

BRASKEM SA
Form 6-K
February 19, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of February, 2016
(Commission File No. 1-14862)

BRASKEM S.A.

(Exact Name as Specified in its Charter)

N/A

(Translation of registrant's name into English)

Rua Eteno, 1561, Polo Petroquimico de Camacari
Camacari, Bahia - CEP 42810-000 Brazil

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

Yes No

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

Braskem S.A.

Financial Statements

at December 31, 2015

and Independent Auditors' Report

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

Braskem S.A.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statement of operations, comprehensive income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Braskem S.A and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly

reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers

Auditores Independentes

Salvador, Brazil, February 17, 2016

Braskem S.A.**Balance sheet at December 31**

All amounts in thousands of
reais

Assets	Note	2015	2014
Current assets			
Cash and cash equivalents	5	7,439,723	3,993,359
Financial investments	6	1,172	89,729
Trade accounts receivable	7	2,735,144	2,692,612
Inventories	8	5,517,206	5,368,146
Taxes recoverable	10	1,272,004	2,129,837
Dividends and interest on capital		1,998	
Prepaid expenses		166,170	99,469
Related parties	9	10,507	66,616
Derivatives operations	16.2	53,662	33,555
Other receivables		300,901	287,876
		17,498,487	14,761,199
Non-current assets			
Financial investments	6	46,193	42,494
Trade accounts receivable	7	19,822	25,050
Advances to suppliers	8	135,046	68,988
Taxes recoverable	10	1,304,056	1,045,428
Deferred income tax and social contribution	19	3,226,507	870,206
Judicial deposits		277,093	230,945
Related parties	9	144,633	138,501
Insurance claims		63,199	143,932
Derivatives operations	16.2	12,280	39,350
Other receivables		298,057	91,905
Investments in subsidiaries and jointly-controlled investments	11	82,290	120,024
Other investments		4,064	6,511
Property, plant and equipment	12	33,961,963	29,001,490
Intangible assets	13	2,887,604	2,835,728
		42,462,807	34,660,552
Total assets		59,961,294	49,421,751

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

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Braskem S.A.**Balance sheet at December 31**

All amounts in thousands of reais

Continued

Liabilities and shareholders' equity	Note	2015	2014
Current liabilities			
Trade payables		11,698,695	10,852,410
Borrowings	14	1,968,540	1,418,542
Project finance	15	302,266	26,462
Derivatives operations	16.2	57,760	95,626
Payroll and related charges		605,059	533,373
Taxes payable	17	744,660	203,392
Dividends		753,668	215,888
Advances from customers		119,680	99,750
Sundry provisions	20	93,942	88,547
Post-employment benefits	21		336,357
Other payables	22	337,959	212,945
		16,682,229	14,083,292
Non-current liabilities			
Trade payables		57,148	
Borrowings	14	25,370,260	18,918,021
Project finance	15	11,975,167	7,551,033
Derivatives operations	16.2	1,184,741	594,383
Taxes payable	17	26,716	30,699
Ethylene XXI Project Loan	18	1,538,784	792,188
Deferred income tax and social contribution	19	731,241	603,490
Post-employment benefits	21	154,707	69,176
Advances from customers		31,116	88,402
Sundry provisions	20	653,972	505,677
Other payables	22	217,502	291,040
		41,941,354	29,444,109
Shareholders' equity			
Capital	24	8,043,222	8,043,222
Capital reserve		232,430	232,430
Revenue reserves		2,882,019	736,180

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Other comprehensive income	(9,085,256)	(2,924,057)
Treasury shares	(49,819)	(48,892)
Total attributable to the Company's shareholders	2,022,596	6,038,883
Non-controlling interest in Braskem Idesa	(684,885)	(144,533)
	1,337,711	5,894,350
Total liabilities and shareholders' equity	59,961,294	49,421,751

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

Braskem S.A.**Statement of operations****Years ended December 31****All amounts in thousands of reais, except earnings per share**

	Note	2015	2014	2013
Net sales revenue	26	47,282,996	46,031,389	40,969,490
Cost of products sold		(36,902,086)	(40,057,341)	(35,820,761)
Gross profit		10,380,910	5,974,048	5,148,729
Income (expenses)				
Selling and distribution		(1,122,012)	(1,155,800)	(1,000,749)
General and administrative		(1,325,342)	(1,210,124)	(1,077,934)
Research and development		(176,431)	(138,441)	(115,812)
Results from equity investments	11(c)	2,219	3,929	(3,223)
Other operating income (expenses), net	28	(707,153)	95,596	(211,090)
Operating profit		7,052,191	3,569,208	2,739,921
Financial results	29			
Financial expenses		(4,193,533)	(2,745,864)	(2,549,111)
Financial income		1,701,027	355,221	773,138
		(2,492,506)	(2,390,643)	(1,775,973)
Profit before income tax and social contribution		4,559,685	1,178,565	963,948
Current and deferred income tax and social contribution	19	(1,660,905)	(452,264)	(456,910)
		(1,660,905)	(452,264)	(456,910)
Profit for the year		2,898,780	726,301	507,038
Attributable to:				
Company's shareholders		3,140,311	864,064	509,697

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Non-controlling interest in Braskem Idesa	(241,531)	(137,763)	(2,659)
Profit for the year	2,898,780	726,301	507,038

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

Braskem S.A.**Statement of comprehensive income****Years ended December 31**

All amounts in thousands of reais

Continued

	Note	2015	2014	2013
Profit for the year		2,898,780	726,301	507,038
Other comprehensive income or loss:				
Items that will be reclassified subsequently to profit or loss				
Fair value of cash flow hedge		(686,991)	(352,700)	(127,520)
Income tax and social contribution		228,415	116,532	40,120
Fair value of cash flow hedge from jointly-controlled		2,295		
		(456,281)	(236,168)	(87,400)
Exchange variation of foreign sales hedge - Parent company	16.3(a.i)	(8,437,079)	(2,119,069)	(2,303,540)
Income tax and social contribution on exchange variation - Parent company		2,868,607	720,483	783,204
Exchange variation of foreign sales hedge - Braskem Idesa	16.3(a.ii)	(1,589,544)	(656,783)	
Income tax on exchange variation - Braskem Idesa		476,518	197,035	
		(6,681,498)	(1,858,334)	(1,520,336)
Foreign subsidiaries currency translation adjustment		644,308	147,453	221,270
Total		(6,493,471)	(1,947,049)	(1,386,466)
Items that will not be reclassified to profit or loss				
Defined benefit plan actuarial (loss) gain		(849)		169
Total		(849)		169
Total comprehensive loss for the year		(3,595,540)	(1,220,748)	(879,259)
Attributable to:				
Company's shareholders		(2,992,686)	(939,099)	(890,241)
Non-controlling interest in Braskem Idesa		(602,854)	(281,649)	10,982
Total comprehensive loss for the year		(3,595,540)	(1,220,748)	(879,259)

	Note	2015	2014	Basic and diluted 2013
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**Profit per share attributable to the shareholders of the Company
at the end of the year (R\$)**

	25			
Earnings per share - common		3.9474	1.0857	0.6403
Earnings per share - preferred shares class "A"		3.9474	1.0857	0.6403
Earnings per share - preferred shares class "B"		0.6065	0.6062	0.6062

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

Braskem S.A.**Statement of changes in equity****All amounts in thousands of reais**

	Capital	Capital reserve	Legal reserve	Retention of profits	Revenue reser Additio divide propo
At December 31, 2012	8,043,222	797,979			
Comprehensive income for the year:					
Profit for the year					
Exchange variation of foreign sales hedge, net of taxes					
Fair value of cash flow hedge, net of taxes					
Foreign currency translation adjustment					
Equity valuation adjustments					
Realization of deemed cost of jointly-controlled investment, net of taxes					
Realization of additional property, plant and equipment price-level restatement, net of taxes					
Actuarial gain with post-employment benefits, net of taxes					
Contributions and distributions to shareholders:					
Absorption of losses		(565,549)			
Capital loss from non-controlling interest in Braskem Idesa					
Loss on interest in subsidiary					
Legal reserve			26,895		
Mandatory minimum dividends					
Additional dividends proposed					354,
Retained earnings		(565,549)	26,895	28,412	28,412 354,
At December 31, 2013	8,043,222	232,430	26,895	28,412	354,
Comprehensive income for the year:					
Profit for the year					
Exchange variation of foreign sales hedge, net of taxes					
Fair value of cash flow hedge, net of taxes					
Foreign currency translation adjustment					

Equity valuation adjustments						
Realization of additional property, plant and equipment price-level restatement, net of taxes						
Realization of deemed cost of jointly-controlled investment, net of taxes						
Contributions and distributions to shareholders:						
Prescribed dividends					(354,8	
Additional dividends approved by the General Meeting						
Legal reserve			44,647			
Mandatory minimum dividends					270,	
Additional dividends proposed						
Retained earnings				365,709		
			44,647	365,709	(84,3	
At December 31, 2014		8,043,222	232,430	71,542	394,121	270,

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

Braskem S.A.**Statement of changes in equity****All amounts in thousands of reais****Continued**

	Note	Capital reserve	Legal reserve
At December 31, 2014		8,043,222	232,430
Comprehensive income for the year:			
Profit for the year			
Exchange variation of foreign sales hedge, net of taxes			
Fair value of cash flow hedge, net of taxes			
Foreign currency translation adjustment			
Equity valuation adjustments			
Realization of additional property, plant and equipment price-level restatement, net of taxes			
Realization of deemed cost of jointly-controlled investment, net of taxes			
Actuarial loss with post-employment benefits, net of taxes			
Contributions and distributions to shareholders:			
Capital increase			
Repurchase of treasury shares	24(b)		
Prescribed dividends			
Additional dividends approved by the General Meeting			
Legal reserve	24(f.1)		158,000
Proposed dividends	24(f.1)		
Retained earnings	24(f.1)		158,000
At December 31, 2015		8,043,222	232,430

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

Braskem S.A.**Statement of cash flows****Years ended December 31****All amounts in thousands of reais**

	Note	2015	2014	2013
Profit before income tax and social contribution		4,559,685	1,178,565	963,948
Adjustments for reconciliation of profit				
Depreciation, amortization and depletion		2,114,929	2,056,362	2,056,088
Results from equity investments	11(c)	(2,219)	(3,929)	3,223
Interest and monetary and exchange variations, net		3,249,558	1,560,734	979,242
Gain from divestment in subsidiary	28		(277,338)	
Other		130,758	9,805	9,175
		10,052,711	4,524,199	4,011,676
Changes in operating working capital				
Held-for-trading financial investments		118,929	(19,057)	97,693
Trade accounts receivable		(38,586)	144,087	(492,851)
Inventories		(161,419)	(270,351)	(927,435)
Taxes recoverable		831,507	486,082	(448,378)
Prepaid expenses		(66,701)	(36,472)	(8,915)
Other receivables		(132,865)	27,832	(27,019)
Trade payables		(2,205,683)	(419,476)	742,649
Taxes payable		221,371	(539,262)	(127,443)
Advances from customers		(37,356)	(261,886)	6,344
Sundry provisions		153,690	38,674	139,858
Other payables		708,267	677,071	307,603
Cash from operations		9,443,865	4,351,441	3,273,782
Interest paid		(1,034,811)	(356,333)	(710,297)
Project finance - transactions costs paid		(51,355)	(65,098)	(50,866)
Income tax and social contribution paid		(232,302)	(138,144)	(54,828)
Net cash generated by operating activities		8,125,397	3,791,866	2,457,791
Proceeds from the sale of fixed assets		1,282	10,646	2,576
Proceeds from the sale of investments	1(a)		315,000	689,868

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Cash effect of discontinued operations				9,985
Acquisitions of investments in subsidiaries and associates			(55)	(86)
Acquisitions to property, plant and equipment	(i) 12(a)	(4,057,123)	(5,301,778)	(5,656,440)
Acquisitions of intangible assets	13	(20,106)	(30,269)	(25,748)
Held-for-maturity financial investments		2,441	29,380	25,645
Net cash used in investing activities		(4,073,506)	(4,977,076)	(4,954,200)
Short-term and long-term debt				
Obtained borrowings		5,481,546	6,174,678	6,317,022
Payments of borrowings		(6,087,217)	(6,692,638)	(7,300,718)
Project finance	15			
Obtained funds		1,501,939	1,894,507	4,562,343
Payments		(510,715)		
Non-controlling interests in Braskem Idesa				35,628
Dividends paid		(482,117)	(482,147)	(35)
Repurchase of treasury shares		(927)		
Net cash provided by (used in) financing activities		(97,491)	894,400	3,614,240
Exchange variation on cash of foreign subsidiaries		(508,036)	(51,690)	(69,594)
Increase (decrease) in cash and cash equivalents		3,446,364	(342,500)	1,048,237
Represented by				
Cash and cash equivalents at the beginning for the year		3,993,359	4,335,859	3,287,622
Cash and cash equivalents at the end for the year		7,439,723	3,993,359	4,335,859
Increase (decrease) in cash and cash equivalents		3,446,364	(342,500)	1,048,237

(i) Includes capitalized financial charges paid: 2015 - R\$786,063 (2014 - R\$623,162 and 2013 - R\$362,528).

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

Braskem S.A.

Notes to the financial statements

at December 31, 2015

All amounts in thousands, except as otherwise stated

1 Operations

Braskem S.A. together with its subsidiaries (hereinafter “Braskem or “Company”) is a public company headquartered in the city of Camaçari, Bahia (“BA”), which jointly with its subsidiaries, operates 36 industrial units, 29 of which in the Brazilian states of Alagoas (“AL”), Bahia (“BA”), Rio de Janeiro (“RJ”), Rio Grande do Sul (“RS”) and São Paulo (“SP”), five are located in the United States, in the states of Pennsylvania, Texas and West Virginia and two are located in Germany, in the cities of Wesseling and Schkopau. These units produce thermoplastic resins – polyethylene (“PE”), polypropylene (“PP”) and polyvinyl chloride (“PVC”), as well as basic petrochemicals.

Braskem is also engaged in the import and export of chemicals, petrochemicals and fuels, the production, supply and sale of utilities such as steam, water, compressed air, industrial gases, as well as the provision of industrial services and the production, supply and sale of electric energy for its own use and use by other companies. Braskem also invests in other companies, either as a partner or as shareholder.

The 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 corporate and operating events impacting these financial statements

On December 31, 2013, the Company entered into a share sales agreement with Odebrecht Ambiental (“OA”), through which it sold its interest in the subsidiary Distribuidora de Águas Triunfo S.A. (“DAT”) for R\$315,000. On February 3, 2014, the Extraordinary Shareholders’ Meeting of DAT approved the change in its management and consequently the transfer of the management of its operations to OA, upon the recognition of a gain (“Other operating income (expenses), net”) of R\$277,338.

(b) Naphtha agreement with Petrobras

On December 23, 2015, Braskem and Petrobras entered into a new agreement for the annual supply of 7 million tons of petrochemical naphtha for five years as of December 23, 2015 (Note 9).

2 Summary of significant accounting policies

The principal accounting policies applied consistently in the preparation of these financial statements are described in the notes of the items on which they have impacts.

2.1 Basis of preparation and presentation of the financial statements

The financial statements have been prepared under the historical cost convention and were adjusted, when necessary, to reflect the fair value of assets and liabilities.

The preparation of financial statements requires the use of certain estimates. It also requires Management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The issue of these financial statements was authorized by the Executive Director on February 16, 2016.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****2.1.1 Consolidated financial statements**

The consolidated financial statements were prepared and presented in accordance with the International Financial Reporting Standards "IFRS" issued by the International Accounting Standards Board "IASB".

All the financial statements' relevant information are properly supported and correspond to the information used by Management in the Company's management.

(a) Consolidation

The consolidated financial statements comprise the financial statements of the Braskem S.A. and the following entities:

		Total and voting interest - %		
	Headquarters	2015	2014	2013
Direct and Indirect subsidiaries				
Alclor Química de Alagoas Ltda ("Alclor")	Brazil	100.00	100.00	100.00
Braskem America Finance Company ("Braskem America Finance")	USA	100.00	100.00	100.00
Braskem America, Inc. ("Braskem America")	USA	100.00	100.00	100.00
Braskem Argentina S.A. ("Braskem Argentina")	Argentina	100.00	100.00	100.00
Braskem International GmbH ("Braskem Austria")	Austria	100.00	100.00	100.00
	Austria	100.00	100.00	100.00

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Braskem Austria Finance GmbH ("Braskem Austria Finance")					
Braskem Chile Ltda. ("Braskem Chile")	(i)	Chile			100.00
Braskem Europe GmbH ("Braskem Alemanha")		Germany	100.00	100.00	100.00
Braskem Finance Limited ("Braskem Finance")		Cayman Islands	100.00	100.00	100.00
Braskem Idesa		Mexico	75.00	75.00	75.00
Braskem Idesa Servicios S.A. de CV ("Braskem Idesa Serviços")		Mexico	75.00	75.00	75.00
Braskem Importação e Exportação Ltda. ("Braskem Importação")	(ii)	Brazil		100.00	100.00
Braskem Incorporated Limited ("Braskem Inc")		Cayman Islands	100.00	100.00	100.00
Braskem Mexico Proyectos S.A. de C.V. SOFOM ("Braskem México Sofom")		Mexico	100.00		
Braskem Mexico, S. de RL de CV ("Braskem México")		Mexico	100.00	100.00	100.00
Braskem Mexico Servicios S. RL de CV ("Braskem México Serviços")		Mexico	100.00	100.00	100.00
Braskem Holanda		Netherlands	100.00	100.00	100.00
Braskem Netherlands Finance B.V. ("Braskem Holanda Finance")		Netherlands	100.00		
Braskem Netherlands Inc. B.V. ("Braskem Holanda Inc")		Netherlands	100.00		
Braskem Participações S.A. ("Braskem Participações")	(ii)	Brazil		100.00	100.00
Braskem Petroquímica Chile Ltda. ("Petroquímica Chile")		Chile	100.00	100.00	100.00
Braskem Petroquímica Ibérica, S.L. ("Braskem Espanha")	(iii)	Spain		100.00	100.00
Braskem Petroquímica Ltda. ("Braskem Petroquímica")		Brazil	100.00	100.00	100.00
Braskem Qpar S.A. ("Braskem Qpar")	(i)	Brazil			100.00
Quantiq Distribuidora Ltda. ("Quantiq")		Brazil	100.00	100.00	100.00
IQAG Armazéns Gerais Ltda. ("IQAG")		Brazil	100.00	100.00	100.00
Lantana Trading Co. Inc. ("Lantana")		Bahamas	100.00	100.00	100.00
Norfolk Trading S.A. ("Norfolk")	(iv)	Uruguay		100.00	100.00
Politeno Empreendimentos Ltda. ("Politeno Empreendimentos")	(ii)	Brazil		100.00	100.00
Specific Purpose Entity ("SPE")					
Fundo de Investimento Multimercado Crédito Privado Sol ("FIM Sol")		Brazil	100.00	100.00	100.00
Fundo de Investimento Caixa Júpiter Multimercado					
Crédito Privado Longo Prazo ("FIM Júpiter")		Brazil	100.00	100.00	100.00

- (i) Merged in December 2014.
- (ii) Merged in February 2015.
- (iii) Dissolved in September 2015.
- (iv) Dissolved in March 2015.

Braskem S.A.

Notes to the financial statements

at December 31, 2015

All amounts in thousands, except as otherwise stated

2.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Functional currency other than the Brazilian real

Some subsidiaries have a different functional currency from that of the Braskem S.A., as follows:

	Functional currency
Subsidiaries	
Braskem Alemanha, Braskem Austria e Braskem Austria Finance	Euro
Braskem America, Braskem America Finance, Braskem Holanda Finance, Braskem Holanda Inc e Braskem México Sofom	U.S.dollar
Braskem Holanda	(i) U.S.dollar
Braskem Idesa , Braskem Idesa Serviços, Braskem México e Braskem México Serviços	(ii) Mexican peso

(i) Two events determined the change of the functional currency of the subsidiary Braskem Holanda from Brazilian real to U.S. dollar as of 2015. The first was the definition of Braskem Holanda as the party responsible for the purchase and sale of naphtha and basic petrochemicals produced by Braskem in the export markets, which is fully made in U.S. dollar, with its own administrative and commercial structure. The second event was the creation of two wholly-owned subsidiaries of Braskem Holanda to raise funds in the international financial market and transfer these funds to the Braskem S.A. and its subsidiaries in Brazil and abroad. These financial transactions are conducted in U.S. dollar. Thus, Management decided to change prospectively the functional currency of Braskem Holanda as of January 1, 2015. Assets, liabilities, capital and other items comprising the shareholders' equity of Braskem Holanda whose

functional currency was the Brazilian real on December 31, 2014 were converted into U.S. dollar at a fixed exchange rate of US\$1 to R\$2.6562 on December 31, 2014.

(ii) Braskem Idesa will go operational in 2016. Due to the impact of this operation on the local market, the Management will evaluate during this first year of operation if the Mexican peso should, in fact, continue to be the functional currency of this subsidiary.

The other subsidiaries adopt the Brazilian real as functional currency.

(c) Exchange variation effects

The main effects from exchange variation that impacted these financial statements are shown below:

	End of period rate at December 31			Average rate			
	2015	2014	Variation	2015	2014	2013	Variation
U.S. dollar - Brazilian real	3.9048	2.6562	47.01%	3.3387	2.3547	2.1605	41.79%
U.S. dollar - Mexican peso	17.3700	14.7180	18.02%	15.8846	13.3113	12.7692	19.33%
U.S. dollar - Euro	0.9187	0.8231	11.61%	0.9019	0.7545	0.7532	19.55%

2.3 New or revised pronouncements that are not yet effective

IFRS 9 – “Financial instruments” – this pronouncement was issued by IASB in July 2014 to address the classification and measurement, impairment and hedge accounting, all in a single document. The main amendment refers to the change in the calculation and disclosure methodology of the allowance for doubtful accounts due to the adoption of the concept of provision for expected loss instead of incurred loss. In addition, the Company will evaluate if its receivables have a significant financial component and therefore define whether the simplified or general method to calculate the provision will be adopted. This standard should be adopted as from 2018.

Braskem S.A.

Notes to the financial statements

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IFRS 15 – “Revenue from contracts with customers” – this pronouncement was issued by IASB in May 2014 and addresses the recognition of revenue from contracts with customers. The Company assessed its contracts and, considering the changes to the standard, concluded that it is not expected to materially impact its financial statements. This standard will be adopted as from January 2018.

IFRS 16 – “Leases” – the new standard requires lessees to recognize the liability of the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. This standard will be adopted as from January 2019. Management is yet to assess IFRS 16’s full impact.

3 Application of critical estimates and judgments

Critical estimates and judgments are those that require the most difficult, subjective or complex judgments by management, usually as a result of the need to make estimates that affect issues that are inherently uncertain. Estimates and judgments are continually reassessed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results can differ from planned results due to differences in the variables, assumptions or conditions used in making estimates.

The Company makes a series of other estimates that are presented in the respective notes, such as allowance for doubtful accounts, fair-value adjustment of inventories and provision for repairing environmental damage.

In order to provide an understanding of the way the Company forms its judgments on future events, the variables and assumptions used in critical estimates are presented below:

3.1 Deferred income tax and social contribution

The recognition and the amount of deferred taxes assets depend on the generation of future taxable income, which requires the use of an estimate related to the Company's future performance. These estimates are included in the business plan, which is annually submitted to the Board of Directors for approval. This plan is prepared by the Executive Board using as main variables the price of the products manufactured by the Company, price of inputs, gross domestic product, exchange variation, interest rate, inflation rate and fluctuations in the supply and demand of inputs and finished products. These variables are obtained from expert external consultants, historical performance of the Company and its capacity to generate taxable income, internal programs focused on operational efficiency, and specific incentives from the Brazilian government for the petrochemical sector in Brazil.

3.2 Fair value of derivative and non-derivative financial instruments

The Company evaluates the derivative financial instruments at their fair value and the main sources of information are the stock exchanges, commodities and futures markets, disclosures of the Central Bank of Brazil and quotation services like Bloomberg and Reuters. Nevertheless, the high volatility of the foreign exchange and interest rate markets in Brazil has been causing significant changes in future rates and interest rates over short periods of time, leading to significant changes in the market value of swaps and other financial instruments.

The fair values of non-derivative, quoted financial instruments are based on current bid prices. If the market for a financial asset and for unlisted securities is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models that make maximum use of market inputs and rely as little as possible on information provided by the Company's Management.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****3.3 Useful life of assets**

The Company recognizes the depreciation and depletion of its long-lived assets based on their useful life estimated by independent appraisers and approved by the Company's technicians taking into consideration the experience of these professionals in the management of Braskem's plants. The useful lives initially established by independent appraisers are normally reviewed at the end of every year by the Company's technicians in order to check whether they need to be changed. This review may take place during the year in case of possible non-recurring events.

The main factors that are taken into consideration in the definition of the useful life of the assets that compose the Company's industrial plants are the information of manufacturers of machinery and equipment, level of the plants' operations, quality of preventive and corrective maintenance and the prospects of technological obsolescence of assets.

The Company's management also decided that (i) depreciation should cover all assets value because when the equipment and installations are no longer operational, they are sold by amounts that are immaterial; and (ii) land is not depreciated because it has an indefinite useful life.

The useful lives applied to the assets determined the following average depreciation and depletion rates:

	2015	(%) 2014
Buildings and improvements	3.42	3.38
Machinery, equipment and installations	8.42	7.29
Mines and wells	8.89	8.83
Furniture and fixtures	10.48	10.82
IT equipment	20.55	20.15
Lab equipment	9.80	9.59
Security equipment	9.91	9.79

Vehicles	19.09	19.91
Other	18.98	18.19

3.4 Impairment test and analysis

(a) Tangible and intangible assets with defined useful lives

On the reporting date of each of its financial statements, the Company conducts an analysis to determine the existence of any indication that the book balance of long-lived tangible assets and intangible assets with defined useful lives may not be recoverable. This analysis is conducted to assess the existence of scenarios that could adversely affect its cash flow and, consequently, its ability to recover the investment in such assets. These scenarios arise from issues of a macroeconomic, legal, competitive or technological nature.

Some significant and notable aspects considered by the Company in this analysis include: (i) the possibility of an oversupply of products manufactured by the Company or of a significant reduction in demand due to adverse economic factors; (ii) the prospects of material fluctuations in the prices of products and inputs; (iii) the likelihood of the development of new technologies or raw materials that could materially reduce production costs and consequently impact sales prices, ultimately leading to the obsolescence of the industrial facilities of the Company; and (iv) changes in the general regulatory environment that make the production process of Braskem infeasible or that significantly impact the sale of its products. For this analysis, the Company maintains an in-house team with a more strategic vision of the business and also remains in permanent contact with a team of external consultants. If the aforementioned variables indicate any material risk to cash flows, the Management of Braskem conducts impairment tests in accordance with Note 3.4(b).

Braskem S.A.

Notes to the financial statements

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The assets are allocated to the Cash Generating Units (“CGU”) as follows:

Basic Petrochemicals operating segment:

- CGU UNIB Bahia: represented by assets of the basic petrochemicals plants located in the state of BA;
- CGU UNIB South: represented by assets of the basic petrochemicals plants located in the state of RS;
- CGU UNIB Southeast: represented by assets of the basic petrochemicals plants located in the states of RJ and SP;

Polyolefins operating segment:

- CGU Polyethylene: represented by assets of the PE plants located in Brazil;
- CGU Polypropylene: represented by assets of the PP plants located in Brazil;
- CGU Renewables: represented by the assets of the Green PE plant located in Brazil;

Vinyls operating segment:

- CGU Vinyls: represented by assets of PVC plants and chloride soda located in Brazil;

International businesses operating segment:

- CGU Polypropylene USA: represented by assets of PP plants located in the United States;
- CGU Polypropylene Europe: represented by assets of PP plants located in Germany;

Chemical Distribution operating segment:

- Represented by assets of the subsidiaries Quantiq and IQAG.

In 2016, the Company will report a new operating segment from the beginning of the industrial operations of the subsidiary Braskem Idesa.

(b) Intangible assets with indefinite useful lives

The balances of goodwill from future profitability arising from business combinations and intangible assets with indefinite useful lives are tested for impairment once a year. These tests are based on the projected cash generation for a five-year period, which are extracted from the business plan of the Company and cited in Note 3.1. In addition to the projected cash flow for the period from 2016 to 2020, perpetuity is also calculated based on the long-term vision. Note that real growth is not considered for the calculation of perpetuity. Cash flows and perpetuity are adjusted to present value at a discount rate based on the Weighted Average Cost of Capital (“WACC”).

The goodwill allocated to the Polyolefins operating segment (Note 13 (a)) was generated in a business combination that resulted in the simultaneous acquisition of polypropylene and polyethylene plants. The main raw materials of these plants were already supplied by the Company, which allowed for the obtainment of significant synergies in the operation. These synergies were one of the main drivers of that acquisition. Accordingly, the Company’s management tested this goodwill for impairment in the ambit of their operating segment since the benefits of the synergies are associated with all units acquired.

The remaining existing goodwill is allocated to the UNIB South CGU and to the Vinyls operating segment (Note 13(a)).

Braskem S.A.

Notes to the financial statements

at December 31, 2015

All amounts in thousands, except as otherwise stated

3.5 Provisions and contingent liabilities

Existing contingent liabilities and provisions are mainly related to litigation in the judicial and administrative spheres arising from primarily labor, pension, civil and tax lawsuits and administrative procedures.

The Management of Braskem, based on the opinion of its external legal advisors, classifies these proceedings in terms of probability of loss as follows:

Probable loss – these are proceedings for which there is a higher probability of loss than of a favorable outcome, i.e., the probability of loss exceeds 50%. For these proceedings, the Company recognizes a provision that is determined as follows:

- (i) labor claims – the amount of the provision corresponds to the amount to be disbursed as estimated by the Company's legal counsels;
- (ii) tax claims - the amount of the provision corresponds to the value of the matter plus charges corresponding to the variation in the Selic rate; and
- (iii) other claims – the amount of the provision corresponds to the value of the matter.

Possible loss – these are proceedings for which the possibility of loss is greater than remote. The loss may occur, however, the elements available are not sufficient or clear to allow for a conclusion on whether the trend is for a loss or a gain. In percentage terms, the probability of loss is between 25% and 50%. For these claims, except for the cases of business combinations, the Company does not recognize a provision and mentions the most significant ones in a

note to the financial statements (Note 23). In business combination transactions, in accordance with the provision in IFRS 3, the Company records the fair value of the claims based on the assessment of loss (Note 20). The amount of the provision corresponds to the value of the matter, plus charges corresponding to the variation in the Selic rate, multiplied by the probability of loss, as determined by our external counsels.

The Company's management believes that the estimates related to the outcome of the proceedings and the possibility of future disbursement may change in view of the following: (i) higher courts may decide in a similar case involving another company, adopting a final interpretation of the matter and, consequently, advancing the termination of the of a proceeding involving the Company, without any disbursement or without implying the need of any financial settlement of the proceeding; and (ii) programs encouraging the payment of the debts implemented in Brazil at the Federal and State levels, in favorable conditions that may lead to a disbursement that is lower than the one that is recognized in the provision or lower than the value of the matter.

3.6 Hedge accounting

The Company designated liabilities in foreign currency to hedge the future cash flows generated by its exports. This decision was based on two important assumptions and judgments: (i) the performance of exports according to its business plan (Note 3.1), which are inherent to the market and business where it operates, and (ii) the ability of the Company to refinance its liabilities in U.S. dollar, since the priority financing in U.S. dollar is part of the Company's guidelines and strategy. In addition to the ability to refinance its U.S. dollar liabilities, the maintenance of a minimum level of net liabilities in U.S. dollar is envisaged in the Financial Policy of the Company.

Braskem Idesa designated all of the financing it obtained for the construction of its industrial plant to protect part of its sales to be made in the same currency as said financing, the U.S. dollar. The sales estimate is included in the project that was presented to the banks/lenders, which, due to the consistency of the projection, granted Braskem Idesa a financing line to be paid exclusively using the cash generated by these sales. All the commercial considerations of the project were based on market studies conducted by expert consulting firms during the feasibility-analysis phase.

Braskem S.A.

Notes to the financial statements

at December 31, 2015

All amounts in thousands, except as otherwise stated

All hedge transactions conducted by the Company are in compliance with the accounting procedures and practices adopted by Braskem, and effectiveness tests are conducted for each transaction every quarter, which prove the effectiveness of its hedge strategy.

The Company determined that hedged items will be characterized by the first sales in U.S. dollars in each quarter until the amount designated for each period is reached (Note 16). The liabilities designated for hedge will be aligned with the hedging maturity schedule and the Company's financial strategy.

4 Risk management

Braskem is exposed to market risks arising from variations in commodity prices, foreign exchange rates and interest rates, credit risks of its counterparties in cash equivalents, financial investments and trade accounts receivable, and liquidity risks to meet its obligations from financial liabilities.

Braskem adopts procedures for managing market and credit risks that are in conformity with its Financial Policy approved by the Board of Directors on August 9, 2010. The purpose of risk management is to protect the cash flows of Braskem and reduce the threats to the financing of its operating working capital and investment programs.

4.1 Market risks

Braskem prepares a sensitivity analysis for foreign exchange rate and interest rate risks to which it is exposed, which is presented in Note 16.5.

(a) Exposure to commodity risks

Braskem is exposed to the variation in the prices of various commodities (naphtha, PE, PP, PVC and etc.) and, in general, seeks to transfer the variations caused by fluctuations in market prices.

(b) Exposure to foreign exchange risk

Braskem has commercial operations denominated in or pegged to foreign currencies. Braskem's inputs and products have prices denominated in or strongly influenced by international prices of commodities, which are usually denominated in U.S. dollar. Additionally, Braskem has long-term loans in foreign currencies that expose it to variations in the foreign exchange rate between the functional currency (Brazilian real, Mexican peso and Euro) and the foreign currency, in particular the U.S. dollar. Braskem manages its exposure to foreign exchange risk through the combination of debt, financial investments, accounts receivable and raw material purchases denominated in foreign currencies and through derivative operations. Braskem's Financial Policy for managing foreign exchange risks provides for the maximum and minimum coverage limits that must be observed and which are continuously monitored by its Management.

On December 31, 2015, Braskem prepared a sensitivity analysis for its exposure to the risks of fluctuation in the U.S. dollar, as informed in Note 16.5.

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at December 31, 2015

All amounts in thousands, except as otherwise stated

(c) Exposure to interest rate risk

Braskem is exposed to the risk that a variation in floating interest rates causes an increase in its financial expense due to payments of future interest. Debt denominated in foreign currency subject to floating rates is mainly subject to fluctuations in Libor. Debt denominated in local currency is mainly subject to the variation in the Long-Term Interest Rate (“TJLP”) and in the Interbank Certificate of Deposit (“daily CDI”) rate.

In 2014 and 2015, Braskem held swap contracts (Note 16.2.1) in which it: receives the pre-contractual rate and pays the CDI overnight rate; and (b.ii.i) receives Libor and pays a fixed rate.

On December 31, 2015, Braskem prepared a sensitivity analysis for the exposure to the floating interest rates Libor, CDI and TJLP, as disclosed in Notes 16.5(b.1) and (b.2).

4.2 Exposure to credit risk

The transactions that subject Braskem to the concentration of credit risks are mainly in current accounts with banks, financial investments and trade accounts receivable in which Braskem is exposed to the risk of the financial institution or customer involved. In order to manage this risk, Braskem maintains bank current accounts and financial investments with major financial institutions, weighting concentrations in accordance with the credit rating and the daily prices observed in the Credit Default Swap market for the institutions, as well as netting contracts that minimize the total credit risk arising from the many financial transactions entered into by the parties.

On December 31, 2015, Braskem held netting contracts with Banco Citibank S.A., HSBC Bank Brasil S.A. – Banco Múltiplo, Banco Itaú BBA S.A., Banco Safra S.A., Banco Santander S.A., Banco Votorantim S.A., Banco West LB do Brasil S.A., Banco Caixa Geral – Brasil S.A., and Banco Bradesco S.A. Approximately 34% of the amounts held in “Cash and cash equivalents” (Note 5) are contemplated by these agreements, whose related liabilities are accounted for

under “Borrowings” (Note 14). The effective netting of these amounts is possible only in the event of default by one of the parties.

With respect to the credit risk of customers, Braskem protects itself by performing a rigorous analysis before granting credit and obtaining secured and unsecured guarantees when considered necessary.

The maximum exposure to credit risk of non-derivative financial instruments on the reporting date is the sum of their carrying amounts less any provisions for impairment losses. On December 31, 2015, the balance of trade accounts receivable was net of allowance for doubtful accounts (Note 7).

4.3 Liquidity risk

Braskem has a calculation methodology to determine operating cash and minimum cash for the purpose of, respectively: (i) ensuring the liquidity needed to comply with obligations of the following month; and (ii) ensuring that the Company maintains liquidity during potential crises. These amounts are calculated mainly based on the projected operating cash generation, less short-term debts and working capital needs.

Braskem has two revolving credit lines for the purpose of managing liquidity risks, which may be used without restrictions in the amounts of: (i) US\$750 million, up to December 2019; and (ii) US\$500 million up to September 2019. These credit facilities enable Braskem to reduce the amount of cash it holds. As of December 31, 2015, none of these credit lines had been used.

The table below shows Braskem’s financial liabilities by maturity. These amounts are calculated from undiscounted cash flows and may not be reconciled with the balance sheet.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated**

	Until one year	Between one and three years	Between three and five years	Maturity More than five years	Total
Trade payables	11,900,747	57,148			11,957,895
Borrowings	2,073,046	5,205,794	8,169,825	28,311,338	43,760,003
Project finance	335,321	1,720,628	2,291,048	11,963,813	16,310,810
Derivatives	57,760	(6,497)	1,191,238		1,242,501
Ethylene XXI Project Loan				1,538,784	1,538,784
Other payables (i)	112,533	160,761			273,294
At December 31, 2015	14,479,407	7,137,834	11,652,111	41,813,935	75,083,287

(i) Amounts payable to BNDES Participações S.A. (“BNDESPAR”) (Note 22).

4.4 Capital management

The ideal capital structure, according to Braskem’s Management, considers the balance between own capital and the sum of all payables less the amount of cash and cash equivalents and financial investments. This composition meets the Company’s objectives of perpetuity and of offering an adequate return to shareholders and other stakeholders. This structure also permits borrowing costs to remain at adequate levels to maximize shareholder remuneration.

Due to the impact of the U.S. dollar on the Company’s operations, the Management of Braskem believes that the own capital used for capital management purposes should be measured in this currency and on a historical basis. Moreover, the Company may temporarily maintain a capital structure that is different from this ideal. This occurs, for example, during periods of growth, when the Company may finance a large portion of its projects through borrowings, provided that this option maximizes return for shareholders once the financed projects start operating. In order to adjust and maintain the capital structure, the Management of Braskem may also consider the sale of non-strategic assets, the issue of new shares or even adjustments to dividend payments.

5 Cash and cash equivalents

		2015	2014
Cash and banks	(i)	873,966	227,237
Cash equivalents:			
Domestic market		2,428,995	2,253,648
Foreign market	(i)	4,136,762	1,512,474
Total		7,439,723	3,993,359

(i) On December 31, 2015, it includes cash and banks of R\$96,830 (R\$26,830 in 2014) and cash equivalents of R\$37,809 (R\$307,034 in 2014) of the subsidiary Braskem Idesa, available for use in its project (Note 11(d.i)).

This item includes cash, bank deposits and highly liquid financial investments available for redemption within three months. These assets are convertible into a known cash amount and are subject to insignificant risk of change in value.

Cash equivalents in Brazil are mainly represented by fixed-income instruments and time deposits held by the FIM Jupiter fund. Cash equivalents abroad mainly comprise fixed-income instruments issued by first-class financial institutions (time deposit) with high market liquidity.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****6 Financial investments**

		2015	2014
Held-for-trading			
	Investments in FIM Sol		85,573
	Other	1,172	4,155
Held-to-maturity			
	Quotas of investment funds in credit rights	46,193	42,495
	Investments in foreign currency	(i)	399,005
	Compensation of investments in foreign currency	(i)	(399,005)
Total		47,365	132,223
In current assets		1,172	89,729
In non-current assets		46,193	42,494
Total		47,365	132,223

(i) Braskem Holanda had a balance of financial investments that was offset by an export prepayment agreement of the Braskem S.A., in the amount of US\$150,000, as provided for in the credit assignment agreement entered into between these two companies and Banco Bradesco. These operations were settled in May 2015.

7 Trade accounts receivable

The Company's collection period is generally 30 days; therefore, the amount of the trade accounts receivable corresponds to their fair value on the date of the sale. The Company realizes part of its trade accounts receivable through the sale of trade notes to funds that acquire receivables. These operations are not entitled to recourse, for which reason the trade notes are written-off at the moment of the operation.

	2015	2014
Consumers		

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Domestic market	1,439,133	1,523,458
Foreign market	1,643,807	1,517,035
Allowance for doubtful accounts	(327,974)	(322,831)
Total	2,754,966	2,717,662
In current assets	2,735,144	2,692,612
In non-current assets	19,822	25,050
Total	2,754,966	2,717,662

The breakdown of trade accounts receivable by maturity is as follows:

	2015	2014
Accounts receivables not past due	2,466,098	2,256,932
Past due securities:		
Up to 90 days	309,585	531,966
91 to 180 days	52,757	45,271
As of 180 days	254,500	206,324
	3,082,940	3,040,493
Allowance for doubtful accounts	(327,974)	(322,831)
Total customers portfolio	2,754,966	2,717,662

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated**

The changes in the balance of the allowance for doubtful accounts are presented below:

	2015	2014	2013
Balance of provision at the beginning of the year	(322,831)	(282,753)	(256,884)
Provision in the year	(51,368)	(81,078)	(27,333)
Write-offs	46,225	41,000	23,250
Transfers of non-current assets held for sale			(21,786)
Balance of provision at the end of the year	(327,974)	(322,831)	(282,753)

The methodology adopted by the Company for recognizing the provision for impairment is based on the history of losses and considers the sum of (i) 100% of the amount of receivables past due for over 180 days; (ii) 50% of the amount of receivables past due for over 90 days; (iii) 100% of the amount of receivables under judicial collection (iv) all the receivables from the first renegotiation maturing within more than 24 months; and (v) 100% of the receivables arising from a second renegotiation with customers. Receivables from subsidiaries are not considered in this calculation. This methodology is revised on an annual basis by the Management of the Company.

8 Inventories

	2015	2014
Finished goods	3,928,446	3,681,204
Raw materials, production inputs and packaging	1,008,217	1,067,512
Maintenance materials	289,568	247,327
Advances to suppliers	315,234	346,885
Imports in transit and other	110,787	94,206
Total	5,652,252	5,437,134
In current assets	5,517,206	5,368,146
In non-current assets	135,046	68,988
Total	5,652,252	5,437,134

Inventories are stated at average cost of purchase or production or the estimated price of sale or acquisition, excluding taxes, whichever is lower (market value).

The value of finished products includes raw materials, ancillary and maintenance materials used, depreciation of industrial facilities, expenses with Company's and third-party personnel involved in industrial production and maintenance, and logistics expenses with the transfer of these products from the plants to the sale terminals.

A portion of the final inventory of finished products and raw materials was adjusted to fair value, since its value was lower than the cost of production/acquisition. This adjustment totaled R\$2,875 (R\$83,265 in 2014). For this estimate, the Company considers the purchase/sale price projected for the period during which it expects to sell or consume the product. This period is determined based on the historical data for the turnover of the respective inventory.

Advances to suppliers and expenditures with imports in transit are mainly related to operations for the acquisition of raw materials.

Braskem S.A.

Notes to the financial statements

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9 Related parties

The Company carries out transactions among themselves and with other related parties in the ordinary course of its operations and activities. The Company believes that all the conditions set forth in the contracts with related parties meet the Company's interests. To ensure that these contracts present terms and conditions that are as favorable to the Company as those it would enter into with any other third parties is a permanent objective of Braskem's management.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****Balance sheet for associated companies, jointly-controlled
2015**

Balance sheet	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total	Odebrecht and subsidiaries
Assets					
Current					
Trade accounts receivable	12,851	141,550	33,997	188,398	4,347
Inventories	138,619 (i)			138,619	108,929 (i)
Related parties		9,927	580	10,507	55
Other					
Non-current					
Advances to suppliers	58,443 (i)			58,443	68,988 (i)
Related parties					
Intracompany loan		78,332		78,332	
Other		66,301		66,301	
Total assets	209,913	296,110	34,577	540,600	182,319
Liabilities					
Current					
Trade payables	284,973	1,400,485	2,011	1,687,469	459,412
Total liabilities	284,973	1,400,485	2,011	1,687,469	459,412

	Note	Odebrecht and subsidiaries	Petrobras and subsidiaries	Other	Total	Odebrecht and subsidiaries
Transactions						
Sales of products		64,093	1,620,335	475,836	2,160,264	82,750
Purchases of raw materials, finished goods services and utilities		3,692,625 (ii)	12,488,618	108,688	16,289,931	3,631,198 (ii)
Financial income (expenses)			6,723		6,723	
General and administrative expenses						
Post-employment benefits	21.2.2			44,466	44,466	

Gain from divestment of asset					277,338 (iii)
Total transactions	3,756,718	14,115,676	628,990	18,501,384	3,991,286

(i) Amount related to advances to raw material suppliers.

(ii) It includes expenses for construction of subsidiary Braskem Idesa project, of which R\$3,177,121 for 2015 (R\$3,297,400 for

(iii) Amount related to divestment in subsidiary (Note 1(a)).

Braskem S.A.

Notes to the financial statements

at December 31, 2015

All amounts in thousands, except as otherwise stated

As provided for in the Company's bylaws, the Board of Directors has the exclusive power to decide on any contract but those related to the purchase of raw materials that exceed R\$ 5,000 per operation or R\$ 15,000 altogether per year. This provision encompasses contracts between the Braskem S.A. and its subsidiaries and any of its common shareholders, directors of the Company, its Braskem S.A. or its respective related parties. Additionally, the Company has a Finance and Investment Committee that, among other things, monitors the contracts with related parties that are approved by the Board of Directors.

Pursuant to Brazilian Corporation Law, officers and directors are prohibited from: (i) performing any acts of liberality with the use of the Company's assets and in its detriment; (ii) intervening in any operations in which these officers and directors have a conflict of interest with the Company or in resolutions in which they participate; and (iii) receiving, based on their position, any type of personal advantage from third parties, directly or indirectly, without an authorization under the Bylaws or by the shareholders' meeting.

The related parties that have significant relationship with the Company are as follows:

- Construtora Norberto Odebrecht S.A. ("CNO"): subsidiary of Odebrecht
- Odebrecht Ambiental S.A. ("OA"): subsidiary of Odebrecht
- Aquapolo Ambiental S.A. ("Aquapolo"): subsidiary of Odebrecht Ambiental
- Cetrel S.A. ("Cetrel"): subsidiary of Odebrecht Ambiental
- Distribuidora de Água Camaçari S.A. ("UTA"): subsidiary of Odebrecht Ambiental
- Distribuidora de Águas Triunfo S.A. ("DAT"): subsidiary of Odebrecht Ambiental
- Petrobras: shareholder of Braskem
- Petrocoque S.A. Indústria e Comércio ("Petrocoque"): subsidiary of Petrobras
- Refinaria de Petróleo Rio Grandense S.A ("RPR"): jointly-controlled investment of Braskem
- Petrobras Transportes S.A. Transpetro ("Transpetro"): subsidiary of Petrobras

The main transactions with related parties, except subsidiaries of the Company, are summarized below:

- Odebrecht and its subsidiaries:

(i) In May 2014, an alliance agreement was signed with CNO for maintenance services at the industrial plants in Brazil with duration of four years and estimated total value of R\$121 million;

(ii) The lease agreement with CNO for the floors in the building where the offices of Braskem are located in São Paulo came into force as of January 1, 2014. The agreement is worth R\$226 million and is valid through December 2028;

(iii) An agreement was executed with CNO in September 2012 for the engineering, procurement and construction services of the subsidiary Braskem Idesa Project for an estimated value of US\$3 billion and duration through 2015;

(iv) In September 2009, the Company entered into an agreement with Aquapolo (a special purpose entity formed by Odebrecht Ambiental and the water utility Companhia de Saneamento Básico do Estado de São Paulo – SABESP for the production of industrial reuse water) for the acquisition of 9.5 million m³/year of reuse water by the plants located in the São Paulo Petrochemical Complex. The agreement is valid through 2053 and has an estimated annual value of R\$65 million;

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(v) In October 2012, an agreement was executed with Cetrel for the acquisition of 4 million m³/year of reuse water by the plants located in the Industrial Complex of Camaçari. The contract is worth an estimated R\$120 million and is valid through April 2028;

(vi) In March 2013, an agreement was executed with UTA for the acquisition of 14.5 million m³/year of industrial water by the plants located in the Industrial Complex of Camaçari. The contract is worth an estimated R\$2.2 billion and is valid through March 2043;

(vii) In December 2013, an agreement was executed with DAT for the acquisition of 29 million m³/year of industrial water by the plants located in the Industrial Complex of Triunfo. The contract is worth an estimated R\$2.9 billion and is valid through December 2053.

- Petrobras and its subsidiaries:

- (i) Naphtha

On December 23, 2015, an agreement was executed with Petrobras for the purchase of 7 million tons/year of petrochemical naphtha for five years. This agreement includes commercial renegotiation rights for both parties as of the third year, in case of changes in certain market conditions. The established price is 102.1% of ARA international benchmark, which is the average price of inputs in the European ports of Amsterdam, Rotterdam and Antwerp.

- (ii) Naphtha (amendments to agreements)

On August 29, 2014, Braskem and Petrobras entered into a new amendment to the naphtha supply contract of 2009, which extended the original contract duration by 6 months (from September 1, 2014 to February 28, 2015). In this amendment, the naphtha pricing formula of the original contract was maintained. It was also established that, if a new long-term contract had been executed, the pricing formula in the new contract would be applied retroactively to any purchases made during the duration of the amendment. On the other hand, if a new long-term contract was not executed, the average price base negotiated between the parties would be valid throughout the duration of the amendment. After applying the average price scenario, it was determined that Braskem was entitled to a refund of R\$242,917. This amount was recorded in the first quarter of 2015 under "Cost of goods sold" and settled in the second quarter of 2015.

On February 27, 2015, Braskem and Petrobras executed a new amendment valid through August 31, 2015, under the same conditions as in the previous amendment. The naphtha price formula stipulated in the original contract was maintained in this amendment, but if the parties did not sign a new long-term contract, a price adjustment would be applied based on the international naphtha benchmark. For this amendment, a pricing complement was determined for payment to Petrobras in the amount of R\$18,486, registered in the second quarter of 2015 under "Cost of goods sold."

On September 1, 2015, Braskem and Petrobras signed a new agreement valid until October 31, 2015, under the same conditions as in the previous amendment. For this amendment, a refund for Braskem was calculated in the amount of R\$64,434, registered in the fourth quarter of 2015 under "Cost of goods sold."

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On October 30, 2015, Braskem and Petrobras signed a new amendment to the agreement for the supply of petrochemical naphtha up to December 15, 2015. The price practiced for the duration of this amendment was already definitive.

(iii) Braskem has propylene purchase agreements with Petrobras for the plants located in the Petrochemical Complexes of Triunfo, Rio de Janeiro and São Paulo. These agreements provide for the full supply of approximately 910 thousand tons/year of propylene. The contracted propylene price is based on various international references linked to the most important markets for propylene and polypropylene, particularly the U.S., European and Asian markets;

(iv) The Company has an agreement with Petrobras for the supply of: (i) 392.5 thousand tons/year of ethane, and 392.5 thousand tons/year of propane, valid through December 2020; (ii) 438.0 Nm³/year of HLR, valid through January 2020. In addition, the Company had an agreement for the supply of 159.83 GWh/year of electricity, which was terminated in August 2015;

(v) Since October 2015, Braskem has gasoline sales agreements with Petrobras with monthly duration;

(vi) In January 2015, an amendment to the agreement with Petrobras for the supply of approximately 10.5 thousand ton/year of caustic soda was signed for the estimated total value of R\$15 million and maturing in December 2015;

(vii) In July 2015, an agreement was executed with Petrobras for the sale of 30 thousand m³ of aliphatic solvent was signed for R\$72 million with duration up to March 2016;

(viii) In April 2008, an agreement was executed with Petrocoque for the acquisition of 312.2 thousand tons/year of steam by the Polyethylene units. The contract is worth an estimated R\$238.7 million and is valid through September 2019;

(ix) In December 2012, an agreement was executed with RPR for the sale through spot trading of petroleum/condensate to Braskem was signed with Petrobras for an estimated amount of R\$142 million. This agreement was terminated in September 2015;

(x) In June 2015, an agreement was executed with Transpetro for the acquisition of naphtha and condensate handling and storage services by Braskem's Basic Petrochemicals Unit, located in the Industrial Complex of Triunfo. The contract is worth an estimated R\$16 million and is valid through June 2016.

(i) Key management personnel

The Company considers "Key management personnel" to be the members of the Board of Directors and the Executive Board, composed of the CEO and vice-presidents. Not all the members of the Executive Board are members of the statutory board.

Income statement transactions	2015	2014	2013
Remuneration			
Short-term benefits	46,562	35,963	35,380
Post-employment benefit	272	256	275
Long-term incentives		560	15
Total	46,834	36,779	35,670

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****10 Taxes recoverable**

		2015	2014
Brazil			
	IPI	23,996	20,456
	Value-added tax on sales and services (ICMS) - normal operations	(a) 403,842	413,066
	ICMS - credits from PP&E	121,954	136,308
	Social integration program (PIS) and social contribution on revenue (COFINS) - normal operations	(b) 69,431	675,983
	PIS and COFINS - credits from PP&E	230,030	244,194
	Income tax and social contribution (IR and CSL)	(c) 944,863	692,723
	REINTEGRA program	(d) 274,654	263,771
	Federal supervenience	(e) 173,436	170,264
	Other	14,281	9,217
Other countries			
	Value-added tax	(f) 277,751	547,947
	Income tax (IR)	40,263	
	Other	1,559	1,336
Total		2,576,060	3,175,265
Current assets		1,272,004	2,129,837
Non-current assets		1,304,056	1,045,428
Total		2,576,060	3,175,265

(a) ICMS – normal operations

Accumulated ICMS credits over the past few years arises mainly from domestic sales subject to deferred taxation and export sales.

The Management of the Company has been prioritizing a series of actions to maximize the use of these credits and currently does not expect losses on their realization. These include the maintenance of the terms of the agreements with the states in which the Company produces petrochemical products in order to defer the ICMS tax levied on naphtha purchases, which increases the effective monetization of the balances.

(b) PIS and COFINS

The Company has PIS and COFINS tax credits arising materially from the incentivized domestic outflows and exports.

The realization of these credits occurs in two ways: (i) offset of overdue or falling due liabilities related to taxes levied by the Federal Revenue Service; or (ii) cash reimbursement.

(c) IR and CSL

Accumulated IR and CSL arises from prepayments of these taxes and retentions on income from financial investments over the past few years.

The realization of these credits occurs in two ways: (i) offset of overdue or falling due liabilities related to taxes levied by the Federal Revenue Service; or (ii) cash reimbursement.

Several tax refund protocols were already filed with Brazil's Federal Revenue Service.

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(d) REINTEGRA Program

The REINTEGRA program aims to refund to exporters the federal taxes levied on the production chain for goods sold abroad. The amount to be refunded is equivalent to the following percentages of all export revenue, in accordance with Federal Law 13,043/14 and Executive Order 8,543/15:

- (i) 3%, between October 1, 2014 and February 28, 2015;
- (ii) 1%, between March 1, 2015 and November 30, 2015; and
- (iii) 0.1% between December 1, 2015 and December 31, 2016.

Such credits may be realized in two ways: (i) by offsetting own debits overdue or undue related to taxes levied by the Federal Revenue Service; or (ii) by a cash reimbursement.

In the fiscal year ended December 31, 2015, the Company recognized credits in the amount of R\$102,273 (R\$65,701 in 2014) and offset the amount of R\$91,389 (R\$69,192 in 2014). In the Statement of Operations, credits are recognized in the item "Cost of Products Sold."

(e) Federal supervenience

This item includes credits arising from legal discussions regarding the legality and constitutionality of various taxes and contributions in which the Company has already obtained a favorable ruling or has unquestionable case law in its favor.

These amounts will be realized after the use of other credits described above in this Note.

(f) Value added tax – subsidiaries abroad

On December 31, 2015, this line included:

(i) R\$56,605 from sales by Braskem Alemanha to other countries. These credits are reimbursed in cash by the local government;

(ii) R\$189,157 from purchases of machinery and equipment for the subsidiary Braskem Idesa project (Note 11(d)). This credit will be reimbursed in cash by the local government after their validation according to established tax procedures. In fiscal year 2015, Braskem Idesa was reimbursed the amount of R\$811,016 (US\$263,927) (R\$634,911 in 2014 (US\$250,454)).

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****11 Investments****(a) Information on investments**

	Interest in total and voting capital (%) - 2015	2015	Adjusted net profit (loss) for the year 2014 2013	2015	Adjusted equity 2014	
Jointly-controlled investment						
RPR	33.20	24,784	(3,166)	1,871	145,551	125,955
Odebrecht Comercializadora de Energia S.A. ("OCE")	20.00	10,490	129	402	11,441	734
Polipropileno Del Sur, S.A. ("Propilsur") (i)	49.00		(72)	(4,445)		121,547
Associates						
Borealis Brasil S.A. ("Borealis")	20.00	(3,914)	7,246	5,492	158,366	174,433
Companhia de Desenvolvimento Rio Verde ("Codeverde") (i)	35.97		(596)	(596)		46,342

(i) Investees with provision for loss at amount equivalent to the investment.

(b) Changes in investments

	Balance at Dec/2014	Capital increase	Dividends and interest on equity	Effect of results	Other comprehensive income	Currency translation adjustments	Balance at Dec/2015
Associates							
Borealis	34,887			(3,214)			31,673
Codeverde		897		(897)			
	34,887	897		(4,111)			31,673
Jointly-controlled investments							
Propilsur	43,165			(97,401)		54,236	
RPR	41,824		(2,346)	5,861	2,295	694	48,328
OCE	148	55	(4)	2,090			2,289
	85,137	55	(2,350)	(89,450)	2,295	54,930	50,617
Total	120,024	952	(2,350)	(93,561)	2,295	54,930	82,290

(c) **Breakdown of equity accounting results**

	2015	2014	2013
Equity in results of subsidiaries, associate and jointly-controlled investments	2,219	3,929	(3,223)
	2,219	3,929	(3,223)

(d) Braskem Idesa

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

Braskem Idesa is constructing a plant in Mexico, with capacity to produce around 750 kton of high-density polyethylene (*) and 300 kton of low-density polyethylene (*) using ethane as feedstock. The raw material will be supplied through a 20-year agreement with PEMEX-Gás for delivery of 66,000 barrels of ethane per day. The petrochemical complex reached 99% of physical progress on December 31, 2015, and is in the startup process.

(*) *unaudited*

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****(d.i) Summary of information from the partially owned subsidiary Braskem Idesa**

The Company is presenting a summary of the financial statements of the subsidiary in which the non-controlling shareholder holds relevant interest, as follows:

Balance sheet

Assets	2015	2014	Liabilities	2015	2014
Current			Current		
Cash and cash equivalents	134,639	333,864	Trade payables	429,400	620,953
Inventories	173,129	238,193	Project finance	302,266	26,462
Taxes recoverable	219,071	499,173	Other payables	106,911	101,596
Other receivables	150,109	96,349		838,577	749,011
	676,948	1,167,579			
Non-current			Non-current		
Deferred tax	825,416	179,249	Project finance	11,975,167	7,551,033
Property, plant and equipment	15,134,641	9,440,389	Loan agreements	5,911,266	2,834,972
Intangible	80,870		Other payables	7,065	90,513
Other receivables	32,080	39,763		17,893,498	10,476,518
	16,073,007	9,659,401			
			Shareholders' equity	(1,982,120)	(398,549)
			Total liabilities and		
Total assets	16,749,955	10,826,980	shareholders' equity	16,749,955	10,826,980

Statement of operations

	2015	2014	2013
Gross profit (loss)	(14,575)	5,320	2,294
Operating expenses, net	(83,467)	(52,834)	(31,113)
Financial results	(354,844)	(240,936)	38,095
Profit (loss) before income tax	(452,886)	(288,450)	9,276
Income tax	63,022	(83,030)	(19,911)
Loss for the year	(389,864)	(371,480)	(10,635)

Statement of cash flows

	2015	2014	2013
Cash flows from operating activities			
Cash generated by operating activities	1,808,983	992,401	(204,798)
Interest paid	(502,279)	(336,998)	(98,272)
Net cash generated by operating activities	1,306,704	655,403	(303,070)
Net cash used in investing activities	(3,339,518)	(3,645,196)	(4,052,864)
Net cash provided by financing activities			
Project finance	988,447	1,894,507	4,562,343
Related parties	898,213	653,118	463,859
Capital increase			153,285
	1,886,660	2,547,625	5,179,487
Exchange variation on cash	(53,071)	(33,843)	(61,533)
Increase (decrease) in cash and cash equivalents	(199,225)	(476,011)	762,020
Represented by:			
Cash and cash equivalents at the beginning for the year	333,864	809,875	47,855
Cash and cash equivalents at the end for the year	134,639	333,864	809,875
Increase (decrease) in cash and cash equivalents	(199,225)	(476,011)	762,020

The shareholders' equity of Braskem Idesa was negative on December 31, 2015 and 2014. This is an acceptable situation considering that it is a company in the pre-operating phase. This situation will be reversed with the startup of operations in 2016.

Braskem S.A.

Notes to the financial statements

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All amounts in thousands, except as otherwise stated

12 Property, plant and equipment

(a) Change

	Land	Buildings and Improvements	Machinery, Equipment and Facilities	Projects and Stoppage in Progress (i)	Other	Total
Cost	436,540	1,899,018	26,581,334	13,179,475	1,065,324	43,161,691
Accumulated depreciation/depletion		(848,243)	(12,772,515)		(539,443)	(14,160,201)
Balance as of December 31, 2014	436,540	1,050,775	13,808,819	13,179,475	525,881	29,001,490
Acquisitions	79	2,296	151,553	3,116,931	201	3,271,060
Capitalized financial charges				786,063		786,063
Foreign currency translation adjustment	43,002	11,088	307,697	2,658,730	22,946	3,043,463
Transfers by concluded projects (ii)		3,536,983	10,451,774	(14,113,868)	125,111	
Transfers to intangible (iii)				(85,917)		(85,917)
Other, net of depreciation/depletion		(2,890)	(12,367)	(35,370)	(602)	(51,229)
Depreciation / depletion		(66,976)	(1,820,213)		(115,778)	(2,002,967)
Net book value	479,621	4,531,276	22,887,263	5,506,044	557,759	33,961,963
Cost	479,621	5,435,600	37,401,007	5,506,044	1,212,365	50,034,637
Accumulated depreciation/depletion		(904,324)	(14,513,744)		(654,606)	(16,072,674)
Balance as of December 31, 2015	479,621	4,531,276	22,887,263	5,506,044	557,759	33,961,963

(i) On December 31, 2015, the main amounts included in this account refer to the expenses with the subsidiary Braskem Idesa project (R\$2,022,870) and expenses with planned shutdown maintenance which is in preparation or in progress (R\$627,985). The balance corresponds mainly to diverse projects aimed at maintenance of plants' production capacity.

(ii) Expenses up to May 31, 2015 in Braskem Idesa's project were transferred to the definite accounts as follows: R\$8,917,760 to "Machinery, equipment and installations" and R\$3,476,205 to "Buildings and improvements." These amounts will be depreciated as of the beginning of the commercial production of the subsidiary.

(c) Breakdown of equity accounting results

(iii) This change includes R\$80,870 from Braskem Idesa corresponding to the transfer to intangible assets when amounts are capitalized to the related accounts (Note 13).

The financial charges are capitalized on the balance of the projects in progress using (i) an average rate of all borrowings; and (ii) the portion of the foreign exchange variation that corresponds to a possible difference between the average rate of financing in the internal market and the rate mentioned in item (i) above. The capitalized amount is considered in the statement of cash flows as “Acquisitions to property, plant and equipment”.

The machinery, equipment and facilities of the Company require inspections, replacement of components and maintenance in regular intervals. The Company makes shutdowns in regular intervals that vary from two to six years to perform these activities. These shutdowns can involve the plant as a whole, a part of it, or even relevant pieces of equipment, such as industrial boilers, turbines and tanks. Shutdowns that take place every six years, for example, are usually made for the maintenance of industrial plants as a whole. Expenses with each scheduled shutdown are included in property, plant and equipment items that were the subject matter of the stoppage and are fully depreciated until the beginning of the following related stoppage. The expenditures with personnel, the consumption of small materials, maintenance and the related services from third parties are recorded, when incurred, as production costs. Property, plant and equipment items are depreciated on a straight-line basis. Projects in progress are not depreciated. Depreciation begins when the assets are available for use.

Based on the analysis cited in Note 3.4(a), the Management of Braskem believes that the plants will operate at their full capacity, or close to it, within the projected period, therefore impairment tests of these assets were not necessary. The prices of products manufactured by the Company are quoted in international markets and adjust to the prices of raw materials to preserve the historical margins of the business.

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****(b) Property, plant and equipment by country**

	2015	2014
Brazil	17,637,392	18,434,300
Mexico	14,416,835	9,260,814
USA	1,609,956	1,086,228
Germany	297,278	218,753
Other	502	1,395
	33,961,963	29,001,490

13 Intangible assets

	Goodwill based on expected future profitability	Brands and Patents	Software licenses	Customers and Suppliers Agreements	Total
Cost	3,187,722	213,031	497,813	729,711	4,628,277
Accumulated amortization	(1,128,804)	(91,121)	(292,250)	(280,374)	(1,792,549)
Balance as of December 31, 2014	2,058,918	121,910	205,563	449,337	2,835,728
Acquisitions			20,106		20,106
Foreign currency translation adjustment		3,782	14,603	66,071	84,456
Transfers from projects and stoppage in progress (PP&E)		81,625	4,292		85,917
Other, net of amortization			(16)		(16)
Amortization		(9,661)	(43,791)	(85,135)	(138,587)
Net book value	2,058,918	197,656	200,757	430,273	2,887,604
Cost	3,187,722	298,438	536,786	795,782	4,818,728
Accumulated amortization	(1,128,804)	(100,782)	(336,029)	(365,509)	(1,931,124)
Balance as of December 31, 2015	2,058,918	197,656	200,757	430,273	2,887,604

(c) Breakdown of equity accounting results

Average annual rates of amortization	4.44%	10.79%	6.01%
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The Company adopts the following accounting practice for each class of intangible assets:

(a) Goodwill based on future profitability

The existing goodwill was determined in accordance with the criteria established by the accounting practices adopted in Brazil before the adoption of the IFRS pronouncements and represent the excess of the amount paid over the amount of equity of the entities acquired.

The Company's goodwill was systematically amortized until December 2008. As from 2009, it has been subject to annual impairment tests in accordance with the provisions in IAS 36.

At the end of 2015, Braskem conducted an impairment test of the goodwill using the value in use method (discounted cash flow) and did not identify any loss, as shown in the table below:

	Allocated goodwill	Cash flow (CF)	Book value (with goodwill and work capital)	CF/Book value
CGU and operating segments				
CGU - UNIB - South	926,854	7,741,247	942,748	8.2
Operating segment - Polyolefins	939,711	22,136,662	6,379,797	3.5
Operating segment - Vinyls	192,353	4,724,932	3,395,587	1.4

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated**

The assumptions adopted to determine the discounted cash flow are described in Note 3.4(b). The WACC used was 13.91% p.a.

Given the potential impact on cash flows of the “discount rate” and the “perpetuity”, Braskem conducted a sensitivity analysis based on changes in these variables, with cash flows shown in the table below:

	+0.5% on discount rate	-0.5% on perpetuity
CGU and operating segments		
CGU - UNIB - South	7,424,446	7,396,596
Operating segment - Polyolefins	21,346,548	21,277,089
Operating segment - Vinyls	4,551,687	4,536,457

(b) Intangible assets with defined useful lives**(b.1) Brands and patents**

The technologies acquired from third parties, including those acquired through business combination, are recorded at the cost of acquisition and/or fair value and other directly attributed costs, net of accumulated amortization and provision for impairment, when applicable. Technologies that have defined useful lives and are amortized using the straight-line method based on the term of the purchase agreement (between 10 and 20 years). Expenditures with research and development are accounted for in profit or loss as they are incurred.

(b.2) Contractual customer and supplier relationships

Contractual customer and supplier relationships arising from a business combination were recognized at fair value at the respective acquisition dates. These contractual customer and supplier relationships have a finite useful life and are amortized using the straight-line method over the term of the respective purchase or sale agreement (between 14 and 28 years).

(c) Breakdown of equity accounting results

(b.3) Software

All software booked has defined useful life estimated between 3 and 10 years and is amortized using the straight-line method. Costs associated with maintaining computer software programs are recognized in profit or loss as incurred.

(c) Intangible assets by country

	2015	2014
Brazil	2,583,208	2,626,099
Mexico	80,870	
USA	220,083	205,329
Germany	3,415	4,245
Other	28	55
	2,887,604	2,835,728

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****14 Borrowings**

	Annual financial charges	2015	2014
<u>Foreign currency</u>			
Bonds and Medium term notes (MTN)	Note 14 (a)	17,004,617	11,776,400
Advances on exchange contracts	US dollar exchange variation + 2.23%	255,809	
	US dollar exchange variation + 1.10% + semiannual		
Export prepayment	Libor	549,036	427,000
BNDES	Note 14 (b)	409,076	396,400
Export credit notes	Note 14 (c)	1,405,227	956,000
Working capital	US dollar exchange variation + 1.70% above Libor	1,907,145	633,100
Transactions costs		(248,838)	(260,600)
<u>Local currency</u>			
Export credit notes	Note 14 (c)	2,350,965	2,435,800
BNDES	Note 14 (b)	3,001,776	3,137,000
BNB/ FINAME/ FINEP/ FUNDES	6.48%	642,739	762,700
BNB/ FINAME/ FINEP/ FUNDES	TJLP + 1.90%	2,177	8,500
Fundo de Desenvolvimento do Nordeste (FDNE)	6.5%	51,939	51,000
Other	CDI + 0.04%	23,714	26,900
Transactions costs		(16,582)	(14,000)
Total		27,338,800	20,336,500
Current liabilities		1,968,540	1,418,500
Non-current liabilities		25,370,260	18,918,000
Total		27,338,800	20,336,500

(a) Bonds and MTN

Issue date	Issue amount US\$	Maturity	Interest (% per year)	2015	2014
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(c) Breakdown of equity accounting results

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July - 1997	(i)	250,000	June - 2045	8.63		149,394
September - 2006		275,000	January - 2017	8.00	225,637	165,863
June - 2008		500,000	June - 2018	7.25	539,327	381,567
May - 2010		400,000	May - 2020	7.00	188,088	127,945
May - 2010		350,000	May - 2020	7.00	1,380,764	939,251
October - 2010		450,000	no maturity date	7.38	1,757,160	1,216,348
April - 2011		750,000	April - 2021	5.75	2,953,803	2,009,294
July - 2011		500,000	July - 2041	7.13	2,013,453	1,369,631
February - 2012		250,000	April - 2021	5.75	987,894	672,005
February - 2012		250,000	no maturity date	7.38	976,200	675,749
May - 2012		500,000	May - 2022	5.38	1,969,307	1,339,601
July - 2012		250,000	July - 2041	7.13	1,006,727	684,815
February - 2014	(ii)	500,000	February - 2024	6.45	2,004,171	1,363,317
May-2014	(iii)	250,000	February - 2024	6.45	1,002,086	681,658
Total		5,475,000			17,004,617	11,776,438

(i) This transaction, which was due in June 2015, had its maturity extended to June 2045. The subsidiary Braskem Holanda holds 100% of these securities as at December 31, 2015.

(ii) The effective interest rate considering the transaction costs is 7.78% p.a.;

(iii) The effective interest rate considering the transaction costs is 7.31% p.a..

Braskem S.A.**Notes to the financial statements****at December 31, 2015****All amounts in thousands, except as otherwise stated****(b) BNDES borrowings**

Projects	Issue date	Maturity Charges (% per year)	2015	2014
<u>Foreign currency</u>				
Other	2006	October - 2016 US dollar exchange variation + 6.88	3,204	4,795
Braskem Qpar expansion	2007/2008	April - 2016 US dollar exchange variation + 6.73 to 6.88	2,426	6,717
Green PE	2009	July - 2017 US dollar exchange variation + 6.66	29,352	32,577
Limit of credit II	2009	January - 2017 US dollar exchange variation + 6.66	47,353	61,946
New plant PVC Alagoas	2010	January - 2020 US dollar exchange variation + 6.66	128,806	109,077
Limit of credit III	2011	October - 2018 US dollar exchange variation + 6.50 to 6.53	149,495	141,894
Butadiene	2011	January - 2021 US dollar exchange variation + 6.53	48,440	39,433
			409,076	396,439
<u>Local currency</u>				
Other	2006	September - 2016 TJLP + 2.80	13,501	31,376
Braskem Qpar expansion	2007/2008	February - 2016 TJLP + 2.15 to 3.30	5,372	40,617
Green PE	2009	June - 2017 TJLP + 0.00 to 4.78	119,201	198,608
Limit of credit II	2009	January - 2017 TJLP + 2.58 to 3.58	85,004	162,815
Limit of credit II	2009	January - 2021 4.00 to 4.50	96,698	93,875
New plant PVC Alagoas	2010	December - 2019 TJLP + 0.00 to 3.58	235,641	293,568
New plant PVC Alagoas	2010	December - 2019 5.50	26,732	33,414
Limit of credit III	2011	December - 2021 TJLP + 0.00 to 3.58	1,154,552	1,331,699
Limit of credit III	2011	December - 2021 SELIC + 2.32 to 2.78	284,263	260,508
Limit of credit III	2011	December - 2021 3.50 to 7.00	230,198	250,505
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