

Braskem S.A.
Quarterly Information (ITR) at
September 30, 2017
and Independent Auditors' Report Review

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 September 30, 2017, which comprises the balance sheet as of September 30, 2017, the statements of profit or loss and comprehensive income for the three and nine-month period then ended, changes in equity and cash flows for the nine-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 nine-month period ended September 30, 2017, 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 - Demonstração do Valor Adicionado. 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.

São Paulo, November 7, 2017

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 September 30, 2017

All amounts in thousands of reais

Assets	Note	Consolidated		Parent company	
		Sep/2017	Dec/2016	Sep/2017	Dec/2016
Current assets					
Cash and cash equivalents	4	5,452,435	6,701,864	3,482,275	3,561,431
Financial investments	5	2,284,643	1,190,483	1,861,774	741,086
Trade accounts receivable	6	2,698,969	1,634,137	1,288,954	952,689
Inventories	7	5,746,335	5,238,014	4,041,413	3,795,899
Taxes recoverable	9	1,206,478	826,015	666,422	543,275
Dividends and interest on capital	8		14,986	16,436	31,421
Prepaid expenses		189,482	101,747	140,648	83,252
Related parties	8(b)			15,040	172,344
Derivatives operations	15.2.1	10,032	8,387	10,032	8,387
Other receivables		298,805	180,915	220,562	128,231
		17,887,179	15,896,548	11,743,556	10,018,015
Non-current assets held for sale	3		359,704		263,912
		17,887,179	16,256,252	11,743,556	10,281,927
Non-current assets					
Trade accounts receivable	6	109,069	70,236	3,931,716	2,794,889
Advances to suppliers	7	50,231	61,533	50,231	61,533
Taxes recoverable	9	1,127,018	1,088,353	1,034,898	998,039
Deferred income tax and social contribution	17(b.ii)	918,737	1,653,115		42,459
Judicial deposits		247,178	233,320	240,278	226,894
Related parties	8(b)			14,482	14,472
Insurance claims		39,734	50,653	39,734	50,653
Derivatives operations	15.2.1	16,177	29,308		
Other receivables		139,874	140,971	128,505	129,704
Investments	10(b)	100,490	92,313	6,521,118	4,132,529
Property, plant and equipment	11	29,803,098	29,336,710	15,456,541	15,963,127
Intangible assets	12	2,747,582	2,809,087	2,495,925	2,521,243
		35,299,188	35,565,599	29,913,428	26,935,542
Total assets		53,186,367	51,821,851	41,656,984	37,217,469

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

Braskem S.A.

Balance sheet at September 30, 2017

All amounts in thousands of reais

Continued

Liabilities and shareholders' equity	Note	Consolidated		Parent company	
		Sep/2017	Dec/2016	Sep/2017	Dec/2016
Current liabilities					
Trade payables		4,810,718	6,545,136	1,767,997	2,056,661
Borrowings	13	3,528,069	2,594,463	2,396,996	2,117,409
Braskem Idesa borrowings	14	9,632,412	10,437,791		
Derivatives operations	15.2.1	47,725	29,042	33,769	
Payroll and related charges		558,578	562,455	444,453	431,688
Taxes payable	16	1,327,355	624,080	745,343	424,088
Dividends		2,559	3,083	2,559	3,083
Advances from customers		335,124	203,216	158,757	28,200
Leniency agreement	19.3	249,695	1,354,492	197,156	948,286
Sundry provisions	18	82,045	112,891	39,057	87,084
Accounts payable to related parties	8(b)			969,002	956,609
Other payables		205,012	476,262	66,430	295,233
		20,779,292	22,942,911	6,821,519	7,348,341
Non-current liabilities held for sale	3		95,396		
		20,779,292	23,038,307	6,821,519	7,348,341
Non-current liabilities					
Trade payables		259,105	201,686	12,015,994	8,832,553
Borrowings	13	18,489,860	20,736,604	5,338,372	6,463,032
Derivatives operations	15.2.1	761,973	861,302	761,973	861,302
Taxes payable	16	45,342	24,097	44,661	23,830
Accounts payable to related parties	8(b)			5,475,280	8,234,053
Loan to non-controlling shareholders of Braskem Idesa		1,655,847	1,620,519		
Deferred income tax and social contribution	17(b.ii)	1,248,698	510,523	786,730	
Post-employment benefits		171,131	162,136	71,899	71,899
Provision for losses on subsidiaries				90,349	92,365
Advances from customers		28,800	162,955		
Contingencies	19	1,064,397	985,237	1,005,299	926,819
Leniency agreement	19.3	1,337,217	1,498,738	1,289,251	1,400,224
Sundry provisions	18	206,453	206,245	170,301	169,499
Other payables		135,812	92,792	6,006	6,070
		25,404,635	27,062,834	27,056,115	27,081,646
Shareholders' equity	20				
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		834,616	834,616	834,616	834,616
Other comprehensive income		(5,048,133)	(6,321,859)	(5,048,133)	(6,321,859)
Treasury shares		(49,819)	(49,819)	(927)	(927)
Retained earnings		3,718,142		3,718,142	
Total attributable to the Company's shareholders		7,730,458	2,738,590	7,779,350	2,787,482
Non-controlling interest in Braskem Idesa		(728,018)	(1,017,880)		
		7,002,440	1,720,710	7,779,350	2,787,482
Total liabilities and shareholders' equity		53,186,367	51,821,851	41,656,984	37,217,469

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

Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2017

All amounts in thousands of reais

	Note	Consolidated			
		3Q2017	YTD2017	3Q2016 Restated	YTD2016 Restated
Continued operations					
Net sales revenue	22	12,162,048	36,632,206	11,981,341	35,617,873
Cost of products sold		(9,126,289)	(27,017,279)	(8,765,150)	(25,839,349)
		3,035,759	9,614,927	3,216,191	9,778,524
Income (expenses)					
Selling and distribution		(380,879)	(1,085,465)	(363,709)	(1,012,353)
General and administrative		(372,133)	(994,517)	(335,740)	(922,364)
Research and development		(38,839)	(110,984)	(37,219)	(119,847)
Results from equity investments	10(c)	6,474	29,325	9,800	23,177
Other income (expenses), net	23	(318,756)	(301,949)	(192,775)	(556,280)
		1,931,626	7,151,337	2,296,548	7,190,857
Financial results	24				
Financial expenses		(808,402)	(2,464,489)	(879,144)	(2,571,303)
Financial income		155,935	472,465	190,189	565,944
Exchange rate variations, net		(287,693)	(11,089)	(453,783)	(2,516,475)
		(940,160)	(2,003,113)	(1,142,738)	(4,521,834)
Profit before income tax and social contribution		991,466	5,148,224	1,153,810	2,669,023
Current and deferred income tax and social contribution	17(a)	(227,689)	(1,336,652)	(340,840)	(804,065)
Profit for the period of continued operations		763,777	3,811,572	812,970	1,864,958
Discontinued operations results	3				
Profit from discontinued operations			13,499	7,338	34,538
Current and deferred income tax and social contribution			(4,623)	(2,286)	(11,213)
			8,876	5,052	23,325
Profit for the period		763,777	3,820,448	818,022	1,888,283
Attributable to:					
Company's shareholders		799,370	3,696,770	889,433	2,119,804
Non-controlling interest in Braskem Idesa		(35,593)	123,678	(71,411)	(231,521)
Profit for the period		763,777	3,820,448	818,022	1,888,283

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

Braskem S.A.

**Statement of operations and statement of comprehensive income
at September 30, 2017**

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

Continued

Continued operations	Note	Parent company			
		3Q2017	YTD2017	3Q2016	YTD2016
				Restated	Restated
Net sales revenue	22	8,917,381	27,238,880	8,961,293	26,726,297
Cost of products sold		(7,116,050)	(21,434,513)	(6,898,736)	(20,662,676)
		1,801,331	5,804,367	2,062,557	6,063,621
Income (expenses)					
Selling and distribution		(237,675)	(686,805)	(250,255)	(701,811)
General and administrative		(248,037)	(675,912)	(186,225)	(535,157)
Research and development		(25,413)	(75,374)	(25,265)	(75,983)
Results from equity investments	10(c)	409,468	1,982,829	344,811	1,411,541
Other income (expenses), net		(289,092)	(245,104)	(120,561)	(376,202)
		1,410,582	6,104,001	1,825,062	5,786,009
Financial results	24				
Financial expenses		(524,437)	(1,632,151)	(686,519)	(2,095,758)
Financial income		136,320	424,342	196,275	514,976
Exchange rate variations, net		(219,220)	(630,623)	(195,969)	(1,782,164)
		(607,337)	(1,838,432)	(686,213)	(3,362,946)
Profit before income tax and social contribution		803,245	4,265,569	1,138,849	2,423,063
Current and deferred income tax and social contribution	17(a)	(3,875)	(577,675)	(256,668)	(331,002)
Profit for the period of continued operations		799,370	3,687,894	882,181	2,092,061
Discontinued operations results	3		8,876	7,252	27,743
Profit for the period		799,370	3,696,770	889,433	2,119,804

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

Braskem S.A.

**Statement of operations and statement of comprehensive income
at September 30, 2017**

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

Continued

	Note	Consolidated			
		3Q2017	YTD2017	3Q2016	YTD2016
				Restated	Restated
Profit for the period		763,777	3,820,448	818,022	1,888,283
Other comprehensive income or loss:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		80,378	131,545	(13,927)	165,904
Income tax and social contribution		(26,985)	(42,635)	5,660	(62,647)
Fair value of cash flow hedge from jointly-controlled		(2,847)	915	6,493	(6,272)
		<u>50,546</u>	<u>89,825</u>	<u>(1,774)</u>	<u>96,985</u>
Exchange variation of foreign sales hedge	15.3(a.i)	686,808	456,301	(226,015)	4,207,644
Sales Hedge - transfer to profit or loss	15.3(a.i)	275,362	774,324	267,896	1,035,139
Income tax and social contribution on exchange variation		(327,137)	(418,412)	(14,239)	(1,782,546)
Exchange variation of foreign sales hedge - Braskem Idesa	15.3(a.ii)	(155,426)	1,248,177	(306,283)	(1,400,255)
Sales Hedge - transfer to profit or loss - Braskem Idesa	15.3(a.ii)	38,918	112,828	21,067	35,364
Income tax on exchange variation - Braskem Idesa		34,953	(408,301)	82,010	410,202
		<u>553,478</u>	<u>1,764,917</u>	<u>(175,564)</u>	<u>2,505,548</u>
Foreign subsidiaries currency translation adjustment		(105,377)	(393,942)	159,621	135,632
Total		<u>498,647</u>	<u>1,460,800</u>	<u>(17,717)</u>	<u>2,738,165</u>
Total comprehensive income for the period		<u>1,262,424</u>	<u>5,281,248</u>	<u>800,305</u>	<u>4,626,448</u>
Attributable to:					
Company's shareholders		1,121,975	3,706,792	1,653,004	4,013,484
Non-controlling interest in Braskem Idesa		83,561	312,032	(179,869)	(187,341)
Total comprehensive income for the period		<u>1,205,536</u>	<u>4,018,824</u>	<u>1,473,135</u>	<u>3,826,143</u>

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

Braskem S.A.

Statement of operations and statement of comprehensive income at September 30, 2017

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

Continued

	Note	Parent company			
		3Q2017	YTD2017	3Q2016	YTD2016
				Restated	Restated
Profit for the period		799,370	3,696,770	889,433	2,119,804
Other comprehensive income or loss:					
Items that will be reclassified subsequently to profit or loss					
Fair value of cash flow hedge		71,800	79,294	(37,057)	321,896
Income tax and social contribution		(24,412)	(26,960)	12,599	(109,445)
Fair value of cash flow hedge - Braskem Idesa		6,435	39,189	17,349	(116,993)
Income tax and social contribution		(1,931)	(11,757)	(5,205)	35,098
Fair value of cash flow hedge from jointly-controlled		(2,847)	915	6,493	(6,272)
		49,045	80,681	(5,821)	124,284
Exchange variation of foreign sales hedge	15.3(a.i)	686,808	456,301	(226,015)	4,207,644
Sales Hedge - transfer to profit or loss	15.3(a.i)	275,362	774,324	267,896	1,035,139
Income tax and social contribution on exchange variation		(327,137)	(418,412)	(14,239)	(1,782,546)
Exchange variation of foreign sales hedge - Braskem Idesa	15.3(a.ii)	(116,569)	936,133	(229,712)	(1,050,191)
Sales Hedge - transfer to profit or loss - Braskem Idesa	15.3(a.ii)	29,189	84,621	15,800	26,523
Income tax on exchange variation - Braskem Idesa		26,214	(306,226)	61,507	307,651
		573,867	1,526,741	(124,763)	2,744,220
Foreign subsidiaries currency translation adjustment		(137,688)	(312,806)	130,205	(85,770)
Total		485,224	1,294,616	(379)	2,782,734
Total comprehensive income for the period		1,284,594	4,991,386	889,054	4,902,538

	Note	Parent company	
		YTD2017	YTD2016
		Basic and diluted	Basic and diluted
			Restated
Profit per share attributable to the shareholders of the Company of continued operations at the end of the period (expressed in reais)	21		
Earnings per share - common		4.6358	2.6296
Earnings per share - preferred shares class "A"		4.6358	2.6296
Earnings per share - preferred shares class "B"		0.6069	0.6069

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

Braskem S.A.

Statement of changes in shareholder's equity

All amounts in thousands of reais

Consolidated												
Note	Attributed to shareholders' interest								Total Braskem shareholders' interest	Non-controlling interest in Braskem Idesa	Total shareholders' equity	
	Capital	Capital reserve	Legal reserve	Revenue reserves		Other comprehensive income	Treasury shares	Retained earnings (losses)				
				Retention of profits	Additional dividends proposed							
At December 31, 2015 - restated	2.4	8,043,222	232,430	229,992	2,404,663	247,364	(9,060,710)	(49,819)	(416,768)	1,630,374	(684,885)	945,489
Comprehensive income for the period:												
Profit for the period - restated									2,119,804	2,119,804	(231,521)	1,888,283
Exchange variation of foreign sales hedge, net of taxes							2,744,220			2,744,220	(238,672)	2,505,548
Fair value of cash flow hedge, net of taxes							124,284			124,284	(27,299)	96,985
Foreign subsidiaries currency translation adjustment							(85,770)			(85,770)	221,402	135,632
							2,782,734		2,119,804	4,902,538	(276,090)	4,626,448
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net							(20,427)		20,427			
Realization of deemed cost of jointly-controlled investment, net of taxes							(724)		724			
							(21,151)		21,151			
Contributions to shareholders:												
Additional dividends approved by the General Meeting						(247,364)				(247,364)		(247,364)
Interim dividends approved by Board of Directors				(1,000,000)						(1,000,000)		(1,000,000)
				(1,000,000)	(247,364)					(1,247,364)		(1,247,364)
At September 30, 2016 - restated	2.4	8,043,222	232,430	229,992	1,404,663		(6,299,127)	(49,819)	1,724,187	5,285,548	(960,975)	4,324,573
At December 31, 2016		8,043,222	232,430	229,992	604,624		(6,321,859)	(49,819)		2,738,590	(1,017,880)	1,720,710
Comprehensive income for the period:												
Profit for the period									3,696,770	3,696,770	123,678	3,820,448
Exchange variation of foreign sales hedge, net of taxes							1,526,741			1,526,741	238,176	1,764,917
Fair value of cash flow hedge, net of taxes							80,681			80,681	9,144	89,825
Foreign currency translation adjustment							(312,806)			(312,806)	(81,136)	(393,942)
							1,294,616		3,696,770	4,991,386	289,862	5,281,248
Equity valuation adjustments:												
Realization of additional property, plant and equipment price-level restatement, net							(20,167)		20,167			
Realization of deemed cost of jointly-controlled investment, net of taxes							(723)		723			
							(20,890)		20,890			
Contributions to shareholders:												
Lapsed dividends									482	482		482
									482	482		482
At September 30, 2017		8,043,222	232,430	229,992	604,624		(5,048,133)	(49,819)	3,718,142	7,730,458	(728,018)	7,002,440

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

Braskem S.A.

Statement of changes in shareholder's equity

All amounts in thousands of reais

	Note	Revenue reserves						Parent Company		
		Capital	Capital reserve	Legal reserve	Retention of profits	Additional dividends proposed	Other comprehensive income	Treasury shares	Retained earnings (losses)	Total shareholders' equity
At December 31, 2015 - restated	2.4	8,043,222	232,430	229,992	2,404,663	247,364	(9,060,710)	(927)	(416,768)	1,679,266
Comprehensive income for the period:										
Profit for the period - restated									2,119,804	2,119,804
Exchange variation of foreign sales hedge, net of taxes							2,744,220			2,744,220
Fair value of cash flow hedge, net of taxes							124,284			124,284
Foreign subsidiaries currency translation adjustment							(85,770)			(85,770)
							2,782,734		2,119,804	4,902,538
Equity valuation adjustments:										
Realization of additional property, plant and equipment price-level restatement, net of taxes							(20,427)		20,427	
Realization of deemed cost of jointly-controlled investment, net of taxes							(724)		724	
							(21,151)		21,151	
Contributions to shareholders:										
Additional dividends approved by the General Meeting						(247,364)				(247,364)
Interim dividends approved by Board of Directors					(1,000,000)					(1,000,000)
					(1,000,000)	(247,364)				(1,247,364)
At September 30, 2016 - restated	2.4	8,043,222	232,430	229,992	1,404,663		(6,299,127)	(927)	1,724,187	5,334,440
At December 31, 2016		8,043,222	232,430	229,992	604,624		(6,321,859)	(927)		2,787,482
Comprehensive income for the period:										
Profit for the period									3,696,770	3,696,770
Exchange variation of foreign sales hedge, net of taxes							1,526,741			1,526,741
Fair value of cash flow hedge, net of taxes							80,681			80,681
Foreign currency translation adjustment							(312,806)			(312,806)
							1,294,616		3,696,770	4,991,386
Equity valuation adjustments:										
Realization of deemed cost of jointly-controlled investment, net of taxes							(20,167)		20,167	
Realization of additional property, plant and equipment price-level restatement, net of taxes							(723)		723	
							(20,890)		20,890	
Contributions to shareholders:										
Lapsed dividends									482	482
									482	482
At September 30, 2017		8,043,222	232,430	229,992	604,624		(5,048,133)	(927)	3,718,142	7,779,350

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

Braskem S.A.

Statement of cash flows at September 30, 2017

All amounts in thousands of reais

	Note	Consolidated		Parent company	
		Sep/2017	Sep/2016 Restated	Sep/2017	Sep/2016 Restated
Profit before income tax and social contribution and for the result with discontinued operations	2.4	5,148,224	2,703,561	4,265,569	2,450,806
Adjustments for reconciliation of profit					
Depreciation, amortization and depletion		2,169,141	1,955,041	1,405,483	1,552,065
Results from equity investments	10(c)	(29,325)	(23,177)	(1,982,829)	(1,439,284)
Interest and monetary and exchange variations, net		1,573,571	1,998,450	1,674,575	1,676,418
Gain from divestment in subsidiary	3	(276,816)		(276,366)	
Provision for losses and write-offs of long-lived assets		115,978	16,610	105,630	17,141
		8,700,773	6,650,485	5,192,062	4,257,146
Changes in operating working capital					
Held-for-trading financial investments		(1,016,992)	(903,701)	(1,077,507)	(521,928)
Trade accounts receivable		(1,105,299)	636,520	(1,474,461)	2,131,272
Inventories		(493,758)	566,310	(241,253)	807,343
Taxes recoverable		257,580	993,223	160,610	775,975
Prepaid expenses		(87,735)	25,866	(57,396)	29,487
Other receivables		16,637	(66,964)	200,076	119,784
Trade payables		(1,468,178)	(3,012,976)	3,103,598	(884,068)
Taxes payable		(8,927)	154,230	148,228	150,798
Advances from customers		(2,247)	255,523	130,557	(26,316)
Leniency agreement		(1,343,803)		(942,905)	
Sundry provisions		48,522	117,210	31,255	130,002
Other payables		(195,449)	(18,058)	(223,813)	(113,175)
Cash from operations		3,301,124	5,397,668	4,949,051	6,856,320
Interest paid		(1,492,709)	(1,364,113)	(490,589)	(410,952)
Income tax and social contribution paid		(676,708)	(847,012)	(320,616)	(65,002)
Net cash generated by operating activities		1,131,707	3,186,543	4,137,846	6,380,366
Proceeds from the sale of fixed assets		1,634	431	1,369	114
Funds received on the sale of investments	3	450,000		449,550	
Acquisitions of property, plant and equipment and intangible assets	(i)	(1,515,260)	(1,752,884)	(892,111)	(729,251)
Premium in the dollar put option		(12,463)	(4,856)	(12,463)	(4,856)
Held-for-maturity financial investments			38,353		38,353
Net cash used in investing activities		(1,076,089)	(1,718,956)	(453,655)	(695,640)
Short-term and Long-term debit					
Obtained		2,469,210	2,821,945	2,077,328	2,787,182
Payments		(3,308,590)	(3,755,480)	(2,847,849)	(3,963,058)
Braskem Idesa borrowings					
Obtained funds		187,959	503,921		
Payment of borrowings		(710,821)	(370,041)		
Related parties					
Obtained				852,148	260,101
Payments				(3,844,932)	(3,827,017)
Dividends paid		(42)	(998,985)	(42)	(998,985)
Net cash provided by financing activities		(1,362,284)	(1,798,640)	(3,763,347)	(5,741,777)
Exchange variation on cash of foreign subsidiaries		57,237	526,639		
Increase (decrease) in cash and cash equivalents		(1,249,429)	195,586	(79,156)	(57,051)
Represented by					
Cash and cash equivalents at the beginning of the period		6,701,864	7,043,262	3,561,431	4,415,764
Cash and cash equivalents at the end of the period		5,452,435	7,238,848	3,482,275	4,358,713
Increase (decrease) in cash and cash equivalents		(1,249,429)	195,586	(79,156)	(57,051)

(i) In the period ended September 30, 2016, the capitalized interest paid that was included in this item (R\$270,235 Consolidated, R\$51,153 Parent Company) was reclassified to "Interest paid" (Note 2.5(a)).

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

Braskem S.A.

Statement of value added at September 30, 2017

All amounts in thousands of reais

	Consolidated		Parent company	
	Sep/2017	Sep/2016 Restated	Sep/2017	Sep/2016 Restated
Revenue	43,093,239	41,527,675	33,795,477	32,108,339
Sale of goods, products and services	43,000,974	41,745,534	33,752,056	32,291,772
Other income (expenses), net	93,431	(153,654)	45,346	(123,311)
Allowance for doubtful accounts	(1,166)	(64,205)	(1,925)	(60,122)
Inputs acquired from third parties	(30,537,295)	(29,570,140)	(25,038,039)	(24,180,946)
Cost of products, goods and services sold	(28,973,421)	(28,135,514)	(23,887,029)	(23,191,585)
Material, energy, outsourced services and others	(1,541,770)	(1,386,408)	(1,130,738)	(944,893)
Impairment of assets	(22,104)	(48,218)	(20,272)	(44,468)
Gross value added	12,555,944	11,957,535	8,757,438	7,927,393
Depreciation, amortization and depletion	(2,169,141)	(1,955,041)	(1,405,483)	(1,552,065)
Net value added produced by the entity	10,386,803	10,002,494	7,351,955	6,375,328
Value added received in transfer	510,709	589,269	2,416,091	1,954,260
Results from equity investments	38,201	23,177	1,991,705	1,439,284
Financial income	472,465	565,944	424,342	514,976
Other	43	148	44	
Total value added to distribute	10,897,512	10,591,763	9,768,046	8,329,588
Personnel	1,051,419	942,389	750,200	558,736
Direct compensation	846,444	735,252	588,681	412,572
Benefits	160,053	162,305	115,514	102,707
FGTS (Government Severance Pay Fund)	44,922	44,832	46,005	43,457
Taxes, fees and contributions	3,374,928	2,513,283	2,911,601	1,639,954
Federal	1,938,800	1,176,031	1,532,288	502,628
State	1,417,962	1,315,940	1,367,398	1,125,696
Municipal	18,166	21,312	11,915	11,630
Remuneration on third parties' capital	2,650,717	5,247,808	2,409,475	4,011,094
Financial expenses (including exchange variation)	2,463,186	5,067,060	2,254,096	3,868,518
Rentals	187,531	180,748	155,379	142,576
Remuneration on own capital	3,820,448	1,888,283	3,696,770	2,119,804
Profit for the period	3,687,894	2,096,479	3,687,894	2,092,061
Non-controlling interest in Braskem Idesa	123,678	(231,521)		
Discontinued operations results	8,876	23,325	8,876	27,743
Value added distributed	10,897,512	10,591,763	9,768,046	8,329,588

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

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

1. Operations

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

(a) Significant operating events impacting these financial statements

- (i) In January 2017, Braskem’s new line to produce ultra-high molecular weight polyethylene (UHMWPE), known commercially as UTEC®, started operations. Located in La Porte, Texas, the plant will complement the production capacity of the existing line in Brazil at the Camaçari Petrochemical Complex.
- (ii) On January 27, 2017, the Board of Directors of the Company authorized the execution of a purchase agreement with Odebrecht Utilities S.A. (“Odebrecht Utilities”), through which Braskem undertook to purchase all shares held by the seller in Cetrel S.A. (“Cetrel”), which represent 63.7% of its voting capital, for the aggregate amount of R\$610 million, to be paid upon the consummation of the transaction.

Cetrel is an environmental services company that started operations in 1978, together with the industries of the Camaçari Petrochemical Complex. With more than 100 clients, with approximately 70% in the Camaçari Petrochemical Complex, Cetrel is responsible for the treatment and final disposal of effluents and industrial waste, environmental monitoring and water supply for industrial use of Braskem's plants in Camaçari.

Cetrel plays an important role in the management of the environmental processes of the activities of the Camaçari Petrochemical Complex, and its acquisition seeks to guarantee the safety and reliability of the industrial operations in said Pole.

On September 29, 2017, the Shareholders Meeting of Braskem approved the consummation of the acquisition, with payment and transfer of control occurring on October 2, 2017 (Note 27(a)).

- (iii) On June 21, 2017, the Board of Directors approved the construction of a new polypropylene production unit in La Porte, Texas, United States. The total investment is up to approximately US\$675 million for 450 kta in production capacity. The project is slated to be concluded in 2020.

(b) Net Working Capital

On September 30, 2017, in compliance with CPC 26 and its corresponding accounting standard IAS 1 (Presentation of Financial Statements), the subsidiary Braskem Idesa reclassified to current liabilities the finance obligations whose original maturities are long term, since certain contractual obligations (covenants) that at base date of this quarterly information, were in default (Note 14). Consequently, the net working capital became negative R\$2,892,113.

It should be noted that Braskem Idesa has been settling its debt service obligations in accordance with the original maturity schedule, none of the creditors has requested immediate repayment of such obligations and, without the above reclassification, consolidated net working capital is positive at R\$5,807,912.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

2. Summary of significant accounting policies

There were no changes in the accounting practices used in the preparation of the Quarterly Information in relation to those presented in the December 31, 2016 financial statements, except for Note 2.5.

2.1. Basis of preparation

This Quarterly Information includes the nine-month period ended September 30, 2017 and should be read together with the financial statements of Braskem as of December 31, 2016, which were prepared and presented (i) in the consolidated, in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB); and (ii) in the Parent Company, in accordance with the accounting practices adopted in Brazil, in compliance with Federal Law 6,404/76, as amended, and with the standards issued by CPC.

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, 2016 financial statements.

Issue of these financial statements was authorized by the Executive Board on November 7, 2017.

2.1.1 Consolidated and parent company quarterly information

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

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.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

2.1.2 Consolidated quarterly information

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

	Headquarters	Total and voting interest - %	
		Sep/2017	Dec/2016
Direct and Indirect subsidiaries			
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 International GmbH ("Braskem Austria")	(i) Austria		100.00
Braskem Europe GmbH ("Braskem Alemanha")	Germany	100.00	100.00
Braskem Finance Limited ("Braskem Finance")	Cayman Islands	100.00	100.00
Braskem Idesa 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
Braskem Petroquímica Ltda. ("Braskem Petroquímica")	Brazil	100.00	100.00
Lantana Trading Co. Inc. ("Lantana")	Bahamas	100.00	100.00
Specific Purpose Entity ("SPE")			
Fundo de Investimento Multimercado Crédito Privado Sol ("FIM Sol")	Brazil	100.00	100.00
Fundo de Investimento Caixa Júpiter Multimercado Crédito Privado Longo Prazo ("FIM Júpiter")	Brazil	100.00	100.00

(i) Dissolved in July 2017.

2.2. Foreign and functional currency

The information on functional and foreign currency was presented in the 2016 annual financial statements of the Company, in Note 2.2.

Exchange variation effects

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

	Final rate			Average rate for period ended		
	Sep/2017	Dec/2016	Variation	Sep/2017	Sep/2017	Variation
U.S. dollar - Brazilian real	3.1680	3.2591	-2.80%	3.1750	3.5450	-10.44%
U.S. dollar - Mexican peso	18.1511	20.6352	-12.04%	18.8955	18.3130	3.18%
U.S. dollar - Euro	0.8464	0.9479	-10.71%	0.8995	0.8958	0.42%

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

	Shareholders' equity		Profit for the period	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Parent company	7,779,350	2,787,482	3,696,770	2,119,804
Braskem shares owned by subsidiary Braskem Petroquímica	(48,892)	(48,892)		
Non-controlling interest of Braskem Idesa	(728,018)	(1,017,880)	123,678	(231,521)
Consolidated	<u>7,002,440</u>	<u>1,720,710</u>	<u>3,820,448</u>	<u>1,888,283</u>

2.4. Restatement

The statements of operations, of changes in shareholders' equity and of cash flows for the period ended September 30, 2016 and the starting balance of equity in December 2015 were restated due to the adjustment of taxes recognized from prior periods and other prior-year adjustments. The information related to this restatement was reported in the 2016 annual financial statements of the Company, in Note 2.4.

Furthermore, the statement of cash flows for the period ended September 30, 2016 was restated due to the reclassification of Brazilian government bonds from "cash and cash equivalents" to "financial investments" (Note 5).

2.5. Change in accounting policy

- The Management of Braskem decided to change, in the statement of cash flows, the presentation of interest paid, which previously was presented under the group referred to as "cash used in investment activities." These expenses are now recorded under the item "interest paid." This change enables: (i) the direct identification of the total amount paid as interest; and (ii) greater accuracy in determining the net cash from operations. The amounts reclassified in the period ended September 30, 2016 were R\$270,235 and R\$51,153 in the consolidated and Parent Company cash flows, respectively.
- In 2017, the Company changed the classification of provision for profit sharing to standardize such classification among all companies, whether or not productive, and because it deemed the current classification more appropriate, since this provision does not present recurring elements or, even when recurring, the amounts differ from year to year.

In the period ended September 30, 2016, the consolidated amounts related to this item were reclassified from "costs of goods sold" (R\$107,318), "selling and distribution expenses" (R\$5,031) and "general and administrative expenses" (R\$133,004) to the item "other income (expenses), net" (Note 23).

3. Held-for-sale assets and discontinued operations

On January 9, 2017, the Board of Directors approved the sale of the subsidiaries Quantiq Distribuidora Ltda. and IQAG Armazens Gerais Ltda. to the company GTM do Brasil Comércio de Produtos Químicos Ltda. The sale agreement, in the amount of R\$550 million, was signed on the following day, and in January the operation was approved by Brazil's antitrust agency CADE (*Conselho Administrativo de Defesa Econômica*).

The approval of the sale plan was made by Management during the second half of 2016.

The transfer of control to the buyer company was concluded on April 3, 2017. On the same date, Braskem received R\$450 million. The remaining R\$100 million will be received within 12 months, subject to

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

adjustments typical to operations of this nature. The capital gain from the operation was R\$276,816 (Total income of R\$550,000 (-) net assets of R\$273,184), registered in the second quarter of 2017.

Assets and liabilities classified as held-for-sale and profit or loss from discontinued operations until the date of transfer of control are shown below:

	<u>Mar/2017</u>	<u>Dec/2016</u>
Assets and liabilities classified as held for sale		
Assets		
Cash and cash equivalents	40,216	76,146
Trade accounts receivable	119,076	65,626
Inventories	82,815	84,296
Taxes recoverable	46,858	45,859
Property, plant and equipment	61,591	61,037
Intangible assets	6,729	6,665
Other assets	17,932	20,075
Total assets	<u>375,217</u>	<u>359,704</u>
Liabilities		
Trade payables	75,852	62,692
Payroll and related charges	7,099	11,170
Dividends	6,371	6,371
Taxes payable	9,668	7,064
Other payables	3,043	8,099
Total liabilities	<u>102,033</u>	<u>95,396</u>
Net assets (Assets (-) Liabilities)	<u>273,184</u>	<u>264,308</u>
Result with discontinued operations	<u>Mar/2017</u>	<u>Dec/2016</u>
Net sales revenue	212,238	211,915
Cost of products sold and services provided	(176,957)	(169,739)
Gross profit	<u>35,281</u>	<u>42,176</u>
Income (expenses)		
Selling and distribution	(10,164)	(11,617)
General and administrative	(12,067)	(20,021)
Other income (expenses), net	(1,298)	1,691
Operating profit	<u>11,752</u>	<u>12,229</u>
Financial results	1,747	4,074
Profit before income tax and social contribution	<u>13,499</u>	<u>16,303</u>
Current and deferred income tax and social contribution	(4,623)	(5,415)
Result with discontinued operations	<u>8,876</u>	<u>10,888</u>

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

4. Cash and cash equivalents

The information on cash and cash equivalents was presented in the 2016 annual financial statements of the Company, in Note 6.

		Consolidated	
		Sep/2017	Dec/2016
Cash and banks	(i)	1,424,383	2,178,611
Cash equivalents:			
Domestic market		2,977,859	2,914,685
Foreign market	(i)	1,050,193	1,608,568
Total		5,452,435	6,701,864

- (i) On September 30, 2017, it includes cash and banks of R\$238,422 (R\$172,430 on December 31, 2016) and cash equivalents of R\$47,523 (R\$29,169 on December 31, 2016) of the subsidiary Braskem Idesa, available for its exclusive use.

5. Financial investments

The information on financial investments was presented in the 2016 annual financial statements of the Company, in Note 7.

		Consolidated	
		Sep/2017	Dec/2016
Loans and receivables			
Time deposit investments	(i)	422,869	434,015
Held-for-trading			
<i>Letras financeiras do tesouro - LFT's and Letras Financeiras - LF's</i>	(ii)	1,859,099	755,712
Other		2,675	756
Total		2,284,643	1,190,483
Current assets		2,284,643	1,190,483
Total		2,284,643	1,190,483

- (i) This investment was given as guarantee to cover Braskem's obligation related to the constitution of a reserve account for the Project finance of the subsidiary Braskem Idesa.
- (ii) Government bonds held for trade refer 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 maturity above three months, immediate liquidity and expected realization in the short term.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

6. Trade accounts receivable

The information on trade accounts receivable was presented in the 2016 annual financial statements of the Company, in Note 8.

	Consolidated		Parent Company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Customers				
Domestic market	1,049,840	869,306	1,171,241	969,072
Foreign market	2,139,923	1,215,626	4,410,232	3,137,384
Allowance for doubtful accounts	(381,725)	(380,559)	(360,803)	(358,878)
Total	2,808,038	1,704,373	5,220,670	3,747,578
Current assets	2,698,969	1,634,137	1,288,954	952,689
Non-current assets	109,069	70,236	3,931,716	2,794,889
Total	2,808,038	1,704,373	5,220,670	3,747,578

7. Inventories

The information on inventories was presented in the 2016 annual financial statements of the Company, in Note 9.

	Consolidated		Parent company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Finished goods	3,514,391	3,444,898	2,352,342	2,314,755
Raw materials, production inputs and packaging	1,607,855	1,407,399	1,418,514	1,266,323
Maintenance materials	363,252	312,167	170,597	162,568
Advances to suppliers	241,976	103,267	81,752	82,618
Imports in transit and other	69,092	31,816	68,439	31,168
Total	5,796,566	5,299,547	4,091,644	3,857,432
Current assets	5,746,335	5,238,014	4,041,413	3,795,899
Non-current assets	50,231	61,533	50,231	61,533
Total	5,796,566	5,299,547	4,091,644	3,857,432

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

8. Related parties

The information concerning related parties was presented in the 2016 annual financial statements of the Company, in Note 10.

(a) Consolidated

	Balances at September 30, 2017				Consolidated Balances at December 31, 2016			
	Associated companies, Jointly-controlled investment and Related companies				Associated companies, Jointly-controlled investment and Related companies			
	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total
Balance sheet								
Assets								
Current								
Trade accounts receivable	4,634	35,505	23,585	63,724	5,634	33,843	28,390	67,867
Inventories	64,037 8(c.iv)	2,685		66,722		5,434		5,434
Dividends and interest on capital							14,986	14,986
Other					50			50
Total assets	68,671	38,190	23,585	130,446	5,684	39,277	43,376	88,337
Liabilities								
Current								
Trade payables	62,556	121,090	262	183,908	77,461	904,090	1,226	982,777
Total liabilities	62,556	121,090	262	183,908	77,461	904,090	1,226	982,777
	Nine-month period ended September 30, 2017				Nine-month period ended September 30, 2016			
	Associated companies, Jointly-controlled investment and Related companies				Associated companies, Jointly-controlled investment and Related companies			
	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total
Transactions								
Sales of products	36,861	1,309,950	445,081	1,791,892	37,853	1,406,078	437,317	1,881,248
Purchases of raw materials, finished goods services and utilities	752,668 (i)	9,654,100	4,078	10,410,846	1,228,830 (i)	8,882,908	47,685	10,159,423
Financial income (expenses)	1,957	(39,431)		(37,474)	163	(158,281)		(158,118)
General and administrative expenses								
Post-employment benefits plan								
Odebrecht Previdência Privada ("Odeprev")			30,863	30,863			25,828	25,828

(i) Includes expenses with the Braskem Idesa project, of which R\$65,785 related to the period ended September 30, 2017, and R\$663,799 related to the period ended September 30, 2016.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

In the period ended September 30, 2017, the Company engaged in the following transactions with related parties, except for those with subsidiaries of the Company:

- (i) Sales of gasoil to Refinaria de Petróleo Riograndense S.A. (“RPR”) totaled R\$44,698. The product is used as feedstock in the diesel production process.
- (ii) As from January 2017, Braskem will maintain monthly negotiations for the sale of gasoline to RPR. Sales in the period amounted to R\$216,542.
- (iii) Since January 2017, 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\$685,121.
- (iv) In March 2017, the Company entered into an agreement for supply of hydrous ethanol with Usina Conquista do Pontal S.A. and Agro Energia Santa Luzia S.A. Ethanol is the feedstock consumed by Braskem to produce green ethylene. The agreement is guaranteed by Odebrecht Agroindustrial Participações S.A. and Rio Claro Agroindustrial S.A. The agreement also provides for a commercial discount and other flexibilities in the process of Braskem’s acquisition of the product. It also includes an advance of R\$150,000, to be restated at market rates. The advance is guaranteed by a pledge of the sugarcane crop, its products and subproducts at net market value in an amount greater than the value of the advance, with the pledged asset insured through a policy contracted from a premium insurer and with a provision for subrogation. The agreement is valid through April 30, 2018.

(d) Key management personnel

Income statement transactions	Sep/2017	Consolidated Sep/2016
Remuneration		
Short-term benefits	42,870	27,225
Post-employment benefit	511	269
Total	43,381	27,494

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

9. Taxes recoverable

The information on taxes recoverable was presented in the 2016 annual financial statements of the Company, in Note 11.

	Consolidated		Parent Company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Parent Company and subsidiaries in Brazil				
IPI	23,285	38,909	20,799	37,859
Value-added tax on sales and services (ICMS) - normal operations	525,993	495,339	448,142	420,625
ICMS - credits from PP&E	133,091	125,145	126,212	118,984
Social integration program (PIS) and social contribution on revenue (COFINS) - normal operations	22,556	32,823	21,293	28,386
PIS and COFINS - credits from PP&E	229,349	253,503	219,661	242,475
Income tax and social contribution (IR and CSL)	673,618	605,058	606,956	487,079
REINTEGRA program	101,920	53,129	98,013	51,414
Federal supervision	158,819	155,533	154,648	151,798
Other	6,672	1,046	5,596	2,694
Foreign subsidiaries				
Value-added tax	228,608	132,152		
Income tax (IR)	224,630	19,103		
Other	4,955	2,628		
Total	2,333,496	1,914,368	1,701,320	1,541,314
Current assets	1,206,478	826,015	666,422	543,275
Non-current assets	1,127,018	1,088,353	1,034,898	998,039
Total	2,333,496	1,914,368	1,701,320	1,541,314

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

10. Investments

The information related to investments was presented in the Company's 2016 annual financial statements, in Note 12.

(a) Information on investments

	Interest in total and voting capital (%) - 9/30/2017	Adjusted net profit (loss) for the year		Adjusted equity	
		for the year		equity	
		Direct and indirect	Sep/2017	Sep/2016	Sep/2017
Subsidiaries					
Braskem Alemanha	100.00	689,695	1,246,333	3,528,086	2,883,238
Braskem America	100.00	625,433	1,034,483	3,154,254	2,582,061
Braskem America Finance	100.00	652	398	(5,749)	(6,573)
Braskem Argentina	100.00	12,323	1,584	36,413	24,090
Braskem Austria	100.00	(288)	(145)	4,238	4,170
Braskem Chile	100.00	1,993	2,362	16,678	14,685
Braskem Holanda	100.00	1,854,300	1,152,808	3,587,953	1,320,056
Braskem Holanda Finance	100.00	(10)	(13)	(35)	(25)
Braskem Holanda Inc	100.00	1,279	1,965	3,369	2,150
Braskem Finance	100.00	2,016	47,574	(90,349)	(92,365)
Braskem Idesa	75.00	457,671	(926,086)	(2,242,610)	(4,071,517)
Braskem Idesa Serviços	75.00	7,604	2,804	17,851	9,241
Braskem Inc.	100.00	(41,833)	(50,307)	242,076	283,909
Braskem México	100.00	(14,409)	22,224	176,922	173,590
Braskem México Sofom	100.00	3,206	2,840	12,256	8,667
Braskem México Serviços	100.00	1,718	(696)	3,780	1,952
Braskem Petroquímica	100.00	110,116	173,941	2,191,947	2,081,901
Lantana	100.00	24	177	(850)	(874)
Jointly-controlled investment					
RPR	33.20	76,494	62,701	194,599	175,896
Odebrecht Comercializadora de Energia S.A. ("OCE")	20.00	(570)	(255)	5,151	5,721
Associates					
Borealis	20.00	14,765	10,538	173,644	162,629

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(b) Changes in investments – Parent Company

	Subsidiaries and jointly-controlled investment			Total
	Domestic subsidiaries	Foreign subsidiaries	Domestic associate	
Balance at December 31, 2016	2,191,179	1,908,823	32,527	4,132,529
Equity of investments				
Effect of results	135,397	1,851,123	3,996	1,990,516
Adjustment of profit in inventories	2,938	8,520		11,458
Goodwill amortization	(21,560)			(21,560)
Equity valuation adjustments	915	741,960		742,875
Currency translation adjustments		(312,806)		(312,806)
Capital increase			511	511
Provision for loss			(511)	(511)
Dividends and interest on equity	(20,101)		(1,793)	(21,894)
Balance at September 30, 2017	2,288,768	4,197,620	34,730	6,521,118

(c) Equity accounting results

	Parent company	
	Sep2017	Sep2016
Equity in results of subsidiaries, associate and jointly-controlled	2,001,974	1,387,065
Amortization of fair value adjustment	(21,560)	(23,428)
Reversal to subsidiaries with short-term liabilities	2,415	47,574
Dividends received		330
	1,982,829	1,411,541

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(d) Impacts on consolidation of Braskem Idesa

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

Balance sheet

Assets	Consolidated Braskem		Braskem Idesa consolidated (i)		Eliminations		Consolidated	
	Ex consolidated	Braskem Idesa	Sep/2017	Dec/2016	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Current								
Cash and cash equivalents	5,166,490	6,500,265	285,945	201,600			5,452,435	6,701,865
Financial investments	2,284,643	1,190,483					2,284,643	1,190,483
Trade accounts receivable	2,279,203	1,455,893	509,703	247,465	(89,937)	(69,221)	2,698,969	1,634,137
Inventories	5,402,367	4,862,571	343,968	375,443			5,746,335	5,238,014
Taxes recoverable	1,143,576	710,982	62,902	115,033			1,206,478	826,015
Other receivables	418,778	278,865	79,541	27,169			498,319	306,034
	16,695,057	14,999,059	1,282,059	966,710	(89,937)	(69,221)	17,887,179	15,896,548
Non-current assets held for sale		359,704						359,704
	16,695,057	15,358,763	1,282,059	966,710	(89,937)	(69,221)	17,887,179	16,256,252
Non-current								
Taxes recoverable	1,126,964	1,088,304	54	49			1,127,018	1,088,353
Deferred tax	127,139	189,613	791,598	1,463,502			918,737	1,653,115
Related parties	4,777,241	4,690,672			(ii) (4,777,241)	(4,690,672)		
Other receivables	686,040	648,511	16,713	29,823			702,753	678,334
Property, plant and equipment	18,614,901	18,814,175	11,871,468	11,171,400	(iii) (683,271)	(648,865)	29,803,098	29,336,710
Intangible	2,590,627	2,667,708	156,955	141,379			2,747,582	2,809,087
	27,922,912	28,098,983	12,836,788	12,806,153	(5,460,512)	(5,339,537)	35,299,188	35,565,599
Total assets	44,617,969	43,457,746	14,118,847	13,772,863	(5,550,449)	(5,408,758)	53,186,367	51,821,851
Liabilities and shareholders' equity								
Current								
Trade payables	4,723,663	6,335,452	176,992	278,905	(89,937)	(69,221)	4,810,718	6,545,136
Borrowings	3,528,069	2,594,463					3,528,069	2,594,463
Braskem Idesa Borrowings			9,632,412	10,437,791			9,632,412	10,437,791
Payroll and related charges	539,662	540,405	18,916	22,050			558,578	562,455
Taxes payable	1,315,273	611,231	12,082	12,849			1,327,355	624,080
Other payables	850,776	2,053,031	71,384	125,955			922,160	2,178,986
	10,957,443	12,134,582	9,911,786	10,877,550	(89,937)	(69,221)	20,779,292	22,942,911
Non-current liabilities held for sale		95,396						95,396
	10,957,443	12,229,978	9,911,786	10,877,550	(89,937)	(69,221)	20,779,292	23,038,307
Non-current								
Loan agreements	18,489,860	20,736,604					18,489,860	20,736,604
Accounts payable to related parties			4,791,052	4,698,881	(ii) (4,791,052)	(4,698,881)		
Loan agreement Etileno XXI project			(v) 1,655,847	1,620,519			1,655,847	1,620,519
Provision for losses on subsidiaries	2,184,053	3,053,637			(iv) (2,184,053)	(3,053,637)		
Other payables	5,256,157	4,698,937	2,771	6,774			5,258,928	4,705,711
	25,930,070	28,489,178	6,449,670	6,326,174	(6,975,105)	(7,752,518)	25,404,635	27,062,834
Shareholders' equity								
Attributable to the Company's shareholders	7,730,456	2,738,590	(2,242,609)	(3,430,861)	2,242,611	3,430,861	7,730,458	2,738,590
Non-controlling interest in Braskem Idesa					(728,018)	(1,017,880)	(728,018)	(1,017,880)
	7,730,456	2,738,590	(2,242,609)	(3,430,861)	1,514,593	2,412,981	7,002,440	1,720,710
Total liabilities and shareholders' equity	44,617,969	43,457,746	14,118,847	13,772,863	(5,550,449)	(5,408,758)	53,186,367	51,821,851

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

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

Statement of operations

	Consolidated Braskem				Eliminations		Consolidated	
	Ex consolidated Braskem Idesa		Braskem Idesa consolidated		Sep/2017	Sep/2016	Sep/2017	Sep/2016
	Sep/2017	Sep/2016	Sep/2017	Sep/2016				
Continued operations								Restated
Net sales revenue	34,313,987	34,908,743	2,707,458	816,486	(389,239)	(107,356)	36,632,206	35,617,873
Cost of products sold	(25,848,364)	(25,375,121)	(1,569,686)	(559,555)	400,771	95,327	(27,017,279)	(25,839,349)
	8,465,623	9,533,622	1,137,772	256,931	11,532	(12,029)	9,614,927	9,778,524
Income (expenses)								
Selling and distribution	(955,363)	(928,901)	(130,102)	(83,452)			(1,085,465)	(1,012,353)
General and administrative	(917,033)	(869,899)	(98,557)	(83,538)	21,073	31,073	(994,517)	(922,364)
Research and development	(110,984)	(119,847)					(110,984)	(119,847)
Results from equity investments	400,360	(671,387)			(371,035)	694,564	29,325	23,177
Other income (expenses), net	(289,631)	(453,644)	(12,318)	(102,636)			(301,949)	(556,280)
	6,592,972	6,489,944	896,795	(12,695)	(338,430)	713,608	7,151,337	7,190,857
Financial results								
Financial expenses	(1,932,121)	(2,233,309)	(732,906)	(436,013)	200,538	98,019	(2,464,489)	(2,571,303)
Financial income	662,479	756,898	10,524	2,395	(200,538)	(193,349)	472,465	565,944
Exchange rate variations, net	(662,005)	(1,835,548)	646,478	(710,763)	4,438	29,836	(11,089)	(2,516,475)
	(1,931,647)	(3,311,959)	(75,904)	(1,144,381)	4,438	(65,494)	(2,003,113)	(4,521,834)
Profit before income tax and social contribution	4,661,325	3,177,985	820,891	(1,157,076)	(333,992)	648,114	5,148,224	2,669,023
IR and CSL - current and deferred	(973,432)	(1,081,506)	(363,220)	277,441			(1,336,652)	(804,065)
Profit for the period of continued operations	3,687,893	2,096,479	457,671	(879,635)	(333,992)	648,114	3,811,572	1,864,958
Discontinued operations results								
Profit from discontinued operations	13,499	34,538					13,499	34,538
IR and CSL - current and deferred	(4,623)	(11,213)					(4,623)	(11,213)
	8,876	23,325					8,876	23,325
Profit for the period	3,696,769	2,119,804	457,671	(879,635)	(333,992)	648,114	3,820,448	1,888,283

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

Statement of cash flows	Consolidated Braskem							
	Ex consolidated Braskem Idesa		Braskem Idesa consolidated		Eliminations		Consolidated	
	Sep/2017	Sep/2016	Sep/2017	Sep/2016	Sep/2017	Sep/2016	Sep/2017	Sep/2016 Restated
Profit before income tax and social contribution and for the result with discontinued operations	4,661,325	3,212,523	820,891	(1,157,076)	(333,992)	648,114	5,148,224	2,703,561
Adjustments for reconciliation of profit (loss)								
Depreciation, amortization and depletion	1,685,017	1,791,865	516,729	182,220	(32,605)	(19,044)	2,169,141	1,955,041
Results from equity investments	(400,360)	671,387			371,035	(694,564)	(29,325)	(23,177)
Interest and monetary and exchange variations, net	1,402,912	1,224,499	175,097	858,954	(4,438)	(85,003)	1,573,571	1,998,450
Gain from divestment in subsidiary	(276,816)						(276,816)	
Provision for losses and write-offs of long-lived assets	115,616	16,375	362	235			115,978	16,610
	7,187,694	6,916,649	1,513,079	(115,667)		(150,497)	8,700,773	6,650,485
Changes in operating working capital								
Held-for-trading financial investments	(1,016,992)	(903,701)					(1,016,992)	(903,701)
Trade accounts receivable	(863,777)	754,645	(262,238)	(144,694)	20,716	26,569	(1,105,299)	636,520
Inventories	(543,027)	675,100	49,269	(108,790)			(493,758)	566,310
Taxes recoverable	204,084	921,535	53,496	71,688			257,580	993,223
Prepaid expenses	(69,619)	30,009	(18,116)	(4,143)			(87,735)	25,866
Other receivables	50,913	(55,615)	(34,276)	(11,349)			16,637	(66,964)
Trade payables	(1,345,549)	(2,869,233)	(101,913)	(117,174)	(20,716)	(26,569)	(1,468,178)	(3,012,976)
Taxes payable	107,134	(153,173)	(116,061)	307,403			(8,927)	154,230
Advances from customers	5,801	213,516	(8,048)	42,007			(2,247)	255,523
Leniency agreement	(1,343,803)						(1,343,803)	
Other payables	(170,831)	(93,327)	23,904	192,479			(146,927)	99,152
Cash from operations	2,202,028	5,436,405	1,099,096	111,760		(150,497)	3,301,124	5,397,668
Interest paid	(1,118,725)	(968,687)	(373,984)	(395,426)			(1,492,709)	(1,364,113)
Income tax and social contribution paid	(675,338)	(847,012)	(1,370)				(676,708)	(847,012)
Net cash generated by operating activities	407,965	3,620,706	723,742	(283,666)		(150,497)	1,131,707	3,186,543
Proceeds from the sale of fixed assets	450,000						450,000	
Acquisitions to property, plant and equipment and intangible assets	(1,451,482)	(1,135,312)	(76,241)	(772,925)		150,497	(1,527,723)	(1,757,740)
Other investments	1,634	38,784					1,634	38,784
Net cash used in investing activities	(999,848)	(1,096,528)	(76,241)	(772,925)		150,497	(1,076,089)	(1,718,956)
Short-term and long-term debt								
Obtained	2,469,210	2,821,945					2,469,210	2,821,945
Payments	(3,308,590)	(3,755,480)					(3,308,590)	(3,755,480)
Braskem Idesa borrowings								
Obtained			187,959	503,921			187,959	503,921
Payments			(710,821)	(370,041)			(710,821)	(370,041)
Related parties								
Obtained loans (payment of loans)	20,637	(1,184,419)	(20,637)	1,184,419				
Dividends paid	(42)	(998,985)					(42)	(998,985)
Net provided (used) in financing activities	(818,785)	(3,116,939)	(543,499)	1,318,299			(1,362,284)	(1,798,640)
Exchange variation on cash of foreign subsidiaries	76,893	489,396	(19,656)	37,243			57,237	526,639
Increase (decrease) in cash and cash equivalents	(1,333,775)	(103,365)	84,346	298,951			(1,249,429)	195,586
Represented by								
Cash and cash equivalents at the beginning for the period	6,500,265	6,908,623	201,599	134,639			6,701,864	7,043,262
Cash and cash equivalents at the end for the period	5,166,490	6,805,258	285,945	433,590			5,452,435	7,238,848
Increase (decrease) in cash and cash equivalents	(1,333,775)	(103,365)	84,346	298,951			(1,249,429)	195,586

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

11. Property, plant and equipment

The information on property, plant and equipment was presented in the Company's 2016 annual financial statements, in Note 13.

	Sep/2017			Consolidated Dec/2016		
	Cost	Accumulated depreciation/ depletion	Net	Cost	Accumulated depreciation/ depletion	Net
Land	474,058		474,058	471,655		471,655
Buildings and improvements	5,920,952	(1,382,381)	4,538,571	5,530,714	(1,111,642)	4,419,072
Machinery, equipment and installations	38,859,922	(18,133,660)	20,726,262	36,804,409	(16,595,497)	20,208,912
Projects and stoppage in progress	3,297,666		3,297,666	3,495,965		3,495,965
Other	1,529,746	(763,205)	766,541	1,404,759	(663,653)	741,106
Total	50,082,344	(20,279,246)	29,803,098	47,707,502	(18,370,792)	29,336,710

Capitalized charges in the nine-month period ended September 30, 2017 were R\$100,211 (R\$333,278 on September 30, 2016).

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

12. Intangible assets

The information on intangible assets was presented in the 2016 annual financial statements of the Company, in Note 14.

	Sep/2017			Consolidated Dec/2016		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Goodwill based on future profitability	3,187,722	(1,128,848)	2,058,874	3,187,722	(1,128,848)	2,058,874
Trademarks and patents	353,295	(116,879)	236,416	339,512	(110,880)	228,632
Software and use rights	585,315	(388,797)	196,518	566,673	(364,336)	202,337
Contracts with customers and suppliers	754,350	(498,576)	255,774	772,888	(453,644)	319,244
Total	4,880,682	(2,133,100)	2,747,582	4,866,795	(2,057,708)	2,809,087

There were no significant events or circumstances in the period ended September 30, 2017 that indicated the need for updating the impairment testing of intangible assets with indefinite useful life made in the end of 2016, or that indicated the need to perform an impairment testing of intangible assets with definite useful life.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

13. Borrowings

The information on borrowings was presented in the 2016 annual financial statements of the Company, in Note 15.

- (a) The Company has borrowings contracted from financial institutions and the capital markets that include contractual obligations (covenants) requiring the presentation of its audited financial statements within the legal deadline (or within 120 days from the end of the fiscal year).

In the quarterly financial statements as of June 30, 2017, the company was in unremedied breach with regard to the presentation of audited financial statements within the legal timeframe involving contracts with government agents in the amount of R\$40,481, which were reclassified to current liabilities in accordance with CPC 26 and its corresponding 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 the prepayment of obligations in the short term. In this context, Braskem notes that none of its creditors requested said prepayment of obligations and that it has been settling these obligations in accordance with their original maturity schedule.

The breach of said obligations was automatically remedied with the presentation of the audited financial statements in the third quarter of 2017, with said creditors no longer entitled to request prepayment, reclassified from current liabilities back to non-current liabilities.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(b) Borrowings

	Annual financial charges (%)	Consolidated	
		Sep/2017	Dec/2016
Foreign currency			
Bonds	US dollar exchange variation + interest between 5.38 and 7.38	13,651,816	14,216,539
Advances on exchange contracts	US dollar exchange variation + 3.52%	645,933	362,779
Export prepayment	Note 13 (c)	997,486	777,801
BNDES	US dollar exchange variation + interest between 6.82 and 6.98	122,860	201,147
Export credit notes	US dollar exchange variation + interest between 7.30 and 8.10	1,144,348	1,173,127
Working capital	US dollar exchange variation + 1.74% above Libor	1,353,027	1,644,487
Transactions costs		(208,173)	(199,570)
		17,707,297	18,176,310
Current liabilities		2,312,395	1,128,524
Non-current liabilities		15,394,902	17,047,786
Total		17,707,297	18,176,310
Local currency			
Export credit notes	8.00	153,996	381,632
Export credit notes	105.00 e 112.50 of CDI	(i) 1,720,330	1,717,262
BNDES	TJLP + interest between 0.00 and 3.58	1,122,166	1,527,765
BNDES	SELIC + interest between 2.32 and 2.78	533,936	602,648
BNDES	Interest between 3.50 and 7.00	218,186	288,486
BNB/ FINEP/ FUNDES	6.23	499,106	580,647
FINAME	TJLP + 1.90	1,595	1,850
Fundo de Desenvolvimento do Nordeste (FDNE)	6.50	45,222	46,991
Other	CDI + 0.04	24,776	19,321
Transactions costs		(8,681)	(11,845)
		4,310,632	5,154,757
Current liabilities		1,215,674	1,465,939
Non-current liabilities		3,094,958	3,688,818
Total		4,310,632	5,154,757
Foreign currency and local currency			
Current liabilities		3,528,069	2,594,463
Non-current liabilities		18,489,860	20,736,604
Total		22,017,929	23,331,067

(i) The Company enters into swap transactions to offset the variation in the Interbank Certificate of Deposit (CDI) rate (Note 15.2.1 (a.ii)).

	Parent company	
	Sep/2017	Dec/2016
Foreign currency		
Current liabilities	1,181,322	651,471
Non-current liabilities	2,243,414	2,774,213
	3,424,736	3,425,684
Local currency		
Current liabilities	1,215,674	1,465,938
Non-current liabilities	3,094,958	3,688,819
	4,310,632	5,154,757
Foreign currency and local currency		
Current liabilities	2,396,996	2,117,409
Non-current liabilities	5,338,372	6,463,032
Total	7,735,368	8,580,441

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(c) Export prepayments

Issue date	Initial amount of the transaction (US\$)	Maturity	Charges (% per year)	Consolidated	
				Sep/2017	Dec/2016
Jan-2013	200,000	Nov-2022	US dollar exchange variation + semiannual Libor + 1.10	351,474	391,923
May-2016	50,000	May-2017	US dollar exchange variation + quarterly Libor + 3.25		163,564
Dec-2016	68,000	Nov-2019	US dollar exchange variation + quarterly Libor + 2.60	218,265	222,314
set-2017	135,000	Mar-2027	US dollar exchange variation + quarterly Libor + 1.61	427,747	
Total	453,000			997,486	777,801

(d) Payment schedule

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

	Consolidated	
	Sep/2017	Dec/2016
2018	356,309	2,379,757
2019	3,121,258	3,310,384
2020	2,445,343	2,442,493
2021	3,626,334	3,667,632
2022	1,743,078	1,745,936
2023	58,664	13,772
2024	2,438,311	2,461,086
2025	50,058	3,839
2026	48,274	1,391
2027 and thereafter	4,602,231	4,710,314
Total	18,489,860	20,736,604

(e) Guarantees

Braskem gave collateral for part of its borrowings as follows:

Loans	Maturity	Total debt Sep/2017	Total guaranteed	Guarantees
BNB	Dec-2022	119,354	119,354	Mortgage of plants, pledge of machinery and equipment
BNB	Aug-2024	195,206	195,206	Bank surety
BNDES	Jan-2022	1,997,148	1,997,148	Mortgage of plants, land and property, pledge of machinery and equipment
FUNDES	Jun-2020	87,856	87,856	Mortgage of plants, land and property, pledge of machinery and equipment
FINEP	Jul-2024	96,690	96,690	Bank surety
FINAME	Feb-2022	1,595	1,595	Pledge of equipment
Total		2,497,849	2,497,849	

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

14. Braskem Idesa borrowings

The information on Braskem Idesa borrowings was presented in the 2016 annual financial statements in Note 16.

Identification	Initial value of operation US\$	Maturity	Charges (% per year)	Consolidated	
				Sep/2017	Dec/2016
Project finance					
Project finance I	700,000	(i) Feb-2027	Us dollar exchange variation + quarterly Libor + 3.25	2,132,263	2,274,754
Project finance II	189,996	Feb-2027	Us dollar exchange variation + 6.17	609,532	663,856
Project finance III	600,000	Feb-2029	Us dollar exchange variation + 4.33	1,781,193	1,911,857
Project finance IV	680,004	Feb-2029	Us dollar exchange variation + quarterly Libor + 3.88	1,976,582	2,111,234
Project finance V	400,000	Feb-2029	Us dollar exchange variation + quarterly Libor + 4.65	1,189,876	1,276,449
Project finance VI	89,994	Feb-2029	Us dollar exchange variation + quarterly Libor + 2.73	266,901	286,480
Project finance VII	533,095	Feb-2029	Us dollar exchange variation + quarterly Libor + 4.64	1,585,773	1,701,229
Transactions costs				(101,173)	(104,157)
Total	3,193,089			9,440,947	10,121,702
Other borrowings					
VAT borrowings		(ii) Nov-2029	2.00% above TIEE (*)		13,500
Borrowings for working capital		Dec-2017	Us dollar exchange variation + quarterly Libor + 2,30	191,465	302,589
				191,465	316,089
				9,632,412	10,437,791
Current liabilities				9,632,412	10,437,791
Total				9,632,412	10,437,791

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

- (i) Financing without recourse or with recourse limited to shareholders.
- (ii) Financing obtained in Mexican peso and paid exclusively with IVA refund, settled in January 2017.

Project finance borrowings include contractual obligations (covenants) that require, among other things, the presentation of the audited financial statements within the legal timeframe (or within 120 days from the end of the fiscal year).

On the reporting date of the quarterly financial statements of September 30, 2017, the company was in unremedied breach of its obligation to present audited financial statements within the legal timeframe, as well as of other obligations typical to contracts of this nature. As a result, the entire balance of non-current liabilities, in the amount of R\$8,700,025, was reclassified to current liabilities, 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 the prepayment of obligations in the short term. In this context, note that none of the creditors requested said prepayment of obligations and that Braskem Idesa has been settling its debt service obligations in accordance with their original maturity schedule.

Furthermore, Braskem Idesa has been negotiating approval of such breaches with its creditors in order to reclassify the entire amount reclassified from current liabilities back to non-current liabilities.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

The following amortization schedule presents the original long-term maturities, excluding the reclassification to current liabilities arising from the aforementioned breach of contractual obligations.

	<u>Sep/2017</u>	<u>Dec/2016</u>
2018	175,262	709,793
2019	715,228	736,885
2020	839,254	864,149
2021	958,939	986,914
2022	798,872	822,235
2023	1,057,887	1,088,155
2024	1,144,621	1,177,017
2025	1,144,233	1,176,346
2026	1,007,492	1,035,586
2027 and thereafter	858,237	894,606
Total	<u>8,700,025</u>	<u>9,491,686</u>

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

15. Financial instruments

The information related to financial instruments was presented in the 2016 financial statements of the Company, in Note 17.

15.1. Non-derivative financial instruments and leniency agreement (Note 19.3) – consolidated

	Note	Classification by category	Fair value hierarchy	Book value		Fair value	
				Sep/2017	Dec/2016	Sep/2017	Dec/2016
Cash and cash equivalents	4						
Cash and banks				1,424,383	2,178,611	1,424,383	2,178,611
Financial investments in Brazil		Loans and receivables		2,977,859	2,914,685	2,977,859	2,914,685
Financial investments abroad		Held-for-trading	Level 2	1,050,193	1,608,568	1,050,193	1,608,568
				5,452,435	6,701,864	5,452,435	6,701,864
Financial investments	5						
LFT's and LF's		Held-for-trading	Level 2	1,859,099	755,712	1,859,099	755,712
Time deposit investments		Loans and receivables	Level 2	422,869	434,015	422,869	434,015
Other		Held-to-maturity	Level 2	2,675	756	2,675	756
				2,284,643	1,190,483	2,284,643	1,190,483
Trade accounts receivable	6			2,808,038	1,704,373	2,808,038	1,704,373
Trade payables				5,069,823	6,746,822	5,069,823	6,746,822
Borrowings	13						
Foreign currency - Bond			Level 1	13,651,816	14,216,539	17,131,263	12,509,981
Foreign currency - other borrowings				4,263,654	4,159,341	4,263,654	4,159,341
Local currency				4,319,313	5,166,602	4,319,313	5,166,602
				22,234,783	23,542,482	25,714,230	21,835,924
Braskem Idesa borrowings	14			9,733,585	10,541,948	9,733,585	10,541,948
Loan ton non-controlling shareholder of Braskem Idesa				1,655,847	1,620,519	1,655,847	1,620,519
Leniency agreement	19.3			1,586,912	2,853,230	1,586,912	2,853,230
Other payables (BNDESPAR)					176,846		176,846

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

15.2.1 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/2016			(Asset)/ Liability Sep/2017
<u>Hedge accounting transactions</u>									
Dollar put option	15.2.1 (a.i)	Level 2	Real	Dollar		(4,184)	(5,848)		(10,032)
Exchange swap	15.2.1 (a.ii)	Level 2	CDI	Dollar + Interests	461,335	857,099	(69,693)	8,336	795,742
Interest rate swaps		Level 2	Libor	Fixed rates	293,820	(266)	20,839	(22,794)	(2,221)
					<u>755,155</u>	<u>852,649</u>	<u>(54,702)</u>	<u>(14,458)</u>	<u>783,489</u>
<u>Derivatives operations</u>									
Current assets						(8,387)			(10,032)
Non-current assets						(29,308)			(16,177)
Current liabilities						29,042			47,725
Non-current liabilities						861,302			761,973
						<u>852,649</u>			<u>783,489</u>

(a) Operations designated for hedge accounting

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

In September 2016, Braskem launched a recurring currency hedge program to mitigate the exposure of its cash flows to liabilities denominated in Brazilian real and not pegged to the U.S. dollar (e.g., electricity, payroll, etc.).

With the exclusive purpose of protecting cash flow, the program uses two strategies with derivative instruments: (i) purchase of put options and (ii) purchase of put options associated with the sale of call options ("Collar").

Both alternatives offer protection to Braskem if the local currency appreciates, with the difference that the Collar strategy can also result in negative adjustments to the Company if the USD/BRL exceeds the call exercise price. Eventual losses, however, will always be offset by gains in competitiveness resulting from costs in lower Reais, when observed in US Dollars.

On September 30, 2017, Braskem had total notional value purchased in puts of R\$3.8 billion, at the average exercise price of 2.96 R\$/US\$. Concomitantly, the Company also had total notional value sold in calls of R\$2.2 billion, at the average exercise price of R\$4.26. The contracted operations have a maximum maturity of 18 months.

Such operations were designed for the hedge accounting of cash flows as from January 1, 2017, and seek to hedge future dollar-denominated revenues with maturities in months coinciding with the maturity of the derivatives.

Dollar put options were recognized initially at fair value and measured subsequently at their fair value at the end of each period. Any gain or loss related to the effective portion of dollar options (intrinsic value) is recognized as other comprehensive income or loss under shareholders' equity. Any gain or loss related to the ineffective portion and the extrinsic value of the option are immediately recognized in financial results.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(a.ii) Swaps related to export credit notes (NCE)

Identification	Nominal value	Hedge Financial charges for year	Maturity	Fair value	
				Sep/2017	Dec/2016
Swap NCE I to III	400,000	Exchange variation + 6.15%	Aug-2019	406,530	438,201
Swap NCE IV to VII	450,000	Exchange variation + 4.93% to 7.90%	Apr-2019	389,212	418,898
Total	850,000			795,742	857,099
Derivatives operations					
Current assets					(4,203)
Current liabilities				33,769	
Non-Current liabilities				761,973	861,302
Total				795,742	857,099

15.3. Non-derivative liabilities designated for export hedge accounting

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

On September 30, 2017, exports that were designated and not yet realized are shown below:

	Total nominal value US\$
2017	213,000
2018	787,894
2019	733,980
2020	724,000
2021	716,000
2022	719,000
2023	718,371
2024	688,854
	5,301,099

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

	US\$	
	Dec/2016	Discontinued hedge
		Sep/2017
Designated balance	5,301,099	(402,325)
		4,898,774

On September 30, 2017, the maturities of financial liabilities designated, within the scope of the consolidated balance sheet, were as follows:

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

	Total nominal value US\$
2018	598,568
2019	733,980
2020	724,000
2021	716,000
2022	719,000
2023	718,372
2024	688,854
	4,898,774

Considering the strong cash generation in recent quarters, the Management of the Company believed it was appropriate to advance the payment of dollar-denominated obligations, including liabilities designated for this hedge. As a result of the decision, the amount of US\$402,235 was discontinued prospectively. Exchange variation on the discontinued amount, of R\$495,860, which is recorded under Shareholders' Equity as "Other comprehensive income" (OCI) will be taken to net financial income (expenses) as from October 2017, as the hedged exports are realized.

	Total nominal value US\$	Conversion rate at Inception R\$/US\$	Closing rate R\$/US\$	Gross nominal value
Hedge discontinued - Fourth quarter 2017	213,000	2.0017	3.1684	248,507
Hedge discontinued - First quarter 2018	189,325	2.0017	3.3082	247,353
	402,325			495,860

The following table provides the balances of exchange variation recognized in the Company's net financial income (expenses) due to the realization of exports designated for this hedge for the nine-month period ended September 30, 2017:

	Total nominal value US\$	Conversion rate at Inception R\$/US\$	Closing rate R\$/US\$	Gross nominal value
First quarter	201,277	2.0017	3.2400	249,241
Second quarter	208,135	2.0017	3.2015	249,721
Third quarter	207,273	2.0017	3.3302	275,362
	616,685			774,324

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

	Exchange variation	IR and CSL	Net effect
At December 31, 2016	(7,439,927)	2,529,575	(4,910,352)
Exchange variation recorded in the period on OCI / IR and CSL	456,301	(155,142)	301,159
Exchange variation transferred to profit or loss / IR and CSL	774,324	(263,270)	511,054
At September 30, 2017	(6,209,302)	2,111,163	(4,098,139)

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

On September 30, 2017, sales designated and not yet realized are as follows:

	Nominal value US\$
2017	53,889
2018	221,790
2019	229,270
2020	266,690
2021	303,392
2022	253,204
2023	333,093
2024	359,559
2025	357,903
2026	309,240
2027	152,103
2028	124,654
2029	31,164
	2,995,951

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

	US\$			
	Dec/2016	Realization in the period	Realization of discontinued hedge	Sep/2017
Designated balance	3,113,173	(129,363)	229	2,984,039

On September 30, 2017, the maturities of financial liabilities designated were distributed as follows:

	Nominal value US\$
2017	53,793
2018	221,390
2019	228,850
2020	266,187
2021	302,816
2022	252,723
2023	332,458
2024	358,873
2025	357,221
2026	308,650
2027	150,419
2028	124,347
2029	26,312
	2,984,039

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

The following table provides the balance of exchange variation of the discontinued amount, net of realization already occurred, in the period ended September 30, 2017 (US\$229), which is recorded in Braskem Idesa's shareholders' equity under "Other comprehensive income" and will be transferred to financial income (expenses) according to the schedule of future hedged sales:

	Total nominal value US\$	Conversion rate at Inception MXN/US\$	Closing rate MXN/US\$	Total nominal value MXN	Gross nominal value
Hedge discontinued	11,912	13.4541	17.9915	54,050	9,437
				54,050	9,437

The following table provides the balances of exchange variation recognized in Braskem Idesa's financial income (expenses) due to the realization of sales designated for this hedge over the course of the nine-month period ended September 30, 2017:

	Total nominal value US\$	Conversion rate at Inception MXN/US\$	Closing rate MXN/US\$	Total nominal value MXN	Gross nominal value
First quarter	29,174	13.6649	20.0871	187,361	30,917
Second quarter	47,896	13.6560	18.5659	235,165	42,992
Third quarter	52,293	13.6536	17.8489	219,385	38,919
	129,363			641,911	112,828

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

	Exchange variation	IR	Net effect
At December 31, 2016	(4,182,052)	1,255,350	(2,926,702)
Exchange variation recorded in the period on OCI / IR	1,248,177	(374,453)	873,724
Exchange variation transferred to profit or loss / IR	112,828	(33,848)	78,980
At September 30, 2017	(2,821,047)	847,049	(1,973,998)

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

15.4. Credit quality of financial assets

(a) Trade accounts receivable

On September 30, 2017, the credit ratings for the domestic market were as follows:

	(%)	
	<u>Sep/2017</u>	<u>Dec/2016</u>
1 Minimum risk	12.76	8.92
2 Low risk	43.90	39.98
3 Moderate risk	23.36	30.51
4 High risk	16.22	16.48
5 Very high risk	(i) 3.76	4.11

(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

	<u>Last 12 months</u>	
	<u>Domestic</u>	<u>Export</u>
	<u>Market</u>	<u>Market</u>
September 30, 2017	0.07%	0.09%
December 31, 2016	0.18%	0.04%
September 30, 2016	0.23%	0.10%

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(b) Other financial assets

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

	<u>Sep/2017</u>	<u>Dec/2016</u>
Financial assets with risk assessment		
AAA	4,986,329	3,871,105
AA+	5,028	241,359
AA	61,389	5,370
AA-	344,217	654,232
A+	689,264	2,426,078
A	1,340,068	364,198
A-		209,175
BBB+	289,221	116,987
BBB	16,212	
	<u>7,731,728</u>	<u>7,888,504</u>
Financial assets without risk assessment		
Other financial assets with no risk assessment	(i) <u>5,350</u>	<u>3,843</u>
	5,350	3,843
Total	<u>7,737,078</u>	<u>7,892,347</u>

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

15.5. 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 September 30, 2017, the main risks that can affect the value of Braskem's financial instruments are:

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

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

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(b) Value at risk

The value at risk of the derivatives held by Braskem which is defined as the loss that could result in one month as from September 30, 2017, with a probability of 5%, and under normal market conditions, was estimated by the Company at US\$40,517 for the NCE exchange rate swap (Note 15.2.1(a.ii)) and at US\$6,634 for put and call options (Note 15.2.1(a.i)) and US\$11,151 for the swap of Libor related to Braskem Idesa's project.

(c) Selection of scenarios

(c.1) Probable scenario

The Focus Market Readout published by the Central Bank of Brazil was used to create the probable scenario for the U.S. dollar/Brazilian real exchange rate, Selic basic interest rate and the CDI interest rate, using the reference date of September 29, 2017. According to the Market Readout, at the end of 2017, the U.S. dollar will depreciate by 0.25% against the Brazilian real, compared to the closing PTAX rate at September 29, 2017, while the Selic rate will be 7% p.a. The Selic rate is used as a reference for analyses of sensitivity to the CDI.

The probable scenario for the TJLP is a decrease of 0.5% from the current rate of 7.0%, in line with the size of the government's most recent decisions to increase or decrease the rate. The Market Readout does not publish forecasts for the Libor interest rate. Therefore, to determine the probable scenario, Braskem considered a 5% increase on current market levels.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(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 and MTM	2,624	(259,757)	(519,514)
BNDES	310	(30,715)	(61,430)
Working capital / structured operations	4,437	(439,282)	(878,565)
Export prepayments	40,913	(4,050,415)	(8,100,831)
Braskem Idesa borrowings	4,644	(459,767)	(919,534)
Financial investments abroad	23,841	(2,360,237)	(4,720,473)
Swaps	(4,190)	414,770	833,730
Dollar put option	(1,150)	79,378	428,191
Financial investments abroad	(4,737)	468,965	937,930
Selic interest rate			
BNDES	22,125	(38,047)	(78,071)
Libor floating interest rate			
Working capital / structured operations	(3,864)	(19,319)	(38,639)
Export prepayments	(3,841)	(19,207)	(38,414)
Swaps	4,950	9,159	11,848
CDI interest rate			
Swaps NCE	20,289	(33,999)	(68,648)
External loans / Other domestic market	24	(39)	(78)
Swaps NCA	42,069	(72,960)	(150,501)
Financial investments in local currency	(16,686)	27,224	54,077
	Probable	Possible adverse	Extreme adverse
Instrument / Sensitivity	6.5%	7.5%	8.0%
TJLP interest rate			
BNDES	22,671	(23,030)	(46,423)
Other government agents	33	(33)	(67)

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

16. Taxes payable

The information related to taxes payable was presented in the Company's 2016 annual financial statements, in Note 18.

	Consolidated		Parent company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Brazil				
IPI	73,326	59,323	70,403	57,191
IR and CSL	337,119	222,680	225,784	119,573
ICMS	247,083	182,034	239,163	173,915
PIS and COFINS	129,002	59,105	126,757	58,252
PERT installment	(a) 98,840		98,067	
Other	49,424	62,743	29,830	38,987
Other countries				
IR	279,143	46,670		
Value-added tax	158,760	15,622		
Total	1,372,697	648,177	790,004	447,918
Current liabilities	1,327,355	624,080	745,343	424,088
Non-current liabilities	45,342	24,097	44,661	23,830
Total	1,372,697	648,177	790,004	447,918

(a) Special Tax Compliance Program ("PERT")

In October 2017, Braskem and its subsidiary Braskem Petroquímica adhered to PERT, a federal government tax installment/amnesty program implemented through Decree MP 783, of May 31, 2017, indicating the payment of tax and social security liabilities in the aggregate amount of R\$111,735. The amount was reduced to R\$12,895 due to discounts granted under the program, with (i) R\$67,953 to be offset using tax credits from income tax losses and social contribution tax loss carryforwards, (ii) R\$21,854 paid in cash in October 2017, and (iii) R\$9,033 to be paid in cash in January 2018.

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

The information related to income tax and social contribution was presented in the Company's 2016 annual financial statements, in Note 20.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

	Consolidated		Parent company	
	Sep/2017	Sep/2016 Restated	Sep/2017	Sep/2016 Restated
Income before IR and CSL	5,148,224	2,669,023	4,265,569	2,423,063
IR and CSL at the rate of 34%	(1,750,396)	(907,468)	(1,450,293)	(823,841)
Permanent adjustments to the IR and CSL calculation basis				
IR and CSL on equity in results of investees	2,201	7,880	683,824	479,924
IR and CSL from previous years	105,961		105,992	
Tax loss and negative basis - installment rectification	39,092			
Tax benefits (Sudene and PAT)	58,394	5,302	58,285	5,302
Difference of rate applicable to each country	203,169	101,044		
Other permanent adjustments	4,927	(10,823)	24,517	7,613
IR and CSL on results of operations	(1,336,652)	(804,065)	(577,675)	(331,002)
Breakdown of IR and CSL:				
Current IR and CSL	(607,441)	(777,154)	(193,858)	(88,360)
Deferred IR and CSL	(729,211)	(26,911)	(383,817)	(242,642)
Total	(1,336,652)	(804,065)	(577,675)	(331,002)

(b) Breakdown of deferred income tax and social contribution

(b.i) According to tax collection records

Assets	Consolidated		Parent company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Tax losses (IR) and negative base (CSL)	1,744,662	2,420,376	95,393	215,413
Goodwill amortized	4,093	4,624	4,093	4,623
Exchange variations	199,733	464,947	189,253	456,816
Temporary adjustments	34,862	717,868	775,631	1,339,681
Business combination	290,322	191,250	187,631	89,770
	2,273,672	3,799,065	1,252,001	2,106,303
Liabilities				
Amortization of goodwill based on future profitability	791,849	767,277	704,682	680,111
Tax depreciation	941,337	867,922	861,353	792,869
Temporary adjustments	290,800	316,991	8,188	11,701
Business combination	116,426	198,381	1,302	76,959
Additional indexation PP&E	50,522	118,202	50,522	96,700
Amortization of fair value adjustments on the assets from the acquisition of Braskem Qpar	409,169	263,808	409,169	266,004
Other	3,530	123,892	3,515	139,500
	2,603,633	2,656,473	2,038,731	2,063,844

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

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

	Headquarters (Country)	IR and CSL		Sep/2017
		Tax calculation	Compensation	Balance
Assets				
Braskem S.A	Brazil	1,252,001	(1,252,001)	
Braskem Chile	Chile	110		110
Braskem Argentina	Argentina	3,940		3,940
Braskem Alemanha	Germany	18,728		18,728
Braskem Idesa	Mexico	791,598		791,598
Braskem México Serviços	Mexico	1,671		1,671
Braskem Petroquímica	Brazil	102,934	(102,934)	
Braskem Petroquímica - business combination effects	Brazil	102,690		102,690
		2,273,672	(1,354,935)	918,737
Liabilities				
Braskem S.A	Brazil	2,038,731	(1,252,001)	786,730
Braskem America	USA	282,613		282,613
Braskem Petroquímica	Brazil	167,164	(102,934)	64,230
Braskem Petroquímica - business combination effects	Brazil	115,125		115,125
		2,603,633	(1,354,935)	1,248,698

	Headquarters (Country)	IR and CSL		Dec/2016
		Tax calculation	Compensation	Balance
Assets				
Braskem S.A	Brazil	2,106,303	(2,063,844)	42,459
Braskem Argentina	Argentina	6,745		6,745
Braskem Alemanha	Germany	36,932		36,932
Braskem Chile	Chile	135	(135)	
Braskem Idesa	Mexico	1,463,502		1,463,502
Braskem México Serviços	Mexico	1,994		1,994
Braskem Petroquímica	Brazil	81,971	(81,971)	
Braskem Petroquímica and Braskem Qpar - business combination effects	Brazil	101,483		101,483
		3,799,065	(2,145,950)	1,653,115
Liabilities				
Braskem S.A	Brazil	2,063,844	(2,063,844)	
Braskem America	USA	305,289		305,289
Braskem Chile	Chile	1,404	(135)	1,269
Braskem Petroquímica	Brazil	162,241	(81,971)	80,270
Braskem Petroquímica and Braskem Qpar - business combination effects	Brazil	123,695		123,695
		2,656,473	(2,145,950)	510,523

(c) Realization of deferred income tax and social contribution

In the nine-month period ended September 30, 2017, there were no material events or circumstances that indicate any compromise of the realization of these deferred taxes.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

18. Sundry provisions

The information on sundry provisions was presented in the 2016 annual financial statements of the Company, in Note 22.

	Consolidated		Parent company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Provision for customers rebates	49,378	41,475	11,414	24,167
Provision for recovery of environmental damages	215,248	254,040	193,344	228,618
Other	23,872	23,621	4,600	3,798
Total	288,498	319,136	209,358	256,583
Current liabilities	82,045	112,891	39,057	87,084
Non-current liabilities	206,453	206,245	170,301	169,499
Total	288,498	319,136	209,358	256,583

19. Contingencies

19.1. Claims with probable loss and arising from business combinations

The description of the main contingent liabilities of the Company was presented in the 2016 annual financial statements, in Note 23.1.

	Consolidated		Parent company	
	Sep/2017	Dec/2016	Sep/2017	Dec/2016
Labor claims	204,056	207,827	196,705	197,452
Tax claims				
Normal operations				
IR and CSL	14,462	11,462	11,915	11,462
PIS and COFINS	161,863	204,516	161,700	204,333
ICMS	98,281	39,604	98,281	39,604
Other tax claims	16,093	19,586	16,267	17,382
	290,699	275,168	288,163	272,781
Business Combination				
IR and CSL	49,211	45,656		
PIS and COFINS	55,164	51,052	55,164	51,052
ICMS - interstate purchases	241,238	223,071	241,238	223,071
ICMS - other	17,698	16,379	17,698	16,379
	363,311	336,158	314,100	290,502
Corporate claims	142,187	105,175	142,187	105,175
Civil claims and other	64,144	60,909	64,144	60,909
	1,064,397	985,237	1,005,299	926,819

19.2. Claims with possible losses

The amount of claims and a description of the main claims with possible losses are presented in the financial statements for fiscal year 2016, in Note 23.2.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

(a) Civil claims

In January 2017, the Company became defendant in a civil lawsuit filed by former reseller of solvents, claiming alleged breach of a tacit distribution agreement. On September 30, 2017, the damages claimed in the lawsuit amounted to R\$158 million.

Based on the opinion of external legal counsel accompanying the case, the Management believes that the lawsuit has a possible risk of loss within an eight-year period.

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

(b) Tax claims

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

In March 2017, the Company received a tax deficiency notice claiming that the methodology used to offset tax losses and tax loss carryforwards at Rio Polímeros failed to observe the limit of 30% of the Taxable Profit and Social Contribution calculation base when offsetting such liabilities with Income Tax and Social Contribution liabilities in its merger into Braskem Qpar S/A, in August 2013. On September 30, 2017, the restated value of the taxes recorded amounted to R\$253 million.

The Company's external legal advisors estimate that the administrative proceedings will be concluded by 2020.

Considering that the requirement to pay the tax liability has been suspended, currently no administrative, escrow or other type of guarantee deposit has been made for this proceeding.

(ii) IR and CSL – Expenses from using goodwill

In July 2017, the Company received a tax-deficiency notice from the Brazilian Revenue Service ("RFB") for the deduction of expenses, in the period from 2011 to 2013, arising from the use of goodwill tax offsets arising from the acquisition by OPP Produtos Petroquímicos S/A of shares issued by Companhia Petroquímica do Sul S/A ("COPEL"), held by OPP Química S/A in 2011.

On September 30, 2017, the restated amount of taxes and tax effects from disallowances of income tax losses and social contribution tax loss carryforwards through said tax deficiency notice is R\$95 million.

The Company's external legal advisors estimate that the administrative proceeding should be concluded in 2021.

Considering that the requirement to pay the tax liability has been suspended, currently no administrative, escrow or other type of guarantee deposit has been made for this proceeding.

(c) Social security – hazardous agents

In August 2017, the Company received a deficiency notice from RFB requiring the payment of a premium for labor accident risk to fund the special retirement plan due to the alleged exposure of its workers to hazardous agents in the period from January 2013 to December 2015. The total amount under the deficiency notice, on September 30, 2017, is R\$327 million.

The Company's external legal advisors estimate that the administrative proceeding will be concluded in 2021.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

No judicial deposit or other form of security was accrued for this proceeding.

19.3. Reports of irregularities and global settlement with authorities

Complete information on the reports of irregularities and on the global settlement with authorities was presented in Note 23.3 to the Company's annual financial statements for 2016.

(a) Global Settlement with authorities

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

1. In Brazil, the 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 require ratification to produce effect.

Of the aggregate amount of the Global Settlement, the Company already has paid approximately R\$1.3 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.

The outstanding amount, of approximately R\$1.7 billion, will be paid as follows:

1. CHF64,260 to the Swiss Office of the Attorney General in four annual installments of CHF16.065 due on June 30 of each year as from 2018;
2. R\$1.5 billion to the MPF in six annual installments adjusted for inflation by the variation in the IPCA inflation index due on January 30 of each year as from 2018. To guarantee payment of the installments coming due, Braskem gave as collateral assets from its property, plant and equipment corresponding to one annual installment.

(b) Reimbursement for damages and other considerations

A significant portion of the total amount of R\$\$2.2 billion to be paid to MPF will be made available for use in reimbursing third parties for any damages caused by the wrongdoings.

Under the Agreement, the MPF undertook to coordinate actions with other authorities or government agencies with which Braskem comes to negotiate for entering into agreements involving the facts uncovered in connection with the Agreement, the public prosecution offices of states and cities in Brazil, state-owned companies and state-controlled companies for entering into similar agreements with such organizations,

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

including for the purpose of preventing duplicate restitution with regard to the amount paid under the Agreement.

The Agreement does not prevent any third party from filing proceedings to seek reimbursement for any damages caused by Braskem, which could result in payments other than those provided for in the Agreement. Therefore, the Company cannot guarantee that the total amount available for reimbursement will be sufficient to fully reimburse any third parties affected by the wrongdoings, which means that the Company may be subject to the payment of damages or financial penalties other than those provided for in the Global Settlement.

With the exception of the amount cited above, in addition to other nonpecuniary obligations imposed on Braskem under the Global Settlement, the Company could suffer a substantial negative impact on its business activities, reputation, financial condition, financial instruments and operating results, or on the liquidity and price of the securities issued by the Company. Furthermore, the negative publicity resulting from the Global Settlement could have a material adverse impact on the Company's business, including reducing the demand for its products, financial instruments and other effects that currently cannot be estimated or measured. In addition, other authorities with jurisdiction over the Company may seek to impose additional monetary sanctions or fines or commence new investigations against the Company. Finally, as a result of the Global Settlement, the Company may be barred from entering into certain agreements with governmental authorities, and may be subject to increased operating costs in connection with its obligations to improve its governance and anti-corruption practices, including the cost of required external monitorship.

It is not possible to predict the impacts on Braskem of others investigations or any decision or action taken by authorities involving its largest shareholders, namely Odebrecht S.A. and Petróleo Brasileiro S.A. – Petrobras, or any of their subsidiaries.

(c) Control deficiencies and Compliance Program

After the investigation in 2016 and confirmation of wrongdoings, the Company identified material control deficiencies.

In 2016, it began developing a comprehensive Compliance Program to strengthen its governance with the goal of significantly reducing the possibility of future wrongdoings of the same kind. The Program also contains initiatives that have been implemented throughout 2017.

As of the period ended September 30, 2017, a series of Compliance initiatives are being implemented, including:

- (i) Increasing the number of Team Members in the Compliance Department;
- (ii) Designating and engaging independent monitors jointly with the DoJ and MPF, and beginning of analysis of the Company's processes and documents by said monitors;
- (iii) Approving the following documents: Policy on Compliance in Acting Ethically with Integrity and Transparency; Internal Audit Directive; Corporate Credit Card Directive; Procedure for Payment of Commissions to Agents; and Ethics Line Investigation Protocols;
- (iv) Continuing the training program with a focus on the Compliance System, applicable legislation and raising Team Member awareness;
- (v) Setting a corporate target related to Compliance for all Leaders at the Company;
- (vi) Approving the Directive and Procedure for Relations with Government Officials, which regulates interactions with politicians and executives at state-owned companies;

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

- (vii) Formally and effectively participating in working groups: UN Anticorruption and ETHOS Integrity;
- (viii) Improving the supplier registration and approval process by implementing a third-party risk and integrity assessment;
- (ix) Developing the Communication Plan for disseminating the Company's commitment to conducting its Business Ethically with Integrity and Transparency;
- (x) Approving the Procedure for the Ethics Line, considering the formal process for handling reports of violations and investigation protocols;
- (xi) Outsourcing of the Whistleblowing Channel and improving the tool for receiving reports of violations;
- (xii) Mapping of risks and controls and beginning of assessment of the effectiveness of controls for the most relevant corporate processes in Brazil, United States, Mexico, Netherlands and Germany;
- (xiii) Reviewing the corporate guidance documentation (Policies, Directives, Procedures, etc.);
- (xiv) Incorporating anti-corruption clauses in agreements with third parties;
- (xv) Implementing improvements to internal controls with a view to remediating deficiencies identified in the past (especially material deficiencies) and preventing future vulnerabilities;
- (xvi) Publishing the new version of the Code of Conduct in Brazil, Mexico and United States, and training Team Members;
- (xvii) Defining the corporate methodology for Risk Management to be adopted in Brazil, United States, Mexico, Netherlands and Germany;
- (xviii) Conducting Internal Audit works to address points of concern and recommendations for improvements to areas involved in the processes assessed.

(d) Class action

On July 1, 2015, a putative class action lawsuit was filed against the Company and certain of its current and former officers in the United States District Court for the Southern District of New York. In the operative complaint in the action, which is titled *In re Braskem Securities Litigation*, the Lead Plaintiff, Boilermaker-Blacksmith National Pension Trust, alleges that the Defendants made misrepresentations or omissions that inflated the price of the Company's stock in violation of U.S. securities laws.

The Company engaged a U.S. law firm to represent it and filed motion to dismiss on July 6, 2016. On March 31, 2017, the judge rendered a decision on the motion to dismiss, granting it in part and denying it in part.

Following the decision, the Company and the Lead Plaintiff participated in a mediation which resulted in a proposed settlement of the action. On September 14, 2017, the Company and the Lead Plaintiff signed the proposed settlement agreement ("Proposed Settlement") and submitted it to the mentioned Court for preliminary approval, which was granted on September 15, 2017. The Proposed Settlement is subject to a number of conditions including final approval by the Court.

Under the terms of the Proposed Settlement, Braskem will pay US\$10 million to resolve all claims arising out of or relating to the subject matter of the Class Action of a settlement class consisting of all persons who purchased or otherwise acquired a legal or beneficial ownership interest in Braskem American Depositary Receipts ("ADRs") between July 15, 2010 and March 11, 2015 inclusive, with the exception of any such claims belonging to purchasers who file valid and timely requests to opt out of the settlement class.

In accordance with CPC 25 and its corresponding accounting standard IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Company recorded a provision in the amount of US\$10 million (R\$31,680) in the item "Other income (expenses), net". On October 2, the amount involved in the class action was deposited in court.

Braskem S.A.

Notes to the financial statements at September 30, 2017

All amounts in thousands of reais, unless otherwise stated

Braskem has made no admission of any wrongdoing or liability as part of the Proposed Settlement, and entered into the Proposed Settlement solely to avoid the risk, uncertainty, and expense of further litigation.”

The Court has scheduled a Final Approval Hearing for February 21, 2018 to determine whether the Proposed Settlement should be approved.

The Company may be named as a defendant in other legal actions. Furthermore, the Company may be required, in accordance with any applicable legal and regulatory limits, to indemnify directors, officers and employees that are defendants in the securities class action and any other related actions that may arise in the future. The litigation has required significant time and dedication of the Management of the Company and is expected to continue to require such time and attention in the future.

20. Shareholders' Equity

The information related to the Company's shareholders' equity was presented in its 2016 annual financial statements, in Note 26.

(a) Capital

	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	38.32
Petrobras	212,426,952	47.03	75,761,739	21.96			288,188,691	36.15
ADR	(i)		55,858,224	16.19			55,858,224	7.01
Other	12,907,077	2.86	132,973,403	38.54	578,330	100.00	146,458,810	18.37
Total	451,668,652	100.00	343,775,864	99.64	578,330	100.00	796,022,846	99.85
Treasury shares	(ii)		1,234,758	0.36			1,234,758	0.15
Total	451,668,652	100.00	345,010,622	100.00	578,330	100.00	797,257,604	100.00

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

(ii) Includes 1,154,758 shares held by Braskem Petroquímica, considered "treasury shares" in the consolidated shareholders' equity, amounting to R\$48,892.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(b) Other comprehensive income - shareholders' equity

	Attributed to shareholders' interest								Consolidated	
	Additional indexation of PP&E (i)	Deemed cost of PP&E (i)	Defined benefit plans actuarial Gain (loss) (ii)	Foreign sales hedge (iii)	Fair value of hedge (iii)	Foreign currency translation adjustment (iv)	Gain (loss) on interest in subsidiary (v)	Total Braskem shareholders' interest	Non-controlling interest in Braskem Idesa	Total
On December 31, 2015	217,595	17,309	(39,232)	(9,666,973)	(685,396)	1,105,391	(9,404)	(9,060,710)	(476,708)	(9,537,418)
Additional indexation										
Realization	(30,951)							(30,951)		(30,951)
Income tax and social contribution	10,524							10,524		10,524
Deemed cost of jointly-controlled investment										
Realization		(1,096)						(1,096)		(1,096)
Income tax and social contribution		372						372		372
Foreign sales hedge										
Exchange rate				3,157,453				3,157,453	(350,064)	2,807,389
Transfer to result				1,061,661				1,061,661	8,842	1,070,503
Income tax and social contribution				(1,474,894)				(1,474,894)	102,550	(1,372,344)
Fair value of Cash flow hedge										
Change in fair value					220,324			220,324	(30,175)	190,149
Transfer to result					(15,421)			(15,421)	(8,823)	(24,244)
Income tax and social contribution					(74,347)			(74,347)	11,699	(62,648)
Fair value of cash flow hedge from jointly-controlled					(6,272)			(6,272)		(6,272)
Foreign currency translation adjustment						(85,770)		(85,770)	221,402	135,632
On September 30, 2016	197,168	16,585	(39,232)	(6,922,753)	(561,112)	1,019,621	(9,404)	(6,299,127)	(521,277)	(6,820,404)
On December 31, 2016	190,359	16,344	(43,351)	(7,105,377)	(539,518)	1,169,088	(9,404)	(6,321,859)	(548,601)	(6,870,460)
Additional indexation										
Realization	(30,557)							(30,557)		(30,557)
Income tax and social contribution	10,390							10,390		10,390
Deemed cost of jointly-controlled investment										
Realization		(1,095)						(1,095)		(1,095)
Income tax and social contribution		372						372		372
Foreign sales hedge										
Exchange rate				1,392,434				1,392,434	312,044	1,704,478
Transfer to result				858,945				858,945	28,207	887,152
Income tax and social contribution				(724,638)				(724,638)	(102,075)	(826,713)
Fair value of Cash flow hedge										
Change in fair value					62,796			62,796	480	63,276
Transfer to result					55,687			55,687	12,584	68,271
Income tax and social contribution					(38,717)			(38,717)	(3,920)	(42,637)
Fair value of cash flow hedge from jointly-controlled					915			915		915
Foreign currency translation adjustment						(312,806)		(312,806)	(81,136)	(393,942)
On September 30, 2017	170,192	15,621	(43,351)	(5,578,636)	(458,837)	856,282	(9,404)	(5,048,133)	(382,417)	(5,430,550)

- (i) Transfer to retained earnings as the asset is depreciated or written-off.
(ii) Transfer to retained earnings when the extinction of the plan.
(iii) Transfer to the income statement when maturity, prepayment or loss of efficacy for hedge accounting.
(iv) Transfer to the income statement when write-off of subsidiary abroad.
(v) Transfer to the income statement when divestment or transfer of control of subsidiary.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

21. 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>Sep/2017</u>	<u>Basic and diluted Sep/2016 Restated</u>
Profit for the period attributed to Company's shareholders of continued operations	3,687,894	2,092,061
Distribution of dividends attributable to priority:		
Preferred shares class "A"	208,416	208,416
Preferred shares class "B"	351	351
	<u>208,767</u>	<u>208,767</u>
Distribution of 6% of unit value of common shares	273,827	273,827
Distribution of plus income, by class:		
Common shares	1,820,031	913,886
Preferred shares class "A"	1,385,270	695,581
	<u>3,205,301</u>	<u>1,609,467</u>
Reconciliation of income available for distribution, by class (numerator):		
Common shares	2,093,858	1,187,713
Preferred shares class "A"	1,593,686	903,997
Preferred shares class "B"	351	351
	<u>3,687,895</u>	<u>2,092,061</u>
Weighted average number of shares, by class (denominator):		
Common shares	451,668,652	451,668,652
Preferred shares class "A"	343,775,864	343,775,864
Preferred shares class "B"	578,330	578,330
	<u>796,022,846</u>	<u>796,022,846</u>
Profit per share (in R\$)		
Common shares	4.6358	2.6296
Preferred shares class "A"	4.6358	2.6296
Preferred shares class "B"	0.6069	0.6069

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

22. Net sales revenues

	Consolidated		Parent company	
	Sep/2017	Sep/2016 Restated	Sep/2017	Sep/2016 Restated
Sales revenue				
Domestic market	25,724,368	24,269,820	26,943,600	25,303,281
Foreign market	17,498,562	17,096,224	6,916,643	7,189,440
	<u>43,222,930</u>	<u>41,366,044</u>	<u>33,860,243</u>	<u>32,492,721</u>
Sales and services deductions				
Taxes				
Domestic market	(6,344,014)	(5,399,082)	(6,513,176)	(5,565,475)
Foreign market	(24,754)	(20,462)		
Customers rebates				
Domestic market	(9,115)	(33,434)	(8,480)	(33,434)
Foreign market	(43,137)	(40,899)	(176)	(1,043)
Sales returns				
Domestic market	(95,832)	(198,623)	(95,504)	(151,314)
Foreign market	(73,872)	(55,671)	(4,027)	(15,158)
	<u>(6,590,724)</u>	<u>(5,748,171)</u>	<u>(6,621,363)</u>	<u>(5,766,424)</u>
Net sales and services revenue	<u>36,632,206</u>	<u>35,617,873</u>	<u>27,238,880</u>	<u>26,726,297</u>

23. Other net income (expenses)

	Note	Consolidated	
		Sep/2017	Sep/2016 Restated
Participation of members in profits and results	(i)	(286,535)	(245,352)
Expense and depreciation with hibernate plants		(161,171)	(160,555)
Expenses from fixed assets		(144,041)	(31,777)
Capital gain - sale of Quantiq	3	276,817	
Provision of legal and labor lawsuits		(60,976)	(61,622)
Other		73,957	(56,974)
		<u>(301,949)</u>	<u>(556,280)</u>

- (i) In the period ended September 30, 2016, the amounts related to this item were reclassified from “costs of goods sold” (R\$107,318), “selling and distribution expenses” (R\$3,031) and “general and administrative expenses” (R\$133,004) (Note 2.5(b)).

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

24. Financial results

	Consolidated		Parent company	
	Sep/2017	Sep/2016	Sep/2017	Sep/2016
Financial income		Restated		Restated
Interest income	410,695	534,836	381,142	486,719
Other	61,770	31,108	43,200	28,257
	472,465	565,944	424,342	514,976
Financial expenses				
Interest expenses	(1,700,141)	(1,804,390)	(1,092,752)	(1,487,360)
Monetary variations on fiscal debts	(137,479)	(88,565)	(134,519)	(82,391)
Discounts granted	(96,458)	(85,672)	(94,535)	(73,267)
Loans transaction costs - amortization	(38,884)	(42,947)	(3,586)	(3,927)
Adjustment to present value - appropriation	(235,124)	(403,327)	(181,589)	(372,669)
Other	(256,403)	(146,402)	(125,170)	(76,144)
	(2,464,489)	(2,571,303)	(1,632,151)	(2,095,758)
Exchange rate variations, net				
On financial assets	(146,618)	(994,352)	49,223	(1,573,414)
On financial liabilities	135,529	(1,522,123)	(679,846)	(208,750)
	(11,089)	(2,516,475)	(630,623)	(1,782,164)
Total	(2,003,113)	(4,521,834)	(1,838,432)	(3,362,946)

25. Expenses by nature and function

	Consolidated		Parent company	
	Sep/2017	Sep/2016	Sep/2017	Sep/2016
Classification by nature:				
Raw materials other inputs	(21,890,516)	(20,841,220)	(17,831,129)	(16,732,613)
Personnel expenses	(1,631,679)	(1,726,222)	(1,266,750)	(1,325,910)
Outsourced services	(1,523,736)	(1,517,291)	(1,091,296)	(1,064,430)
Depreciation, amortization and depletion	(2,169,141)	(1,951,011)	(1,405,483)	(1,552,065)
Freights	(1,530,348)	(1,473,531)	(994,386)	(1,071,261)
Other expenses, net	(764,774)	(940,918)	(528,664)	(605,550)
Total	(29,510,194)	(28,450,193)	(23,117,708)	(22,351,829)
Classification by function:				
Cost of products sold	(27,017,279)	(25,839,349)	(21,434,513)	(20,662,676)
Selling and distribution	(1,085,465)	(1,012,353)	(686,805)	(701,811)
General and administrative	(994,517)	(922,364)	(675,912)	(535,157)
Research and development	(110,984)	(119,847)	(75,374)	(75,983)
Other income (expenses), net	(301,949)	(556,280)	(245,104)	(376,202)
Total	(29,510,194)	(28,450,193)	(23,117,708)	(22,351,829)

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

26. Segment information

The information by segment was presented in the 2016 annual financial statements, in Note 33.

							Sep/2017
							Operating expenses
	Net sales revenue	Cost of products sold	Gross profit	Selling, general and distribution expenses	Results from equity investments	Other income (expenses), net	Consolidated Braskem
Reporting segments							
Chemicals (i)	18,473,383	(15,024,902)	3,448,481	(583,205)		(149,531)	2,715,745
Polyolefins	14,666,021	(11,560,642)	3,105,379	(975,528)		(126,397)	2,003,454
Vinyls	2,256,963	(1,935,520)	321,443	(112,426)		(69,463)	139,554
USA and Europe	7,183,930	(5,421,116)	1,762,814	(422,040)		(19,836)	1,320,938
Mexico	2,664,348	(1,548,851)	1,115,497	(211,772)		(17,821)	885,904
Total	45,244,645	(35,491,031)	9,753,614	(2,304,971)		(383,048)	7,065,595
Other segments	11,816	(13,463)	(1,647)	(129)		(2,426)	(4,202)
Corporate unit				17,676	29,325	83,525 (ii)	130,526
Braskem consolidated before eliminations and reclassifications	45,256,461	(35,504,494)	9,751,967	(2,287,424)	29,325	(301,949)	7,191,919
Eliminations and reclassifications	(8,624,255)	8,487,215	(137,040)	96,458			(40,582)
Total	36,632,206	(27,017,279)	9,614,927	(2,190,966)	29,325	(301,949)	7,151,337

							Sep/2016
							Operating expenses
	Net sales revenue	Cost of products sold	Gross profit	Selling, general and distribution expenses	Results from equity investments	Other income (expenses), net	Consolidated Braskem Restated
Reporting segments							
Chemicals (i)	18,514,922	(14,899,944)	3,614,978	(501,273)		(168,369)	2,945,336
Polyolefins	15,577,095	(12,257,118)	3,319,977	(942,543)		(121,345)	2,256,089
Vinyls	2,222,487	(2,085,354)	137,133	(169,591)		(21,331)	(53,789)
USA and Europe	6,898,923	(4,526,507)	2,372,416	(350,185)		(46,292)	1,975,939
Mexico	872,660	(587,116)	285,544	(168,308)		(105,451)	11,785
Total	44,086,087	(34,356,039)	9,730,048	(2,131,900)		(462,788)	7,135,360
Other segments	9,784	(12,001)	(2,217)	(1,876)		(21,318)	(25,411)
Corporate unit				(6,460)	23,177	(72,174)	(55,457)
Braskem consolidated before eliminations and reclassifications	44,095,871	(34,368,040)	9,727,831	(2,140,236)	23,177	(556,280)	7,054,492
Eliminations and reclassifications	(8,477,998)	8,528,691	50,693	85,672			136,365
Total	35,617,873	(25,839,349)	9,778,524	(2,054,564)	23,177	(556,280)	7,190,857

- (i) The Basic Petrochemical segment had its nomenclature changed for Chemicals, with the objective of adopting a language more focused on the market of this segment.
- (ii) Includes gain from sale of the former "chemical distribution" segment in the amount of R\$276,816 (Note 3).

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

27. Subsequent events

(a) Cetrel

On October 2, 2017, the acquisition of 1,269,290 shares issued by Cetrel, representing 63.66% of its total and voting capital, through the payment of R\$610 million, was concluded, on which date the control of said company was transferred to Braskem. The acquisition is classified as a business combination, in accordance with CPC 15 and its corresponding standard IFRS 3 (Business Combinations).

On October 16, 2017, during an extraordinary meeting of the Board of Directors of Cetrel, Braskem elected the new executive board and, on October 25, 2017, the extraordinary shareholders meeting of Cetrel elected the new members of the Board of Directors and Audit Board.

The following table summarizes the consideration paid to Odebrecht Utilities on the acquisition date and the best estimate of the fair values of the assets acquired and liabilities assumed:

	<u>September/2017</u>	
Consideration		
Acquisition of 1.269.290 shares (63,66% of the capital)		610,000
(A) Total consideration transferred		610,000
Amounts of identifiable assets acquired and liabilities assumed		
% of participation	100.00%	63.66%
<u>Current assets</u>		
Financial investments	24,315	15,479
Trade accounts receivable	55,055	35,048
Inventories	8,152	5,190
Other receivables	15,376	9,788
<u>Non-current assets</u>		
Property, plant, equipment and intangible assets	1,147,647	730,592
Other receivables	108,980	69,377
Total identifiable assets acquired	1,359,525	865,474
<u>Current liabilities</u>		
Borrowings	33,766	21,495
Other liabilities	35,444	22,564
<u>Non-current liabilities</u>		
Borrowings	302,680	192,686
Other liabilities	68,147	43,382
Total liabilities assumed	440,037	280,128
(B) Total identifiable assets acquired (-) liabilities assumed	919,488	585,346
Business combination result - (A) - (B)		24,654

The final effects from the business combination will be verified through an expert valuation report of the identifiable assets acquired and liabilities assumed at fair value, to be prepared by an expert firm.

Braskem S.A.

Notes to the financial statements at September 30, 2016

All amounts in thousands of reais, unless otherwise stated

(b) Bonds

On October 4, 2017, Braskem issued US\$1,750 million in Bonds (R\$5,480 million), comprising US\$500 million (R\$1,566 million) due in January 2023 with interest of 3.5% p.a. and US\$1,250 million (R\$3,914 million) due in January 2028 with interest of 4.5% p.a. The issue due in 2023 was priced at 99.058% of face value, which represents a yield of 3.7% p.a., and the issue due in 2028 was priced at 98.995% of face value, which represents a yield of 4.625% p.a.

The proceeds from the issues are being used to prepay other liabilities, to fund investments and for general purposes of the Company.

(c) Prepayment of borrowings

With the proceeds from the issues of October 4, 2017, informed in item (b) above, Braskem prepaid borrowings and derivative operations as follows:

Borrowings

	<u>Annual financial charges (%)</u>	<u>Prepayments</u>
Foreign currency		
Advances on exchange contracts	US dollar exchange variation + 3.52%	638,193
Export prepayment	Note 13 (c)	215,145
Working capital	US dollar exchange variation + 1.74% above Libor	1,040,405
		<u>1,893,743</u>
Current liabilities		917,002
Non-current liabilities		976,741
Total		<u>1,893,743</u>
Local currency		
Export credit notes	105.00 e 112.50 of CDI	995,000
Other	CDI + 0.04	11,305
		<u>1,006,305</u>
Non-current liabilities		1,006,305
Total		<u>1,006,305</u>
Foreign currency and local currency		
Current liabilities		917,002
Non-current liabilities		1,983,046
Total		<u>2,900,048</u>

Derivative operations – swaps related to export credit notes (NCE)

<u>Identification</u>	<u>Nominal value</u>	<u>Hedge Financial charges for year</u>	<u>Maturity</u>	<u>Prepayments</u>
Swap NCE I to III	400,000	Exchange variation + 6.15%	Aug-2019	414,716
Swap NCE IV to VII	450,000	Exchange variation + 4.93% to 7.90%	Apr-2019	395,451
Total	<u>850,000</u>			<u>810,167</u>
Derivatives operations				
Non-Current liabilities				810,167
Total				<u>810,167</u>