revenues

	Consolidated		Parent company	
	Jun/2019	Jun/2018	Jun/2019	Jun/2018
Sales revenue				
Domestic market				
Revenue	19,462,816	19,421,674	19,373,342	19,336,231
Rebates	(19,642)	(5,051)	(19,641)	(5,051)
	19,443,174	19,416,623	19,353,701	19,331,180
Foreign market				
Revenue	11,955,187	12,477,236	4,785,108	4,396,767
Rebates	(18,072)	(28,397)	1,405	(2,770)
	11,937,115	12,448,839	4,786,513	4,393,997
	31,380,289	31,865,462	24,140,214	23,725,177
Sales and services deductions				
Taxes				
Domestic market	(4,932,562)	(4,884,929)	(4,926,305)	(4,872,451)
Foreign market	(14,181)	(20,025)		
Sales returns				
Domestic market	(69,259)	(85,148)	(69,259)	(85,148)
Foreign market	(49,031)	(60,332)	(7,260)	(7,672)
	(5,065,033)	(5,050,434)	(5,002,824)	(4,965,271)
Net sales and services revenue	26,315,256	26,815,028	19,137,390	18,759,906

27 Other income and other expenses

	Note	Consolidated	
		Jun/2019	Jun/2018
Other income			
PIS and COFINS credits - exclusion of ICMS from the calculation basis	8(a)	1,850,965	
Fine on supply contract of raw material, net	(i)	200,322	97,816
Other		38,534	127,931
		2,089,821	225,747
Other expenses			
Bonus to employees		(184,276)	(197,658)
Leniency agreement	22.3	(409,876)	
Allowance for judicial claims		4,972	(25,239)
Other		(117,596)	(192,755)
		(706,776)	(415,652)

The contractual penalty from a supplier for failing to supply feedstock to the subsidiary Braskem Idesa is R\$197,331 (R\$97,816 in 2018).

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28 Financial results

	Consolidated		Parent company	
	Jun/2019	Jun/2018	Jun/2019	Jun/2018
Financial income				
Interest income	418,277	219,176	339,998	170,808
Other	33,661	36,611	20,968	15,116
	451,938	255,787	360,966	185,924
Financial expenses				
Interest expenses	(1,068,514)	(1,019,005)	(997,880)	(503,475)
Monetary variations on fiscal debts	(96,352)	(34,872)	(96,344)	(34,839)
Customer discounts granted	(54,337)	(68,825)	(54,348)	(68,767)
Loans transaction costs - amortization	(72,732)	(44,208)	(11,473)	(17,584)
Adjustment to present value - appropriation	(235,355)	(113,552)	(233,947)	(108,946)
Interest expense on leases	(51,840)		(33,902)	
Other	(216,416)	(147,613)	(122,569)	(49,875)
	(1,795,546)	(1,428,075)	(1,550,463)	(783,486)
Exchange rate variations, net				
On financial assets	(93,745)	1,176,318	(22,308)	526,783
On financial liabilities	(404,303)	(2,632,712)	(471,555)	(1,816,679)
	(498,048)	(1,456,394)	(493,863)	(1,289,896)
Total	(1,841,656)	(2,628,682)	(1,683,360)	(1,887,458)

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29 Expenses by nature and function

	<u>Consolidated</u>		<u>Parent company</u>	
	<u>Jun/2019</u>	<u>Jun/2018</u>	<u>Jun/2019</u>	<u>Jun/2018</u>
Classification by nature:				
Raw materials other inputs	(18,711,998)	(17,224,365)	(14,779,264)	(13,250,994)
Personnel expenses	(1,306,191)	(1,170,970)	(953,953)	(871,995)
Outsourced services	(1,290,497)	(967,018)	(872,747)	(637,982)
Depreciation, amortization and depletion	(1,731,028)	(1,460,858)	(1,123,187)	(969,526)
Freights	(1,290,887)	(1,022,891)	(866,146)	(665,715)
Costs of idle industrial plants	(100,194)	(88,345)	(92,931)	(71,801)
PIS and COFINS credits - exclusion of ICMS from the calculation basis	1,850,965		1,850,965	
Leniency agreement	(409,876)		(409,876)	
Other general and administrative expenses	(367,099)	(528,524)	(379,984)	(389,534)
Total	<u>(23,356,805)</u>	<u>(22,462,971)</u>	<u>(17,627,123)</u>	<u>(16,857,547)</u>
Classification by function:				
Cost of products sold	(22,891,325)	(20,830,669)	(17,680,715)	(15,749,160)
Selling and distribution	(867,557)	(760,515)	(493,847)	(457,926)
(Loss) reversals for impairment of trade accounts receivable	(638)	94,203	1,494	94,455
General and administrative	(878,969)	(690,409)	(647,619)	(497,102)
Research and development	(101,361)	(85,676)	(57,813)	(55,320)
Other income	2,089,821	225,747	1,869,779	118,897
Other expenses	(706,776)	(415,652)	(618,402)	(311,391)
Total	<u>(23,356,805)</u>	<u>(22,462,971)</u>	<u>(17,627,123)</u>	<u>(16,857,547)</u>

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30 Segment information

The information by segment was presented in the 2018 annual financial statements, in Note 32.

	Jun/2019					
	Net sales revenue	Cost of products sold	Gross profit	Operating expenses		Consolidated
				Selling, general and distribution expenses	Results from equity investments	
Reporting segments						
Chemicals	14,026,325	(12,939,991)	1,086,334	(505,974)		566,874
Vinyls	1,369,237	(1,468,258)	(99,021)	(131,672)		(241,564)
Polyolefins	10,736,083	(9,382,053)	1,354,030	(698,600)		619,527
USA and Europe	5,102,109	(4,130,004)	972,105	(347,997)		590,303
Mexico	1,577,822	(1,327,166)	250,656	(159,542)		275,596
Total	32,811,576	(29,247,472)	3,564,104	(1,843,785)		1,810,736
Other segments	147,899	(91,126)	56,773	(21,016)		34,943
Corporate unit				(85,585)	(455)	1,303,993 (i)
Braskem consolidated before eliminations and reclassifications	32,959,475	(29,338,598)	3,620,877	(1,950,386)	(455)	1,479,636
Eliminations and reclassifications	(6,644,219)	6,447,273	(196,946)	101,861		(191,676)
Total	26,315,256	(22,891,325)	3,423,931	(1,848,525)	(455)	1,383,045
						Jun/2018
	Net sales revenue	Cost of products sold	Gross profit	Operating expenses		Consolidated
				Selling, general and distribution expenses	Results from equity investments	
Reporting segments						
Chemicals	13,929,240	(11,901,350)	2,027,890	(296,130)		1,681,900
Vinyls	1,397,270	(1,358,930)	38,340	(81,020)		(59,130)
Polyolefins	10,620,300	(8,903,020)	1,717,280	(622,300)		1,060,810
USA and Europe	5,604,490	(4,226,020)	1,378,470	(274,980)		1,075,080
Mexico	1,831,760	(1,027,020)	804,740	(133,480)		739,450
Total	33,383,060	(27,416,340)	5,966,720	(1,407,910)		4,498,110
Other segments	146,703	(82,214)	64,489	(13,018)		51,794
Corporate unit				(90,294)	(1,471)	(221,293)
Braskem consolidated before eliminations and reclassifications	33,529,763	(27,498,554)	6,031,209	(1,511,222)	(1,471)	4,328,611
Eliminations and reclassifications	(6,714,735)	6,667,885	(46,850)	68,825		21,975
Total	26,815,028	(20,830,669)	5,984,359	(1,442,397)	(1,471)	4,350,586

- (i) Includes the amount of R\$1,850,965 related to PIS and COFINS tax credits – exclusion of ICMS from the calculation base (Note 8(a)).

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31 Subsequent events

- (a) As per the notice dated July 25, 2019, Braskem was informed of the Public-Interest Civil Action filed against it by the Labor Public Prosecutor of the State of Alagoas ("MPT-AL"), with an injunction to freeze the amount of R\$2.5 billion to guarantee payment of any pecuniary damages to workers affected by the geological phenomenon observed in Maceió. In said action, MPT-AL further claims the compensation of workers for pain and suffering.

On October 10, 2019, the Judge of the 7th Labor Court of Maceió deny the preliminary injunctions filed by the MPT-AL.

The Company informs that will keep the market informed of any material developments in the matter.

- (b) As per the notice dated August 19, 2019, Braskem was informed that, in connection with the geological events in the State of Alagoas, the Company is aware of the filing of a Public-Interest Civil Action by the Federal Prosecution Office ("MPF") against the Company and other plaintiffs, with the following main claims for interlocutory relief: (i) the accrual of an own private fund in the initial amount of R\$3.075 million for the execution of social and environmental programs and of emergency measures, and the maintenance in said fund of working capital in the amount of R\$2 billion or, after the financial schedule is approved, an amount equivalent to 100% of the expenses projected for the subsequent 12-month period; (ii) the presentation of guarantees in the amount of R\$20.5 billion; (iii) a prohibition on the encumbrance or divestment of any of the Company's fixed assets and on the distribution of profits, whether in dividends, interest on equity or any other form; (iv) a court-ordered freeze of any profits not distributed; and (v) a suspension on financing from BNDES (state-owned bank) and government incentives, as well as acceleration of existing debts with BNDES.

So far, there is no decision about the injunction requested.

The Company informs that it has taken all applicable measures within the legal periods and will keep the market informed of any relevant developments in this matter.

- (c) On October 3, 2019, the Extraordinary General Meeting approved (i) the payment of mandatory dividend in the amount of R\$667 million, to be paid until December 31, 2019; (ii) the capital budget for the fiscal year of 2019; and (iii) withheld by the Company, the remaining amount of the net profit of 2018, of R\$2,002 million, pursuant to article 196 of the Brazilian Corporation Law.
- (d) As of October 9, 2019, a Waivers & Consent package was approved by the Intercreditor Agent on behalf of the Lenders, thus extending the dates for achieving the Guaranteed Physical Completion Date from November 30, 2016 to December 31, 2020 and the Guaranteed Financial Completion Date from December 31, 2016 to December 31, 2020.

The approval of the Waivers & Consent package allows Braskem Idesa to reclassify the Senior Debt from current to non-current liabilities.